



New Jersey Legislature
★ *Office of* LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

EXECUTIVE SUMMARY

DEPARTMENT OF THE TREASURY DIVISION OF TAXATION TAX AMNESTY PROGRAM November 15, 2018 to November 30, 2019

Based on the available data provided by the division, we determined the Tax Amnesty program was administered in compliance with the applicable statute. However, we made an observation regarding limitations in the tax accounting system that prevented us from verifying the accuracy of the provided data. We also made an observation regarding the repeated use of tax amnesty programs.

AUDIT HIGHLIGHTS

- Prior to the implementation of the program, the division identified \$3.2 billion in previously identified tax items from 958,000 eligible individuals and businesses: \$1.4 billion in known tax deficiencies and \$1.8 billion in estimated tax liabilities. The program produced \$288.6 million in revenue, \$169.4 million of which was collected from the previously identified tax items. The 2017 income of the business participants averaged \$86,824,764 and ranged from \$4 to \$94 billion. The 2017 income of the individual participants averaged \$160,529 and ranged from \$1 to \$38 million.
- We were unable to verify the accuracy of certain tax amnesty data because of inherent limitations of the division's tax accounting system. The division has tried to update this system in the past without success and is currently developing a new request for proposal. Until an updated system is developed, the ability to assess any future amnesties would be inhibited.
- The most recent program was New Jersey's fifth, with previous amnesties occurring in 1987, 1996, 2002, and 2009. Participants of prior tax amnesties were not prevented from participating in the most recent tax amnesty. Other states have placed restrictions on tax amnesty programs, preventing taxpayers from participating after having participated in a prior tax amnesty program.
- We analyzed data for participants of the most recent tax amnesty program and found 1,271 had received amnesty after having also participated in the 2009 program. The total amount of interest and penalties abated for those repeat participants was almost \$4.7 million, while amnesty collections exceeded \$15.8 million.
- The 2017 income of the repeat business participants averaged \$47,760,997 and ranged from no income to almost \$18 billion. The 2017 income of the repeat individual participants averaged \$202,938 and ranged from no income to almost \$7 million.

AUDITEE RESPONSE

The division generally concurs with our observations.

For the complete audit report or to print this Executive Summary, click [here](#).