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A Washington National Tax Services (WNTS)
Publication

June 9, 2011

Colorado enacts tax amnesty

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Enacted Colorado legislation establishes a tax amnesty program from October 1 through November 15, 2011, under which participants receive a waiver of penalties and one-half the interest otherwise due. [[S.B. 11-184](#), enacted 6/3/11]

Tax amnesty applies to outstanding tax liabilities payable with returns due before December 31, 2010. Eligible taxes include income (corporate and personal), sales and use, fuels, and other specified taxes. Under the amnesty program, taxpayers can pay overdue taxes, plus one-half the interest due, without being subject to any fine or civil or criminal penalty otherwise provided by law during the tax amnesty period.

Taxpayers that participate in the amnesty program waive the right to file a claim for refund or seek administrative or judicial review regarding the tax liability. Taxpayers that fail to pay the full amount of taxes due or commit willful fraud in filing under the terms of the program are subject to appropriate civil or criminal penalties. Amnesty is not available to any taxpayer that has been mailed a notice of deficiency before October 1, 2011, or to any taxpayer under investigation or prosecution for criminal or fraudulent activity for crimes related to any taxes collected by the Department of Revenue.

PwC observes

"Although the waiver of one-half interest, as well as penalties, makes this a rather attractive tax amnesty program, taxpayers need to determine whether entering into a [voluntary disclosure agreement](#) is preferable," explains Todd Roberts, SALT Director with PwC in Denver. "Some of the benefits of a VDA include a waiver of older liabilities, a limited look-back period, and taxpayer anonymity. Although liabilities paid through a VDA usually include interest."



"The amnesty program clearly excludes taxpayers that have been mailed a deficiency notice prior to October 1, 2011," notes Rhonda Sparlin, SALT Director with PwC Denver. "Recent system implementations utilized by the Department have created a significant increase in the number of deficiency assessments being issued. Upon examination, some of these assessments have been issued in error, thereby causing some taxpayers from being unfairly barred from seeking relief under amnesty."

"Accordingly, taxpayers that have been issued deficiency assessments, especially those that recently received assessments, need to review them carefully to determine their validity. Taxpayers need to act quickly so that the Department can be notified about any error, thus allowing the taxpayer to participate in the program," adds Sparlin.

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