

Rosen Seymour Shapss Martin & Company LLP

Certified Public Accountants & Profitability Consultants

State and Local Tax Update

Dear Clients and Friends of the Firm:

New Jersey State Tax Amnesty 2009

Governor Jon S. Corzine recently signed a law (P.L. 2009, c.21) requiring the Division of Taxation to implement a limited Tax Amnesty Program this spring.

The 2009 Tax Amnesty Program will begin May 4 and end at midnight, June 15. During that time, taxpayers will be offered the opportunity to file delinquent returns and to pay back taxes and one-half of the balance of interest that remains due as of May 1, 2009, without penalty. Recovery fees and the imposition of civil or criminal penalties will also be waived provided that all of the eligibility requirements are met.

Most taxpayers are eligible for tax amnesty with few exceptions. Tax amnesty is not available to any taxpayer who is under criminal investigation or charge for any State tax matter. In addition, a taxpayer who has filed a complaint with the New Jersey Tax Court, or who is pursuing an appeal in any other manner, may only participate if approved by the Director and provided the taxpayer agrees to withdraw or otherwise cause the complaint or appeal to be dismissed.

Tax amnesty is available only for outstanding tax liabilities that are reportable on any tax return due on or after January 1, 2002, and prior to February 1, 2009. To receive amnesty, a taxpayer must:

- File the required tax return(s), if applicable; and
- Pay the balance of the tax due *and* one-half of the balance of interest that remains due; and
- Complete and submit a payment/waiver statement.

Taxpayers will be able to apply for tax amnesty online.

After the amnesty period ends on June 15, 2009, a nonabatable 5% penalty will be imposed on any amnesty-eligible tax liabilities that are not satisfied during the amnesty period. An additional collection service fee may also be imposed. This will be in addition to all other penalties, interest, and other costs authorized by law.

The 2009 Amnesty Program includes all State taxes and fees administered by and payable to the New Jersey Division of Taxation including the corporation business tax,

sales and use tax, and gross income tax. Taxes not administered and collected by the Division of Taxation such as local property taxes, realty transfer fees, payroll taxes owed to the Department of Labor and Workforce Development are not eligible for amnesty.

The State will mail notices to approximately 600,000 individuals and businesses who are delinquent in filing returns and who owe back taxes for the eligible years.

Should you require any additional information on the New Jersey State Tax Amnesty Program, please feel free to contact Steven J. Eller at (212) 303-1051 or via email seller@rssmcpa.com.

Sincerely,
Rosen Seymour Shapss Martin & Company LLP

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