

PUBLICATION

Spotlight on Alabama: Department of Revenue Adopts Amnesty Program Entitled "Operation Clean Slate"

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In January, Alabama Governor Riley and Alabama Department of Revenue Commissioner Russell announced an amnesty program named Operation Clean Slate (the Program), which offers individuals and businesses the opportunity to file or amend Alabama tax returns for the last three years. According to the announcement, this Program represents a brief period of time in which the Department will not impose penalties on or seek prosecution of individuals or businesses filing under the terms of the Program.

The period for filing any returns under the Program began on February 1, 2009 and ends May 15, 2009. Eligible individuals and businesses are those who did not file a required return, understated or omitted any tax liability on a return, or erroneously claimed credits or deductions on a return.

The Alabama taxes which are eligible for the Program include corporate and individual income, business privilege, excise, severance, tobacco, gasoline and motor fuels taxes. Sales and use, withholding and motor fuels taxes are eligible under the Program only if the taxpayer is not already registered for the collection of such taxes with the Department of Revenue.

Individuals and businesses are ineligible to participate in the Program if they owe outstanding debts to the Department; if an audit has been scheduled or an investigation started; if a Voluntary Disclosure Agreement has been entered into before February 1, 2009; or if they have an existing sales, withholding or motor fuels account with the Department of Revenue.

The Program is intended to be similar to the Alabama Department of Revenue's Voluntary Disclosure policy, but apparently does not require an advance agreement with the Department. Instead, individuals and businesses may come forward by simply filing or amending returns and paying the applicable tax for a taxable year within the three year look-back period using a special address for the filing and by labeling the first page of each filing "Operation Clean Slate." The address to be used is Alabama Department of Revenue, Operation Clean Slate, P.O. Box 327010, Montgomery, Alabama 36132-7010. The normal address for such returns can not be used. Interest not paid with the taxes will be billed by the Department and must be paid in full within the 90-day period following the first notice in order to remain in the Program.

According to the Department, the three-year look-back period means that for returns filed annually, the last three years of delinquent returns which are past due as of February 1, 2009 must be filed; and for monthly or quarterly returns, the last 36 months of delinquent returns past due as of February 1, 2009 must be filed.

The Department of Revenue has set up a hotline to assist in answering questions about the Program at 866-326-6755 or 334-242-1055. Caution obviously must be used in dealing with the Department's representative in any such hotline discussion.