

HOUSE BILL No. 4682

May 1, 2007, Introduced by Rep. Gaffney and referred to the Committee on Tax Policy.

A bill to amend 1941 PA 122, entitled

"An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act,"

by amending section 31 (MCL 205.31), as amended by 2002 PA 657.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 31. (1) If a taxpayer does not satisfy a tax liability or

1 makes an excessive claim for a refund as a result of reliance on
2 erroneous current written information provided by the department,
3 the state treasurer shall waive all criminal and civil penalties
4 provided by law for failing or refusing to file a return, for
5 failing to pay a tax, or for making an excessive claim for a refund
6 for a tax administered by the department of treasury pursuant to
7 this act if the taxpayer makes a written request for a waiver,
8 files a return or an amended return, and makes full payment of the
9 tax and interest.

10 (2) For a period to be designated by the state treasurer of
11 ~~not less than 30 days and not more than 60 days~~, and ending before
12 September 30, ~~2002-2007~~, there shall be an amnesty period during
13 which the state treasurer shall waive all criminal and civil
14 penalties provided by law for failing or refusing to file a return,
15 for failing to pay a tax, or for making an excessive claim for a
16 refund for a tax administered by the ~~revenue division of the~~
17 department of treasury under this act if the taxpayer makes a
18 written request for a waiver, files a return or an amended return,
19 and makes full payment in either a lump sum or installments as
20 provided under subsection ~~(9)-(8)~~, of the tax and interest due for
21 any prior tax year.

22 (3) This section applies to the nonreporting and
23 underreporting of tax liabilities and to the nonpayment of taxes
24 previously determined to be due, but only to the extent of the
25 penalties attributable to the taxes that were previously due and
26 that are paid during the amnesty period provided for in subsection
27 (2).

1 (4) The department shall administer this section.

2 (5) Subsection (2) does not apply to taxes due after ~~June 1,~~
3 ~~2001~~ **JANUARY 1, 2007.**

4 ~~— (6) There is appropriated from the revenues generated by taxes~~
5 ~~paid under subsection (2) the sum of \$1,500,000.00 to the~~
6 ~~department of treasury for administration of the amnesty program~~
7 ~~created by the amendatory act that added this subsection. This~~
8 ~~appropriation is allotted for expenditure on and after October 1,~~
9 ~~2001. Only general purpose revenue generated by the amendatory act~~
10 ~~that added this subsection may be used to finance this~~
11 ~~appropriation.~~

12 (6) ~~(7)~~—The state treasurer shall not waive criminal and civil
13 penalties applicable to a tax under subsection (2) if 1 or more of
14 the following circumstances apply:

15 (a) If the taxpayer is eligible to enter into a voluntary
16 disclosure agreement under section 30c for that tax.

17 (b) If the tax is attributable to income derived from a
18 criminal act, if the taxpayer is under criminal investigation or
19 involved in a civil action or criminal prosecution for that tax, or
20 if the taxpayer has been convicted of a felony under this act or
21 the internal revenue code of 1986.

22 (7) ~~(8)~~—The department shall provide reasonable notice to
23 taxpayers that may be eligible for the amnesty program at least 30
24 days before the start of the designated amnesty period.
25 Notification shall include, but is not limited to, a description of
26 the amnesty program on appropriate tax instruction forms and on the
27 internet.

1 (8) ~~(9)~~—Under the amnesty program described in subsection (2),
2 a taxpayer may pay tax and interest due in installments if the
3 taxpayer meets 1 of the following:

4 (a) The taxpayer is an individual and submits the greater of
5 \$10,000.00 or 50% of the tax and interest due with the request for
6 waiver under subsection (2) and pays the remaining tax and interest
7 due in 2 equal installments, the first installment due no later
8 than August 15, ~~2002~~—2007 and the second installment due no later
9 than September 15, ~~2002~~—2007.

10 (b) A taxpayer that is not an individual submits the greater
11 of \$100,000.00 or 50% of the tax and interest due with the request
12 for waiver under subsection (2) and pays the remaining tax and
13 interest due in 2 equal installments, the first installment due no
14 later than August 15, ~~2002~~—2007 and the second installment due no
15 later than September 15, ~~2002~~—2007.