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Residents, Businesses and Property Owners One Step Closer to 90-Day Tax Amnesty as Gittens Bill Advances

Senator Kenneth Gittens's bill to temporarily waive penalties and interest on delinquent taxes cleared its first Senate hurdle, moving closer to final approval as lawmakers voiced support for offering relief to struggling residents and small businesses.

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Senator Kenneth Gittens has lambasted the Office of the Lieutenant Governor and the Office of the Tax Collector for their perceived lack of empathy, during a discussion about a suggested tax amnesty for a specific subset of local businesses.

Bill 36-0083, sponsored by Mr. Gittens, would establish a 90-day amnesty period for the waiver of penalties for payment of outstanding property taxes, income taxes, and gross receipt taxes for

all tax years to assist taxpayers and businesses recovering from the aftermath of Hurricanes Irma and Maria and Tropical Storm Ernesto. Presenting the measure before lawmakers on the Budget, Finance and Appropriations Committee on Tuesday, Senator Gittens described it as a “targeted and timely solution” to “provide temporary but meaningful relief to Virgin Islands taxpayers who are struggling with the cumulative weight of outstanding tax penalties and interest.”

The bill authorizes the Lieutenant Governor to “waive penalties and interest on delinquent real property taxes, provided full payment is made within the amnesty period.”

According to Joel Lee, director of the Bureau of Internal Revenue, the total, realistic amount of outstanding gross receipt taxes stands at \$93 million; outstanding corporate taxes stand at \$7 million, and individual taxes are estimated at \$30 million. He noted that the amnesty period could create a “slight reduction in collections as the taxpayer wait out the end of the 90-day period, and possibly collect interest on payments that they would normally make to the government.” Nonetheless, the Bureau is willing to “avail itself of these legislative opportunities which facilitate collections of past due balances to those who meet the requirements and reap the benefits of the program.”

However, Tax Assessor Brent Leerdam shared a less accommodating response. Instead, he offered several reasons why the Office of the Lieutenant Governor did not support the bill.

He explained that his office introduces amnesties as a means of “stimulating an increase in the payment of delinquent property taxes.” Mr. Leerdam requested that “deference be given to this office in applying a function of amnesty, considering that we constantly monitor collection trends and we readily possess the data to determine when an amnesty might be most productive.”

If an amnesty were to be implemented, Mr. Leerdam stated that the preferred period is “60 days or less.” Typically, there is a “final burst of increased collections” at the end of the amnesty period, as Mr. Lee before him had explained.

Mr. Leerdam told Senator Gittens that the Office of the Tax Collector has noted “an increase in installment payment plans started by people desiring to resolve property tax delinquencies” and is continuing public outreach on the matter. In response, the lawmaker said that he was not surprised by Mr. Leerdam’s arguments, but remained “disappointed.”

“My thing is, we’re providing a relief to the people of this territory, a relief. Where’s the empathy from this office?” asked Senator Gittens. He argued that Mr. Leerdam’s responses throughout the hearing seemed to suggest that “every taxpayer is sitting waiting on the side for an amnesty. That’s not the case for a majority of the people,” he noted.

The lawmaker urged Mr. Leerdam to “think about those people that have an economic hardship that can’t pay all those monies now.” Senator Gittens felt that reducing the amnesty period from 90 days to 60 days would still leave people “scrambling.” Over the course of Tuesday’s session, Gittens apparently received several messages from the business community affirming that the 90-day period is “much better than the 60 days.”

The tax amnesty, Senator Gittens suggested, offers economic relief and equity. “Temporarily waiving penalties and interest shows compassion to struggling residents here in the territory, especially in the wake of economic downturns, disasters and even the inflation that we’re seeing,” he stated.

According to Gittens, the amnesty is a chance for the Tax Collector's office to be "trusted by the community once again and just promote fairness across the board." He continued his impassioned monologue and accused the Office of lacking the "same zest where you're ready to auction people property." He called for the same enthusiasm in this situation. "When it comes to helping them by providing a relief through a 90-day amnesty, there's such a pushback," he lamented.

On the receiving end of the lawmaker's verbal lashing, Mr. Leerdam countered that the "Honorable Lieutenant Governor is very mindful of people's plight."

"We do whatever we can to help people to understand how they can pay their taxes," he stated. The Tax Collector's office offers payment plans to help delinquent taxpayers current.

In general, his colleagues on the committee sided with Senator Gittens. "Property tax owners are the ones that are basically very responsible, and they carry a large income burden on this government," noted Senator Ray Fonseca. All six present committee members ultimately voted in favor of Bill 36-0083.

"This bill is not about letting people off the hook. It's about offering a second chance, encouraging compliance and allowing families and businesses the opportunity to get back on track. It's about fairness, it's about recovery, and above all, it's about simply doing the right thing," stated Senator Gittens.

The St. Croix Chamber of Commerce praised the move, saying that the amnesty is an "economic life raft and shot in the arm right when businesses need it most."