



BUSINESS TRANSACTIONS & TAX

CLIENT ALERT: AMNESTY, AMNESTY, AMNESTY

OCTOBER 2011

Recently, the Internal Revenue Service, State of Colorado, and City and County of Denver have all approved amnesty programs providing relief to taxpayers for various unpaid taxes. However, taxpayers must act soon to take advantage of the tax benefits because participation in the programs is for a limited time only.

Internal Revenue Service

The Voluntary Classification Settlement Program of the IRS permits eligible employers to pay reduced employment taxes for workers improperly classified as independent contractors instead of employees. Under the program, eligible employers must pay ten percent (10%) of the employment tax liability that would have been due on compensation paid to the worker for the most recent tax year. By paying such amount, the eligible employer will not be subject to any penalties, interest, or any employment tax audit regarding worker classifications for such workers in prior years. This program is very taxpayer friendly, and is designed to allow employers which are currently misclassifying their workers to "get legal" with a minimum amount of cost and effort. To be eligible for the program, an employer must (i) classify the worker as an employee going forward; (ii) have filed all required form 1099s for the previous three years; and (iii) not currently be under audit or examination by the IRS, U.S. Department of Labor, or other state agency concerning the classification of workers. To participate in this program, an eligible employer must file Form 8952, Application for Voluntary Classification Settlement Program, at least sixty (60) days before it desires to treat the workers as employees, sign a Closing Agreement, and make payment of the amount due. Currently, there is no expiration date for this program, thus it might be terminated at any time. Additional information about this program may be found [here](#).

State of Colorado

Pursuant to Senate Bill 11-184, the State of Colorado is allowing individuals and businesses to pay any taxes, due on or prior to December 30, 2010, with reduced interest payments and no penalties. Under this program, taxpayers must pay all of their past-due taxes plus one-half of the accrued interest; the remaining accrued interest and all penalties will then be waived. All Colorado taxes are eligible, with the exception of the International Fuel Tax Agreement, the Passenger Mile Tax, and the International Registration Program, and the program does not cover 2010 Colorado income tax which was due on April 18, 2011. To take advantage of this program, taxpayers need only file the return associated with the type of tax to be paid (no special forms or returns necessary) on or prior to November 15, 2011 and pay the tax and reduced interest amount no later than December 31, 2011. Additional information about this program may be found [here](#).

City and County of Denver

Pursuant to Ordinance 11-403, the City and County of Denver is permitting taxpayers to pay any sales, use, and occupational privilege taxes, incurred on or before June 30, 2011, without penalties or criminal prosecution. Additionally, taxpayers taking advantage of this program will only be required to pay one-half of the accrued interest associated with such taxes and the

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remaining accrued interest and all penalties will be waived. To obtain the benefits of this program, a taxpayer must submit the Application for Tax Amnesty, accompanied by payment of the tax and reduced interest amount due. The application and payment must be received or postmarked by December 30, 2011. Additional information about this program may be found [here](#).

Ottens Johnson's attorneys have substantial experience counseling clients with their business and tax matters. For more information on this Client Alert or on these amnesty programs please contact any of the attorneys in the Business Transactions & Tax practice group (for a listing, [click here](#)).

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