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***Re: Oklahoma Tax Amnesty Program***

Dear Clients, Colleagues, and Friends:

Recently Oklahoma established the Voluntary Disclosure Initiative (“VDI”) to encourage tax non-filers to file and pay their taxes. If a taxpayer meets the requirements, the state will waive the penalties and interest. Penalties are typically 5% to 10% of the tax due and interest is 15% *a year!* Thus, the program can be quite valuable in the right circumstances. This Tax Update explains which taxes are eligible, who qualifies, and the time frames.

Six types of taxes qualify. They are: (1) Income Taxes, (2) Sales Taxes, (3) Withholding Taxes, (4) Severance Taxes, (5) Mixed Beverage Taxes, and (6) Gasoline and Diesel Taxes. If any of these taxes are owed, and the following four additional elements are met, the penalties and interest are waived.

First, a taxpayer cannot owe any other taxes other than those filed during the VDI period. The VDI period starts September 1, 2017 and ends November 30, 2017. Thus, the program is limited to taxpayers filing past due tax returns during this three month window. Hence, taxpayers who have previously filed their returns, will not qualify. Second, a taxpayer cannot have already been contacted by the Oklahoma Tax Commission (“OTC”) regarding their past due taxes. Thus, a taxpayer already on the OTC’s “radar” will not qualify. **Tax Tip!** The OTC has recently hired a dozen or more new auditors. They are working the files and mailing taxpayers notices. Thus, taxpayers considering the VDI program may want to file quickly to avoid the OTC contacting them first. Three, the taxes cannot be “trust fund” taxes. In other words, sales and payroll taxes collected from others do not qualify (but see below for the modified VDI program). Fourth, the taxpayer must not have entered into a voluntary disclosure agreement within the prior three years.

If a taxpayer collected sales taxes or withheld payroll taxes, but failed to remit those “trust fund” taxes, a modified VDI is available if they otherwise meet the requirements. The modified VDI waives the 10% delinquency penalty; and the taxpayer can file a waiver request for the interest. **Tax Tip!** Recently the OTC has not been sympathetic to waiving the very expensive 15% per annum interest expense. Therefore, it remains to be seen if the explicit invite for an interest waiver is worth anything. Nevertheless, the program does allow for a short-term

payment plan if a taxpayer cannot pay by November 30, 2017. A 10% down payment is required and the remaining 90% can be paid in monthly installments over six months.

In conclusion, the VDI is designed for non-filers. It can be difficult for the OTC to identify non-filers, hence the program. However, many non-filers suffered a financial set-back and that is why they did not file, and most do not have the money now. Thus, the VDI is of limited use in that respect. The program might prompt some non-filers, especially for sales taxes, who otherwise choose not to pay, to start filing and paying. The VDI's best success will likely be from taxpayers who have inadvertently not filed and paid. It does happen; typically because of employee fraud or errors. A drawback to the program is it does not assist those who have filed and owe or have filed and should file an amended return correcting their tax.

### ***Top 5 Reasons You Should Hire an Attorney-CPA for your Tax Needs***

1. **Unparalleled Perspective:** Dually-licensed Attorney-CPAs have training in accounting and law allowing them to view your matter from more angles than many professionals.
2. **Uniquely Qualified:** Only a small number of professionals achieve dual licensing, setting Attorney-CPAs apart from their peers in both professions due to the continuing education demands of a dual license.
3. **First-Class Education:** An Attorney-CPA especially values education, as such Attorney-CPAs tend to be up to speed on the latest developments in their practices.
4. **Best of Both Worlds:** Two professions in one professional who bridges the gap between your legal and financial requirements.
5. **A Practical Solution:** Save time and money by hiring a single dually-licensed Attorney-CPA who is qualified to handle diverse business responsibilities including taxation, accounting, legal, and estate planning.

