

LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Voluntary Disclosure Program; Fee for Advance Determinations]

Ordinance amending the Business and Tax Regulations Code to authorize the Tax Collector to waive taxes, penalties, and/or interest under a program ending December 31, 2027 that allows unregistered taxpayers to voluntarily disclose and pay back taxes; and to authorize the Tax Collector to collect fees through December 31, 2027 for reviewing applications for and providing advance determinations to taxpayers.

Existing Law

The Tax Collector is responsible for collecting and receiving taxes imposed by the Business and Tax Regulations Code. The Tax Collector generally does not have the authority to waive taxes or accrued interest but may waive certain penalties under Article 6 of the Business and Tax Regulations Code. The Tax Collector may issue rules and regulations, determinations, and interpretations consistent with the Business and Tax Regulations Code as may be necessary or appropriate in enforcing the payment, collection, and remittance of taxes.

Amendments to Current Law

This ordinance would authorize the Tax Collector to waive taxes, penalties, and/or interest under any program offered by the Tax Collector permitting taxpayers to voluntarily disclose and pay unpaid back taxes and interest for the previous six years in exchange for a waiver of penalties for the six-year lookback period and a waiver of taxes, penalties, and interest for tax years and periods prior to that lookback period. Taxpayers would be eligible only if they do not have a business registration certificate and had not been previously contacted by the Tax Collector about unreported taxes or the failure to register. The Tax Collector's waiver authority would apply to applications for voluntary disclosure filed by taxpayers from the effective date of this ordinance through December 31, 2027.

This ordinance also would authorize the Tax Collector to charge and collect fees from taxpayers for reviewing applications and/or providing advance determinations of a taxpayer's liability for, or issues regarding, the taxes subject to Article 6 of the Business and Tax Regulations Code, as follows: (1) \$250 for applications filed with the Tax Collector on or before December 31, 2025, and (2) an amount, if any, that is no more than all of the Tax Collector's costs of providing such determinations, for applications filed after December 31, 2025. The Tax Collector's authority to charge and collect fees for advance determinations would apply to applications filed through December 31, 2027.