

Get Caught up before you Get Caught! NYS TAX AMNESTY

Results from New York State's Tax Amnesty Program

November 18, 2002 through January 31, 2003

Source: Tax Amnesty – Review of New York State's 2002-2003 Amnesty Program

Program Overview

- Enacted as part of the 2002-2003 budget
- New York's 3rd general amnesty and 4th overall
 - 1985 and 1996 were general
 - 1994 was targeted
- Requirements
 - full payment of tax
 - portion of interest due



Results from New York State's Tax Amnesty Program

Amnesty Benefits

- 2% interest rate reduction
- Waiver of penalties
- All administrative, civil, and criminal actions related to tax liabilities for which tax amnesty was granted were barred



Results from New York State's Tax Amnesty Program

Amnesty Gross Revenue

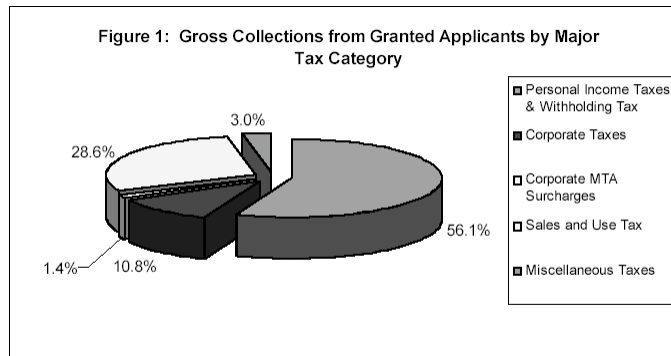
- Gross revenue was approximately \$600 million
- This figure includes revenue from:
 - applicants granted amnesty
 - applicants denied amnesty
 - applications in process



Results from New York State's Tax Amnesty Program

Revenue from Amnesty Granted

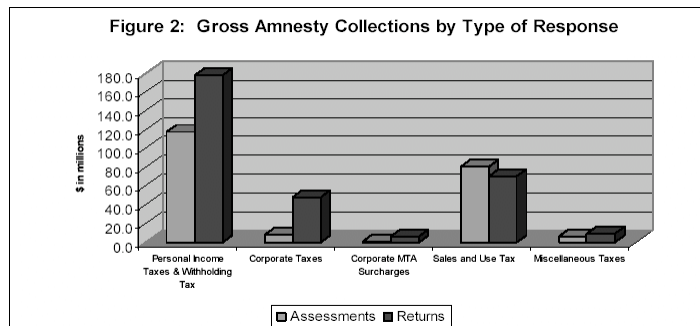
- Over 285,000 responses granted amnesty
- Collections surpassed \$525 million



Results from New York State's Tax Amnesty Program

Amnesty Granted: Assessments v. Returns

- Returns accounted for 59.4%
- Assessments accounted for 40.6 %



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Revenue from Amnesty Denied

- \$65 million generated from over 120,000 denied responses
- Reasons for denial
 - eligible, but failed to fulfill requirements
 - generally, did not pay their full obligation prior to the end of the program
 - ineligible
 - did not meet the amnesty application qualifications
 - applied for amnesty for taxes not covered by amnesty



Results from New York State's Tax Amnesty Program

Adjusted Gross Revenues

Revenue from amnesty-granted	\$527 million
Revenue from amnesty-denied	\$66 million
Revenue from amnesty-in process	\$6 million
Expenses	(\$16 million)
Total Adjusted Gross Revenues	\$583 million



Results from New York State's Tax Amnesty Program

Adjustments to Adjusted Gross Revenues

- There were 4 adjustments to adjusted gross revenue:
 - net penalty waived
 - net interest waived
 - revenue forgone
 - net accelerated revenue
- These were subtracted from the gross total to arrive at the final “estimate of the net revenue generated from the amnesty program”



Results from New York State's Tax Amnesty Program

Estimate of the Net Revenues Generated from the Amnesty Program

Adjusted gross revenues	\$583 million
Net penalty waived	(\$137 million)
Net interest waived	(\$158 million)
Revenue forgone	(\$74 million)
Net accelerated revenue	(\$131 million)
TOTAL	\$83 million



Results from New York State's Tax Amnesty Program

Gross Penalty and Interest Waived

- The penalty waived amount is the amount of penalty that would have been required in the absence of amnesty
- The interest waived amount was calculated by subtracting 2% from the applicable interest rates for assessments granted amnesty
- Gross penalty waived was \$174 million
- Gross interest waived was \$178 million



Results from New York State's Tax Amnesty Program

Net Penalty and Interest Waived

- The net penalty and interest waived are the gross amounts reduced by:
 - estimated forgone amounts from years ending in 1994 and later
 - gross amounts associated with liabilities from 1993 and earlier.
- Net penalty waived totaled \$137 million
- Net interest waived totaled \$158 million



Results from New York State's Tax Amnesty Program

Revenue Forgone

- Slightly over \$74 million was forgone because revenue producing staff were diverted from regular work activities to work on amnesty
- The amount of revenue forgone was determined by multiplying the number of staff days spent on amnesty by the standard revenue collections per day



Results from New York State's Tax Amnesty Program

Accelerated Revenue

- These are amounts that, in the absence of amnesty, would have been received prior to or subsequent to the amnesty program
 - some taxpayers delayed making payments on delinquent tax liabilities until the amnesty program started, while others paid delinquent tax liabilities earlier to avail themselves of the benefits of amnesty



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Net Accelerated Revenue

- The Tax Department received over \$130 million in net accelerated revenue
 - the difference between the amount that the Department received from amnesty applicants that applied for amnesty for outstanding assessments and the amount the Department estimated that taxpayers with outstanding assessments would have paid in the absence of amnesty
- Amounts from 1993 and prior years were subtracted from gross figure
 - decision based upon historical collection percentages of liabilities
 - these suggested it would be inaccurate to assume that these amounts were truly accelerated



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