

COUNCIL OF THE DISTRICT OF COLUMBIA

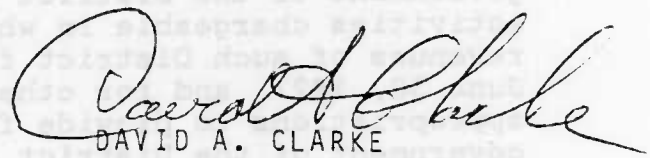
NOTICE

D.C. LAW 6-209

"Tax Amnesty Act of 1986".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 6-398 on first and second readings, November 25, 1986 and December 16, 1986, respectively. Following the signature of the Mayor on January 8, 1987, this legislation was assigned Act No. 6-259, published in the January 30, 1987, edition of the D.C. Register, (Vol. 34 page 689) and transmitted to Congress on January 13, 1987 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 6-209, effective February 28, 1987.


DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

January 13,14,15,16,20,21,22,23,26,27,28,29,30

February 2,3,4,5,6,9,10,11,17,18,19,20,23,24,25,26,27

AN ACT

D.C. ACT 6 - 269Codification,
New, Subchapter
V of chapter 4
of title 47
(1987 supp.)

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

JAN 08 1987

To provide amnesty from various criminal and civil penalties to delinquent taxpayers who voluntarily pay the back taxes owed, and 50% of the interest otherwise due on these taxes, within the tax amnesty period, to increase the level of penalties imposed on delinquent taxpayers following the amnesty period, and to make conforming amendments to the District of Columbia Income and Franchise Tax Act of 1947, An Act To provide additional revenue for the District of Columbia, and for other purposes, the District of Columbia Sales Tax Act, the District of Columbia Use Tax Act, An Act To Provide for a tax on motor vehicle fuels sold within the District of Columbia, and for other purposes, the District of Columbia Cigarette Tax Act of 1981, An Act Making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and three, and for other purposes, the Hotel Occupancy and Surtax on Corporations and Unincorporated Business Tax Act of 1977, An Act Making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1923, and for other purposes, An Act Making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and two, and for other purposes, and the District of Columbia Revenue Act of 1980, the District of Columbia Alcoholic Beverage Control Act, the Inheritance and Estate Tax Revision Act of 1986, and the Personal Property Tax Amendment Act of 1986.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "Tax Amnesty Act of 1986".

TITLE I -- SCOPE

New, D.C. Code,
sec. 47-451 (19
supp.)

Sec. 101. The provisions of this act shall apply to taxpayers liable for payment of:

(1) Income and franchise taxes, including withholding taxes, imposed pursuant to the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 331; D.C. Code, sec. 47-1801.1 et seq.);

(2) Inheritance and estate taxes imposed pursuant to Title V of An Act To provide additional revenue for the District of Columbia, and for other purposes, approved August 17, 1937 (50 Stat. 683; D.C. Code, sec. 47-1901 et seq.);

(3) Sales taxes imposed pursuant to the District of Columbia Sales Tax Act, approved May 27, 1949 (63 Stat. 112; D.C. Code, sec. 47-2001 et seq.);

(4) Compensating-use taxes imposed pursuant to the District of Columbia Use Tax Act, approved May 27, 1949 (63 Stat. 124; D.C. Code, sec. 47-2201 et seq.);

(5) Motor vehicle fuel taxes imposed pursuant to An Act To Provide for a tax on motor vehicle fuels sold within the District of Columbia, and for other purposes, approved April 23, 1924 (43 Stat. 106; D.C. Code, sec. 47-2301 et seq.);

(6) Cigarette taxes imposed pursuant to the

District of Columbia Cigarette Tax Act of 1981, effective March 10, 1982 (D.C. Law 4-71; D.C. Code, sec. 47-2401 et seq.);

(7) Gross receipts taxes imposed pursuant to section 6(5) of An Act Making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and three, and for other purposes, approved July 1, 1902 (32 Stat. 619; D.C. Code, sec. 47-2501);

(8) Hotel occupancy taxes imposed pursuant to the Hotel Occupancy and Surtax on Corporations and Unincorporated Business Tax Act of 1977, effective March 16, 1978 (D.C. Law 2-58; D.C. Code, sec. 47-3201 et seq.);

(9) Personal property taxes imposed pursuant to An Act Making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1923, and for other purposes, approved June 29, 1922 (42 Stat. 669; D.C. Code, sec. 47-501), section 6(2) of An Act Making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and two, and for other purposes, approved July 1, 1902 (32 Stat. 618; D.C. Code, sec. 47-1507);

(10) Alcoholic beverage taxes imposed pursuant to

the District of Columbia Alcoholic Beverage Control Act, approved January 24, 1934 (48 Stat. 319; D.C. Code, sec. 25-101 et seq.).

(11) Estate taxes imposed pursuant to the Inheritance and Estate Tax Revision Act of 1986, signed by the Mayor on October 27, 1986 (Act 6-217; 33 DCR 7008); and

(12) Personal property taxes imposed pursuant to the Personal Property Tax Amendment Act of 1986, as approved by the Council of the District of Columbia on December 16, 1986 (Bill 6-100).

