

AMNESTY DEFAULT PROCESS TO BEGIN

PURPOSE OF BULLETIN To advise staff that we will run the amnesty default process on December 16, 2005, for personal income taxpayers who have not met all amnesty requirements. Statement of Tax Due notices will be mailed January 3, 2006.

Note: This default process has already occurred on business entity accounts.

BACKGROUND Individuals who applied for amnesty agreed to meet certain requirements in order to have penalties forgiven for eligible tax years 2002 and prior. Taxpayers who have not met all of the amnesty requirements are subject to restoration of the original penalties and the assessment of amnesty penalties.

PROCESS This process will default taxpayers who have amnesty tax years:

- Without Amnesty Installment Agreements (AIA).
- With defaulted AIA.
- That were not paid in full or the returns were not filed timely.

The process will bypass taxpayers who have:

- Amnesty tax years and AIA.
- Military codes for taxpayer or spouse.
- Amnesty tax years on accounts that have 2003 or 2004 disaster codes.

Tax years subject to default and or penalty assessment will be processed as follows:

- Tax-year amnesty indicator will change from A (Active) to D (Default). Any P (Pending) statuses will remain the same.
- Original penalty and fee values will be restored to the tax year.

(Continued)

PROCESS
(CONTD.)

Note: This only applies when the amnesty tax year is defaulted (amnesty indicator D) since incomplete amnesty tax year (amnesty indicator P) never had the unpaid penalties and/or fees waived.

- Balance the tax year to the current date.
- Assess the 50% Interest Based Penalty.

EFFECTIVE
DATE

Notices generated by this process will have a notice date of January 3, 2006.

ADDITIONAL
INFORMATION

Amnesty default notices will have a variable phone number.
