

**New Hampshire Department of Revenue Administration
45 Chenell Drive, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2005-005 November 30, 2005**

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Customer Service at (603) 271-2191.

RETT TAX AMNESTY PROGRAM

LAW

Chapter Law 177 of 2005, Section 142, states: Tax Amnesty. Notwithstanding the provisions of any other law, with respect to real estate transfer taxes under RSA 78-B administered by the Department of Revenue Administration, an amnesty from the assessment or payment of all penalties and interest greater than 10 percent per annum shall apply with respect to unpaid taxes reported and paid in full during the period from December 1, 2005, through and including February 15, 2006, regardless of whether previously assessed. This amnesty shall only apply to taxes due but unpaid on or before July 1, 2005.

SUMMARY

Amnesty is available to any taxpayer who has a delinquent Real Estate Transfer Tax return or has not paid Real Estate Transfer Tax that was due on or before July 1, 2005. Amnesty returns and payments must be submitted between Dec. 1, 2005 and Feb. 15, 2006. No penalties will be charged and annual interest rates, if higher than 10%, will be capped at that level. The amnesty program also applies to any party that is under audit, or has an unpaid Notice of Assessment, including those in the hearing process.

The amnesty program does not apply to any tax type other than Real Estate Transfer Tax.

BACKGROUND

The amnesty program was enacted by the legislature after the Department of Revenue Administration's enhanced audit efforts revealed a substantial degree of non-compliance with the Real Estate Transfer Tax. Specific problem areas included, but are not limited to, the following:

- Transfers pursuant to a merger or a change in the form of organization (e.g. from a partnership to a limited liability company). Previous exemptions for such transfers were ended effective July 1, 2001.
- Transfers between an entity and its owners.
- Transfers of interests in "real estate holding companies", which specifically became subject to tax on July 1, 1997. A real estate holding company is defined to include any business organization in which real estate represents more than half of its revenues or half of its assets (measured by fair market value.)

ADVANTAGES

The advantages of Amnesty include:

- Per annum interest rates are capped at 10%. The statutory interest rate was 15% a year during the 1990s.
- The 100% penalty for understating the amount of tax due on a return or a deed will not be charged.
- The 25% late filing penalty will not be charged.

FILING AN AMNESTY RETURN

RETT Amnesty Tax returns will be available at the offices of the county Registers of Deeds and on the DRA's website at www.revenue.nh.gov/forms/index.htm. Amnesty tax returns can also be requested by calling the Department's Forms line at (603) 271-2192. The line is available 24 hours a day.

Amnesty returns and payments must be submitted directly to the Department.

By Mail	In Person
Department of Revenue Administration	45 Chenell Drive
Documents Processing Division	Concord, NH
PO Box 2035	
Concord, NH 03302-2035	

Amnesty returns cannot be filed, nor payments made, either on the Department's E-File Internet site or at the county Register of Deeds.

In order to receive Amnesty, all unpaid tax and the applicable interest (up to a maximum of 10% per annum) must be reported and paid in full during the Amnesty period, which runs from Dec. 1, 2005 through Feb. 15, 2006.

The applicable per annum amnesty interest rates for years since 1980 are:

2005	6%
2004	7%
2003	8%
2002	9%
1981-2001	10%

For rates prior to 1981, contact the Department of Revenue at 603 271-3400
An interest calculator will be available on the Department's website at www.revenue.nh.gov.

If you are in doubt as to the taxability of a transfer or have any other questions, please call the Department's Customer Service line between 8:00AM and 4:30PM Monday through Friday at (603) 271-2191.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the Department, 45 Chenell Drive, Concord, NH 03301 or by contacting them at (603) 271-2318.