The Virgin Islands Consortium

BIR Director Says Residents Could Face Jail Time For Filing Taxes Outside Territory; Bureau Working To Fix Loophole

Technology / **Published On January 14, 2016 12:20 PM /**

Ernice Gilbert January 14, 2016

ST. CROIX -- Bureau of Internal Revenue Director, Marvin Pickering, in a brief phone conversation with The Consortium this morning, said BIR is currently working on closing loopholes that residents use to skirt the system and file their taxes directly with the Internal Revenue Service (IRS), by filing in U.S. states.

In a press release issued on Wednesday, the Bureau said all bona fide residents must file locally because it is against the law to do otherwise. When asked about the statute, Mr. Pickering said the local law mirrors the federal law as it relates to taxes, and added that residents who choose to break the law could face a misdemeanor charge, which has the potential of landing those found guilty in jail.

"If they file with the IRS by April 15 and they haven't filed with us, then they haven't satisfied their local obligation, and a failure-to-pay penalty could be levied. And failure to file income tax returns is a misdemeanor punishable by imprisonment or fines," Mr. Pickering said.

Citing IRS statute, the BIR director described a bona fide resident as someone who has lived and worked in the territory for 183 days or more.

The Consortium mentioned the speed in which residents who have used the workaround receive their returns, and questioned why it couldn't be accomplished in the territory. To that, Mr. Pickering said the Mapp administration, after releasing $85 million in tax refunds dating back to the years of former Governor John P. de Jongh, would strive to make available refunds in a timely fashion.

"But the process doesn't work like that," he said. "We have returns that we have to review, and that's a delay. We have to make sure that what they are claiming on the returns is accurate."

Even so, The Consortium challenged the director, contending that residents being audited should not mire the speed in which unaffected persons receive their returns, using the immediacy of the process on the US mainland as comparison.

Mr. Pickering partially agreed. However, he could not promise that all residents not under the microscope of an audit would receive their refunds by May 31, 2016.

"I would love to pay all the refunds that don't have any issues by May 31st; But it doesn't work that way. The federal government prints money; we don't," he concluded.

As for the $22 million in refunds that Governor Kenneth Mapp said had been released, Mr. Pickering said BIR did its part, and the Department of Finance was hurriedly getting the monies out to residents territory-wide.