

8180

2011-2012 Regular Sessions

I N A S S E M B L Y

June 3, 2011

Introduced by M. of A. FARRELL -- (at request of the Department of Taxation and Finance) -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to reforming the offer-in-compromise program

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Subdivision fifteenth of section 171 of the tax law, as
2 amended by chapter 513 of the laws of 2002, is amended to read as
3 follows:
4 Fifteenth. Have authority to compromise any taxes OR OTHER IMPOSITIONS
5 or any warrant or judgment for taxes OR OTHER IMPOSITIONS administered
6 by the commissioner, and the penalties and interest in connection there-
7 with, if the tax debtor has been discharged in bankruptcy, [or] is shown
8 by proofs submitted to be insolvent, [but] OR SHOWS BY PROOFS THAT
9 COLLECTION IN FULL WOULD CAUSE THE TAX DEBTOR UNDUE ECONOMIC HARDSHIP,
10 PROVIDED THAT the amount payable in compromise [shall in no event be
11 less than the amount, if any, recoverable through legal proceedings, and
12 provided that where] REASONABLY REFLECTS COLLECTION POTENTIAL OR IS
13 OTHERWISE JUSTIFIED BY THE PROOFS OFFERED BY THE TAX DEBTOR. PROVIDED,
14 FURTHER, THE COMMISSIONER SHALL NOT ACCEPT ANY AMOUNT PAYABLE IN COMPROMISE
15 THAT WOULD UNDERMINE COMPLIANCE WITH THE TAXES OR OTHER IMPOSITIONS
16 ADMINISTERED BY THE COMMISSIONER, NOR SHALL THE COMMISSIONER ENTER INTO
17 ANY OFFER OF COMPROMISE THAT WOULD BE ADVERSE TO THE BEST INTERESTS OF
18 THE STATE. WHERE the amount owing for taxes OR OTHER IMPOSITIONS or the
19 warrant or judgment, exclusive of any penalties and interest, is more
20 than one hundred thousand dollars, such compromise shall be effective
21 only when approved by a justice of the supreme court. THE COMMISSIONER
22 SHALL PROMULGATE REGULATIONS DEFINING WHAT CONSTITUTES UNDUE ECONOMIC
23 HARDSHIP. THE INABILITY TO MAINTAIN AN AFFLUENT OR LUXURIOUS LIFESTYLE
24 SHALL NOT CONSTITUTE UNDUE ECONOMIC HARDSHIP.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

LBD09464-03-1

1 S 2. Subdivision eighteenth-a of section 171 of the tax law, as
2 amended by chapter 577 of the laws of 1997, is amended to read as
3 follows:

4 Eighteenth-a. Have authority to compromise civil liability, with such
5 qualifications and limitations as may be established pursuant to such
6 rules and regulations as the commissioner may prescribe, where such
7 liability arises under [this chapter, or under a law enacted pursuant to
8 the authority of this chapter] A TAX OR OTHER IMPOSITION which is admin-
9 istered by the [department, or under a law enacted pursuant to the
10 authority of article two-E of the general city law] COMMISSIONER, at any
11 time prior to the time the tax, OTHER IMPOSITION or administrative
12 action becomes finally and irrevocably fixed and no longer subject to
13 administrative review. Upon acceptance of an offer in compromise by the
14 commissioner, the matter may not be reopened except upon a showing of
15 fraud, malfeasance or misrepresentation of a material fact. The attorney
16 general may compromise any such liability after reference to the depart-
17 ment of law for prosecution or defense at any time prior to the time the
18 tax, OTHER IMPOSITION or administrative action taken by the [department]
19 COMMISSIONER is no longer subject to judicial review. Whenever a compro-
20 mise is made by the [department] COMMISSIONER of any such liability,
21 there shall be placed on file in the office of the commissioner the
22 opinion of the counsel for such department, with his OR HER reasons
23 therefor, with a statement of: (a) the amount of tax OR OTHER IMPOSITION
24 and any other issues which may be the subject of such compromise, (b)
25 the amount of interest, additions to the tax, or penalty imposed by law
26 on the taxpayer or other persons against whom the administrative action
27 was taken by the department, and (c) the amount actually paid in accord-
28 ance with the terms of the compromise. Notwithstanding the preceding
29 sentence, no such opinion shall be required with respect to the compro-
30 mise of any civil liability in which the unpaid amount of tax OR OTHER
31 IMPOSITION which was the subject of the administrative action (including
32 any interest, additions to tax, or penalty) is less than [twenty-five]
33 FIFTY thousand dollars.

34 S 3. This act shall take effect immediately.