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Westly Launches Major Tax Amnesty Program

First Amnesty in Twenty Years Includes Statewide Media Campaign

SACRAMENTO – State Controller and Franchise Tax Board Chair Steve Westly launched California’s tax amnesty program, which begins today and runs through March 31. Westly also unveiled a media campaign that includes television and radio commercials, billboards and educational materials to promote the program.

“Tax amnesty is a win-win – taxpayers get a break and the budget gets a boost,” Westly said. “We’re giving Californians a rare opportunity to come forward with no penalties.”

The program allows individuals and businesses that owe income, franchise, sales or use taxes to file past-due returns and disclose unreported income or overstated deductions. For tax years 2002 and prior, taxpayers can avoid penalties by paying the taxes and interest owed or by setting up a payment plan. Penalties and interest rates on unpaid tax liabilities will increase following the amnesty period.

California last offered a comprehensive tax amnesty program in 1984 that generated \$154 million. The new program is expected to collect about \$600 million in accelerated and new revenues.

“We must collect the money already on the books before we think about raising taxes or cutting essential services like education and health care,” Westly said.

Westly co-sponsored legislation by Assemblymember Judy Chu (D-Monterey Park) that led to the amnesty program. He also supported legislation in 2003 (SB 614, Cedillo & Burton; AB 1601, Frommer) that targeted taxpayers who used abusive tax shelters, known as the Voluntary Compliance Initiative. The program ended April 15, 2004 and collected \$1.4 billion.

More information on the amnesty program is available at www.taxes.ca.gov.

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