

**New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau**

TSB-M-86 (11)C
Corporation Tax
October 1, 1986

Omnibus Tax Equity
and Enforcement Act of 1985
(1986 Amendments)

General

Chapters 411 and 412 of the Laws of 1986 were signed on July 21, 1986. These Chapters make technical and other corrections to provisions of the Omnibus Tax Equity and Enforcement Act of 1985 (L.1985, Ch.65), and to statutory provisions added, amended or affected by the Act.

Summary of Provisions Affecting Corporate Taxes

Section 3 of Chapter 411 amends § 1096(b)(2) of Article 27 of the Tax Law. This amendment clarifies the prohibition against the use by the Tax Commission of compulsory process in inquiring into a criminal offense connected with the administration or enforcement of taxes to which Article 27 applies, after referral of the matter to a prosecutorial agency. During the period of referral the Tax Commission may examine documents in its possession or in the possession of a prosecutorial agency. The Tax Commission may also give expert advice to prosecutors based upon a review of documents already in its possession. This amendment represents conformity with Federal practice under IRC § 7602(b) and (c), as well as with Federal judicial opinions prior to the enactment of such Federal statutory provisions.

Section 9 of Chapter 411 amends § 1803(a) of Article 37 of the Tax Law. That provision establishes as a class E felony the failure to file corporate tax returns for 3 consecutive years in which there is an unpaid tax liability. The bill inserts a provision to the effect that such liability must exceed \$250 in each of the 3 years.

Section 16 of Chapter 411 of the bill amends the effective date provision of Omnibus to make it clear that the new rules relating to warrants issued by the Tax Commission contained in that Act apply to warrants issued on or after the effective date of the Act.

Effective Date

Those sections of Chapter 411 pertaining to the clarification of the prohibition against the use of compulsory process and the institution of the \$250 liability in 3 consecutive years (Sections 3 and 9 above) are effective immediately. The amendment concerning the warrant provisions of the Act is effective immediately and applies to warrants issued on or after July 16, 1985.