



CLIENT TALK

A Service of: **RONALD J. CAPPUCCIO, J.D., LL.M. (TAX)**

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NEW JERSEY TAX AMNESTY APRIL - JUNE 10, 2002

TAX SAVING OPPORTUNITIES

If you owe NJ State Gross Income, Corporate and Sales and Use Tax, now is the time to address it. On March 18, 2002, the Governor signed a 2-month tax amnesty. The starting date is **April 10, 2002**. The last date for the Amnesty is **June 10, 2002**.

WHAT YEARS ARE INCLUDED

The Amnesty is only applicable for tax returns due from January 1, 1996 to December 31, 2001. Generally, that means Individual Income Tax Returns for **1995 to 2000**. Earlier periods were covered by the prior amnesty. 2001 Income Taxes are not included in Amnesty.

Corporations on a calendar tax year have the same 1995 to 2000 applicable amnesty tax years. If the corporation has a fiscal year, the controlling date is the date the tax return was due.

Sales and Use Tax Returns for the 4th quarter of 1995 to the 3rd Quarter of 2001 are covered.

INTEREST AND PENALTY SAVINGS

During the Amnesty, if the tax for any period is paid in full, the **interest and collection costs will be waived**. Additionally, the **civil and criminal monetary penalties will be waived**. The total interest and penalties could exceed the actual amount of tax due.

EXCLUSION FOR CRIMINAL TAX MATTERS

If the taxpayer is under criminal investigation or a charge for any State tax matter, the Amnesty relief provisions are not applicable.

ADDITIONAL PENALTY

If a taxpayer is eligible for Amnesty and does not pay the tax, the State will tack an additional 5% penalty on the amount due. This non-waiveable penalty is in addition to the other interest and penalties and costs of collection owed.

GIVE UP RIGHT TO APPEAL

Electing the Amnesty program means **giving up the right to appeal the amount of tax**. This includes waiving all judicial and administrative appeal rights. For example, if a taxpayer is contesting an audit, there will be a question whether to give up the fight or be subject to enhanced penalties.

No payment made under the Amnesty will be eligible for a refund or credit even if it would otherwise be owed to the taxpayer.

OTHER TAXES

The Amnesty is not applicable to:

- Municipal Real Estate Taxes
- Unemployment "contributions"
- Disability "contributions"

CONCLUSION

If your New Jersey State Taxes are covered by the Amnesty, definitely do what you can to pay the taxes. Presently, if a tax is under audit or appeal, consider the Amnesty savings versus the potential outcome.



RONALD J. CAPPuccio, J.D., LL.M.(TAX)
COUNSELLOR AT LAW
1800 CHAPEL AVENUE WEST, SUITE 128
CHERRY HILL, NEW JERSEY 08002
(856) 665-2121 FAX: (856) 665-9005
E-MAIL: RON@TAXESQ.COM [HTTP://WWW.TAXESQ.COM/](http://WWW.TAXESQ.COM/)

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