TITLE II -- TAX AMNESTY PROGRAM

New, D.C. Code
sec. 47-452
(1987 supp.)

Sec. 201. (a) There is established a program of amnesty for taxpayers liable for the payment of the taxes specified in section 101 for which returns or reports were required to be filed before November 1, 1986.

(b) The tax amnesty program shall permit any taxpayer liable for payment of any of the taxes specified in section 101 to pay the full amount of the taxes, plus 50% of the interest otherwise due on these taxes, without the imposition of any fine or other civil or criminal penalty otherwise provided by law. The Mayor may, for good cause shown, waive the interest due under this subsection.

(c) Except as otherwise provided in subsection (d) of this section, the tax amnesty program provided under this section shall apply to tax liabilities due to filing of a

false return, over-reporting of deductions, underreporting of items subject to taxation, nonreporting of tax liability, nonpayment of taxes, failure to file, and other instances of failure to pay the full amount owed.

(d) The tax amnesty program shall not apply to:

(1) Tax liabilities that are the subject of collection agreements with the Department of Finance and Revenue executed before November 1, 1986;

(2) Tax liabilities that are the subject of civil or criminal litigation commenced before November 1, 1986, except that a taxpayer liable for these taxes may become eligible for the tax amnesty program upon dismissal of the litigation with prejudice before September 30, 1987; and

(3) A taxpayer who fails to pay the full amount of the tax and interest required under subsection (b) of this section or engages in willful fraud in filing under the terms of the tax amnesty program.

(e) The tax amnesty program shall be available from July 1, 1987, through midnight September 30, 1987, and at no other time.

(f) A taxpayer may participate in the tax amnesty program by filing an application for amnesty with the Mayor, together with the applicable original or amended tax return or returns and a cashier's check, certified check, money order, or cash for the amount of unpaid tax and interest due

as computed under subsection (b) of this section. The application for amnesty together with all accompanying documents must be filed in person or by mail postmarked no later than midnight September 30, 1987. The Mayor may, in his discretion, enter into an agreement to permit payment of the tax and the interest due as computed under subsection (b) of this section in installments by a taxpayer who files within the tax amnesty period an application for amnesty together with the applicable original or amended tax return or returns, but any agreement permitting payment of taxes and interest due in installments must be approved by the Mayor no later than September 30, 1987. Additional interest at the rate of 1 and 1/2% per month, or fraction of a month, shall accrue during the term of the installment agreement on any unpaid amount of taxes.

(g) The Mayor shall publicize widely the terms and conditions of the tax amnesty program.

TITLE III-- ENFORCEMENT, PENALTIES, INTEREST

New, D.C. Code
sec. 47-453
(1987 supp.)

Sec. 301. Interest. If any tax specified in section 101, including tax withheld by an employer, is not paid on or before the last date prescribed for payment, without regard to any extension of time, interest at the rate of 1 and 1/2% per month, or fraction of a month, shall be added to the tax from the date prescribed for its payment until the date paid. This section shall not apply if the tax due

is less than 1 dollar or to any failure to pay estimated income tax under section 1(d) of title XIII, article I of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 331; D.C. Code, sec. 47-1813.1(d)) ("Act"), or under section 14(b) of title XII, article I of the Act (D.C. Code, sec. 47-1812.14(b)).

Sec. 302. Substantial understatement penalty.

New, D.C. Code
sec. 47-454
(1987 supp.)

(a) In the case of a substantial understatement of a tax specified in section 101, there shall be added to the tax an amount equal to 20% of the amount of any underpayment attributable to the understatement.

(b) For purposes of this section, there is a substantial understatement of tax if the amount of the understatement exceeds the greater of:

(1) 10% of the tax required to be shown on the return or report; or

(2) \$2,000.

(c) For purposes of this section, the term "understatement" means the excess of the amount of tax required to be shown on a return or report, or determined through an audit or review, over the amount of tax imposed that is shown on any original or amended return, less any overpayment, credit, or refund.

(d) If satisfied that the understatement was due to reasonable cause, the Mayor may waive all or part of the

penalty provided for in subsection (a) of this section.

(e) This section shall not apply to any failure to pay estimated income tax under section 1(d) of title XIII, article I of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 331; D.C. Code, sec. 47-1813.1(d)) ("Act"), or under section 14(b) of title XII, article I of the Act (D.C. Code, sec. 47-1812.14(b)).

Sec. 303. Failure to file or pay penalty.

New, D.C. Code
sec. 47-455

(a) For failure to file a return or report required to be filed or for failure to pay a tax specified in section 101 within the time prescribed pursuant to law, there shall be added to any unpaid portion of the tax due an amount equal to 5% of the tax for each month or fraction of a month that the failure to file or pay continues, not to exceed 25% in the aggregate.

(b) If satisfied that the failure to file or pay was due to reasonable cause, the Mayor may waive all or any part of the penalty provided for in subsection (a) of this section.

Sec. 304. Fraud penalty.

New, D.C. Code
sec. 47-456
(1987 supp.)

If any part of any underpayment of tax required to be shown on a return or report for a tax specified in section 101 is due to fraud, there shall be added to the tax:

(1) An amount equal to 75% of the underpayment;