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Finally, One for the Taxpayers!

A bill soon to be signed by Governor Cuomo will change collection action by the New York State Tax Department. The current law states that the Tax Department has 20 years to collect against a judgment for tax liabilities. However, the 20 year clock is continually reset any time a Taxpayer acknowledges the debt or makes payment towards the debt (whether the payment is voluntary or involuntary). For instance, if the Tax Department obtains a judgment and enforces that judgment by garnishing a Taxpayer's paycheck, the garnishment is considered acknowledgment and payment. The Tax Department can continue to enforce its garnishment until it receives payment in full or until there is no longer a paycheck to garnish…which could be 20, 30, or even 50 years later!

However, change is coming! The Governor will soon sign a bill that will change the Tax Department's time to collect against a judgment. The new law, which the Tax Department expects to be signed and go into effect within the next several months, still allows a 20 year collection period. The change is that it will now be a strict 20 year time limit. Acknowledgement or payment will not renew or extend the 20 year period.

The 20 year time period begins on the first day the Tax Department can file a warrant against a Taxpayer. After 20 years, the warrant or judgment will be deemed expired and all collection ceases. The law will also be applied retroactively. Any and all warrants and judgments that are 20 years or older at the time the law goes into effect will also be deemed expired.

While judgments will be deemed "expired," they will not be deemed "satisfied." Taxpayers will not receive any written notification that the judgment has expired or that the Tax Department will no longer collect on the judgment. **There will be no satisfaction of judgment. Therefore, the judgment may still be listed on credit reports and may still have a negative impact when applying for loans or lines of credit.** If Taxpayers wish to receive a satisfaction of judgment, they can still proceed with an Offer in Compromise. An Offer in Compromise is where a Taxpayer makes a monetary offer, after submitting substantial financial disclosures, to satisfy a judgment for an amount less than the judgment.

If you would like to know your options or would like more information about the new bill or how to settle an outstanding tax debt with an Offer in Compromise, contact Sales Tax Defense LLC! We are here to help!

Success Story
Helping Those Who Have Been Wronged

A local restaurant's "trusted" advisor, who was both their attorney and accountant allegedly stole the sales tax the business collected as well as other business funds. While the matter is still being litigated against the former advisor, the restaurant had instructed their professional to file and pay the necessary sales and use tax returns. Unfortunately nothing was done; the funds were gone from the bank account but no payment was ever made to New York State. (The advisor was arrested by the Nassau County District Attorney.)

Regardless of the outcome of the litigation (for which we are NOT representing the business), the New York State Department of Taxation & Finance was still entitled to its money. Assessments were issued for the unpaid sales tax against the business and the business's owner. Furthermore, two years of corporate tax and two years of personal income tax had also gone unpaid. It would have been impossible for the business and its owner to pay these debts.

But by utilizing the New York State Offer-in-Compromise, we were able to settle over $100,000 in tax, interest, and penalties for approximately $40,000. As part of the settlement, the business was able to pay this amount over the course of two years.

About Us

We are a dedicated team of sales and use tax professionals who have committed our careers to helping businesses and fellow professionals with sales and use tax problems. Since the only work we are focused on is sales tax consulting, businesses never have to be concerned that we will try to sell them other services they do not need. And professionals never have to be concerned with us encroaching on their client relationships, because we view you, our fellow professional, as our client.

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