



New York Penalty and Interest Discount (PAID) Program

JANUARY 2010

As part of an effort to raise revenue, the State of New York has recently enacted the PAID (Penalty and Interest Discount) program. A taxpayer who participates in this program will receive a reduction in the accrued interest and penalties currently owed on eligible tax liabilities.

Important details about the program include:

- The program period begins on January 15, 2010 and ends on March 15, 2010.
- Taxpayers eligible to participate in the program include individuals, partnerships, estates, trusts, corporations, limited liability companies, and others.
- An eligible tax liability is one that is fixed and final, and for which an assessment or final determination was issued on or before December 31, 2006. Assessments or final determinations less than three years old are not eligible.
- Assessments or final determinations that were issued on or before December 31, 2003 will receive a discount of 80% on the accrued penalty and interest.
- Assessments or final determinations that were issued after December 31, 2003 and on or before December 31, 2006 will receive a discount of 50% on the accrued penalty and interest.
- In order to receive the discounts, full payment must be made by March 15, 2010.
- Taxpayers who have been convicted of a crime under the tax law or the penal law and who are subject to a court order to pay a tax liability related to the conviction are not eligible to participate in the program.
- Participants in the program waive all rights to claim a refund or credit with respect to any amount paid under the program.
- Written notices will be mailed to each eligible taxpayer, inviting the taxpayer to participate in the program. The notice will include a list of eligible tax liabilities, the reduced amounts due for each eligible liability, and the potential savings for each liability. Additionally the notice will contain instructions on how to make a payment under the program.
- Taxpayers have the option to select which eligible liabilities they wish to

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**TAX ALERT**

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pay in full under the program.

- The State has established a website containing information about the program at <http://www.tax.state.ny.us/nyshome/paid.htm>

What's the Benefit?

Taxpayers participating in the program will receive a substantial discount (either 80% or 50%) on the accrued penalties and interest on outstanding assessments or final determinations that are more than three years old. Frequently, the Department of Taxation and Finance will audit multiple years at once. In some cases, the interest and penalty charges will exceed the tax due. Therefore, the ability to save on accrued penalty and interest is a material benefit to taxpayers.

Who Should Take Advantage of the PAID Program?

Any taxpayer with an eligible tax liability for which an assessment or final determination was issued on or before December 31, 2006 should consider participation in the program.

Limited Window – Act Now

The New York PAID program will only last until March 15, 2010. It is critical that taxpayers prepare now for this opportunity. If eligible taxpayers do not pay in full by March 15, 2010, the opportunity for these savings will be lost forever. Taxpayers eligible for participation should contact our office as soon as possible.

The above represents a summary of this program and does not address all of the details contained in the new legislation. For clarification or more information on these and other tax matters, contact your W&G tax advisor at 732-846-3000.

Any U.S. tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

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