

Baker Tilly Tax Alert

May 4, 2011



Candor. Insight. Results.

Michigan launches temporary tax amnesty program

For a 45-day period from May 15, 2011, to June 30, 2011, Michigan is offering a tax amnesty program, allowing eligible taxpayers to pay delinquent taxes and have penalties waived. Taxpayers who qualify for this program will also avoid criminal prosecution by the Michigan Department of Treasury.

Tax amnesty is available to individual and business taxpayers who have tax liabilities for eligible taxes with return periods ending on or before Dec. 31, 2009. This includes:

- > Underreported tax liabilities
- > Nonreported tax liabilities
- > Overstated deductions, credits, or exemptions
- > Failure to file Michigan tax returns
- > Delinquencies related to overdue payment of properly assessed tax
- > Taxpayers who have received a final tax due notice

Keep in mind this program doesn't just apply to income taxes, but also sales and use taxes. You may have sales and use tax exposure if you made any purchases over the Internet, etc., where no sales tax was charged.

In order to obtain tax amnesty, a taxpayer must submit the following:

- > A completed Michigan Tax Amnesty Application (Form 3855)
- > All unfiled tax returns for which you are requesting tax amnesty
- > Amended returns if applicable
- > A completed Registration for Michigan Taxes (Form 518), if you are a business taxpayer and the business is not registered
- > Full payment of all tax and interest due

To qualify, the Tax Amnesty Application, applicable returns, and full payment must be postmarked **no later** than June 30, 2011.

Why take advantage of amnesty? This is a perfect time to pay any and all outstanding taxes, and to avoid penalties and any potential prosecutions.

Who is not eligible for amnesty? Individuals and business taxpayers are not eligible for amnesty if they are: (1) the subject of a current tax-related Court of Claims case or criminal investigation; or (2) if they are eligible to enter into a voluntary disclosure agreement with the Michigan Department of Treasury.

Taxpayers under audit who want to file for tax amnesty must remit the full amount of the tax due, interest, and submit a completed Tax Amnesty Application to the auditor during the 45-day amnesty period. Any applicable penalty will be waived at the time the audit is concluded. An officer of a corporation, who is personally liable for the corporation's tax liability, is also eligible for a penalty waiver under this program.

For more information or any questions you might have on this topic, we encourage you to contact your Baker Tilly tax advisor or send an e-mail to tax@bakertilly.com.

bakertilly.com

An independent member of Baker Tilly International

Pursuant to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, nothing contained in this communication was intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purpose. No one, without our express prior written permission, may use or refer to any tax advice in this communication in promoting, marketing, or recommending a partnership or other entity, investment plan, or arrangement to any other party.

Baker Tilly refers to Baker Tilly Virchow Krause, LLP, an independently owned and managed member of Baker Tilly International. The information provided here is of a general nature and is not intended to address specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought.
© 2011 Baker Tilly Virchow Krause, LLP