The Virgin Islands Consortium

Bill Providing Amnesty on Interest and Penalties for Gross Receipt, Property and Income Taxes Crosses First Hurdle

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Benjamin Franklin, a Founding Father of America, on a $100 USD **By. GETTY IMAGES**

The Committee of Finance heard several measures on Friday, including Bill No. 33-0439, a Senator Donna Frett-Gregory-sponsored measure establishing an amnesty period until June 30, 2021, for the waiver of penalties for payment of outstanding income taxes, the waiver of interest and penalties for payment of outstanding gross receipt taxes, along with a waiver of penalties and interest for real property taxes for all tax years. The measure also requires the director of the V.I. Bureau of Internal Revenue (B.I.R.) to publish information on the amnesty.

The bill does not preclude payment of the taxes themselves, only the interest and penalties levied for delinquency.

Ms. Frett-Gregory told her colleagues that the bill came from the urging of those in the community. Drawing reference to the hardship small business owners are having due to the pandemic, which came a few years after the devastating storms of 2017, Ms. Frett-Gregory said, “It is our responsibility to take care of our businesses here in the Virgin Islands, and the people who have homes and lost their jobs — there is just so much to contemplate around this."

While the measure seeks to provide relief to struggling individuals, families and businesses, B.I.R. Director Joel Lee said he could not support the legislation. He strongly urged the committee to reconsider the implementation of another amnesty program at this time since the prior amnesty, he said, ended four months ago and the government anticipates a shortfall in revenues in fiscal year 2021. He said now is not the best time for the government to leave money on the table.

“The continuous implementation of amnesty programs hampers the bureau’s ability to achieve voluntary compliance since it leads taxpayers to believe that they can revert to a “wait and see” approach when filing and paying taxes,” Mr. Lee contended.

Unlike B.I.R., however, the Office of the Lieutenant Governor fully supported the intent of the measure. Brent Leerdam, territorial tax collector in the Real Property Tax Division of the Office of the Lieutenant Governor, told lawmakers that the Office of the Lieutenant Governor has already made such relief available to residents, which is consistent with the intent of Bill No. 33-0439.

As stated by Mr Leerdam, Lieutenant Governor Tregenza Roach has directed the Office of the Tax Collector to grant an automatic waiver of penalty and interest to all real property taxpayers in the territory until the issuance of the next property tax bill in 2021. This directive takes effect immediately.

Mr. Leerdam further explained that the automatic waiver extends to all delinquent tax accounts and terminates on the date that the 2021 tax bill is issued.

“Such a waiver is consistent with Office of the Lieutenant Governor’s practices and procedures to routinely waive interest and penalty for taxpayers who request such relief based on their individual circumstances," he said. "In light of the unprecedented negative economic effects of the coronavirus on the territory, however, Lieutenant Governor Roach reasonably and prudently decided to extend the waiver to all taxpayers automatically."

Senator Kurt Vialet, chairman of the Finance Committee, noted that at one point he was not certain he would support another tax amnesty. However, he told the testifiers and his constituents on Friday, “We are not in normal times…there are so many factors that require us to allow business owners and property owners to be able to have some type of relief and amnesty.”

Bill No. 33-0439 was unanimously supported in the Committee on Finance and will move to the Committee on Rules and Judiciary for further consideration.

Along with the tax amnesty measure, the following bills were favorably voted on and will advance to the Committee on Rules and Judiciary:

- Bill No. 33-0362, “An Act appropriating $900,000 from the St. John Capital Improvement Fund to the Virgin Islands Port Authority for certain improvements to the Lorendon Lorence Boynes Sr. Ferry Terminal at Cruz Bay, St. John”
- Bill No. 33-0436, “An Act appropriating $1,665,637 from the St. Croix Capital Improvement Fund to the Virgin Islands Port Authority for the completion of the ‘Henry E. Rohlsen Improvement and Expansion Project’”
- Bill No. 33-0435, “An Act amending Act No. 8365, relating to the fiscal year 2021 operating budget for the Government of the Virgin Islands to increase the funding for wage adjustments from $2,623,000 to $9,760,658, to appropriate $18,000,000 to the Single Payer Utility Fund, to reduce the operating expenses for the Department of Finance from “$2,091,757 to $1,591,757, to reduce the budget for the Department of Education from $167,807,284 to “$164,180,173”, to increase the Department of Public Works’ appropriation for the Abandoned Vehicles Programs in St. Croix, and St. Thomas from $25,000 to $75,000; to appropriate an additional $75,000 for a St. John Abandoned Vehicles Program, and $400,000 for addition road work; to increase the appropriation for the Nurse Licensure Board from $391,026 to $536,886; to appropriate $305,312” as a contribution to the Taxi License Fund; to appropriate $2,000,000 as a contribution to the V. I. Housing Finance Authority; amending Act No. 8366 relating to the 2021 fiscal year operating budget for the University of the Virgin Islands to provide for a direct appropriation to the University and to add an appropriation of $180,000 for preparing an agriculture plan, and amending Act No. 8245 relating to fiscal year 2020 operating budget for the Government of the Virgin Islands to make the $10,000,000 appropriation for Retroactive Payment to Retirees Over 65 non-lapsing; and provided for other related purposes” as amended.
- Bill No. 33-0004, “An Act amending the Virgin Islands Code title 3, chapter 5 adding subchapter III to enact The Virgin Islands Public Art Program Act requiring one percent of total capital improvement project costs to be expended for works of art placed in government buildings”

Bill No. 33-0241, “An Act amending Title 33, chapter 3, section 57, subsection (b) of the Virgin Islands Code to increase the marine terminal tax, with half of the increased amount remitted to the Virgin Islands Port Authority and the other half to the Government Employees’ Retirement System,” was removed from the agenda and Bill No. 33-0355, “An Act amending Title 11 Virgin Islands Code, chapter 23, relating to the Small Business Development Agency by adding a section 1266 to provide an income tax deduction to small businesses that employ persons with disabilities," was held in the committee at the call of the chair.