

Blog Post

Texas Joins the Amnesty Wave

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Texas has joined the growing list of states providing amnesty programs for taxpayers with unreported tax liabilities. Texas announced a temporary amnesty program that will commence on May 1, 2018 and run through June 30, 2018. The Comptroller is expected to offer further details regarding the program in the coming weeks.

The taxes covered under this program will include most taxes with the exception of taxes already under audit or assessed by the state, International Fuel Tax Agreement (IFTA) taxes, public utility gross receipts assessments, local motor vehicle tax and unclaimed property payments. All other taxes, including franchise and sales and use taxes, are eligible for a waiver of penalties and interest if the taxpayer meets the amnesty filing requirements.

In several respects, the Texas amnesty program is more lenient than other recent amnesty programs. First, the program offers full abatement of penalties and interest for eligible taxpayers (many states merely reduce the rate of interest on delinquent liabilities). Second, while many states exclude the most recent taxable periods from their programs, Texas has extended its amnesty program to all periods prior to January 1, 2018. Thus, even a taxpayer with a 2017 liability will be eligible to participate in the program. Finally, as Senate Bill 1 (2017) confirms, the Texas amnesty program is available regardless whether the taxpayer has

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previously registered with the Comptroller's office or obtained a sales tax permit. Amnesty programs often restrict eligibility to taxpayers that are not already registered in the state for the tax they failed to pay, and by electing not to restrict eligibility, the Texas program will have a much broader reach.

This program is an excellent opportunity for businesses who may have franchise tax or sales tax exposure in the state of Texas to come forward without having to incur penalties and interest on their delinquent liabilities.

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