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TAX ALERT

Municipality of Carolina Grants Amnesty for Certain Municipal Taxes

On May 18, 2015, the Legislature of the Municipality of Carolina (the "Municipality") enacted Municipal Ordinance No. 53, Series 2014-2015-60 ("Ordinance 53"), authorizing a tax amnesty period for the payment of municipal license tax, municipal sales and use tax and municipal fines ("Amnesty").

General Provisions and Requirements

- Ordinance 53 **will be in effect from July 1, 2015 until November 30, 2015.**
- If a deficiency notice and/or collection process has already commenced, taxpayers can still participate in the tax amnesty program but will be subject to the payment of an additional 10% to cover legal costs and fees.
- A taxpayer that wishes to participate in the amnesty but challenges the amount owed, should submit reconsideration request along with the supporting documents. If the Municipality notifies its determination after the end of the amnesty period, whether granting or denying the reconsideration, Ordinance 53 will still apply and the taxpayer will have 30 days to pay or to request a payment plan.
- To participate in the Amnesty, taxpayers must:
 - pay a nonrefundable administrative fee of 1% of the total liability (no less than \$50 and no more than \$500);
 - have filed all the Volume of Business Declarations ("VOB Declarations") and Municipal Sales and Use Tax Returns ("MSUT Returns") for the years in question;
 - be in compliance with the filing of the 2015-16 VOB Declarations and the MSUT Returns and have paid the related municipal taxes;
 - commit to filing the Declarations and paying the related municipal license taxes for subsequent fiscal years as part of the terms and conditions of the Closing Agreement with the Municipality.

Municipal License Tax

Fiscal years 2010-11 to 2014-15:

only the principal must be paid. If a payment plan is requested for these years, the taxpayer must also pay 10% of any debts in lieu of interest, surcharges and/or penalties.

Fiscal years 2006-07 to 2009-10: only 65% of the principal must be paid. If a payment plan is requested, the taxpayer must pay 70% of the principal amount owed.

Fiscal years 2005-2006 and prior: only 45% of the principal must be paid. If a payment plan is requested for these years, the taxpayer must pay 70% of the principal amount owed.

For any fiscal year, if the Municipality has already levied, notified or intervened with the taxpayer in any way, 25% of applicable interest, surcharges and/or penalties will be added to the principal amount owed.

Municipal Sales and Use Tax

- Tax periods beginning on or after July 1, 2015 are not eligible for the Amnesty.
- Tax periods ending on or before June 30, 2015 –
 - The principal of any debt that has been assessed and pending payment must be paid, plus 25% of any fines, surcharges, interest and penalties.
 - Debts which have already been declared and filed by the taxpayer, but have not yet been levied, notified, or been the subject of any other municipal intervention, only the principal owed must be paid.
 - For debts due solely to levied fines, surcharges and interest (with no outstanding principal balance), only 25% of the debt must be paid.
 - Any eligible debts which are not submitted to the Finance and Budget Director before the Amnesty ends will not be eligible for the Amnesty and will continue to accrue interest, surcharges and penalties.

Municipal Fines

Fines imposed on or after July 1, 2015 are not eligible for the Amnesty. Fines imposed on or before June 30, 2015 – only 65% of the debt must be paid. No payment plans are available under the Amnesty for municipal fines.

For further information on this matter, you may contact any of the attorneys listed below, all members of our Tax Practice Group.

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