

Alert | State & Local Tax



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New Jersey Tax Amnesty

Just in time for the holidays, the New Jersey Division of Taxation **announced** a tax amnesty program. Taking a “carrot and stick” approach, the Division of Taxation said that it would take amnesty applications from Nov. 15, 2018, through Jan. 15, 2019, for outstanding liabilities for taxes administered and collected by the New Jersey Division of Taxation based upon tax returns due after Feb. 1, 2009, (the end date of the previous amnesty) and before Sept. 1, 2017. The New Jersey taxes eligible include:

- Personal income tax (including income taxes owed by non-residents)
- Corporation income tax
- Sales and use tax
- Withholding taxes
- Estate and inheritance taxes

The “carrot” part of the amnesty would eliminate most penalties including the Amnesty penalty, Referral Cost Recovery Fees or cost of collection fees and one half of the interest that was due as of Nov. 1, 2018. Civil fraud and criminal penalties will not be waived.

The taxpayer seeking amnesty will have to file all delinquent tax returns and pay the tax and reduced interest by Jan. 15, 2019, and will be required to waive any right to appeal or claim for refund. If an administrative or judicial appeal of the liability has been filed, approval of the Director of the Division of Taxation is required. If a criminal investigation or prosecution is pending, the taxpayer is not eligible for tax amnesty unless the Office of Criminal Investigation certifies to the Director that the state tax matter involving that person was resolved.

As for the “stick” component of the amnesty, an eligible taxpayer who chooses not to take advantage of tax amnesty will be subject to an additional five percent penalty on the amnesty eligible amount. The Division of Taxation cannot waive or abate the additional penalty.

Taxpayers with New Jersey tax issues who are eligible for tax amnesty should consult their tax advisors to consider this program and avoid the additional penalty for failure to file for amnesty. The Greenberg Traurig SALT team is ready to help.

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