



FY2023 ANNUAL REPORT



MASSACHUSETTS
DEPARTMENT
OF REVENUE

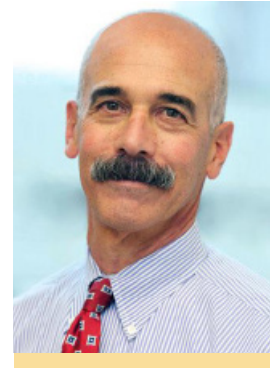


LETTER FROM THE COMMISSIONER

To the Honorable Maura Healey, Governor of the Commonwealth, and the Honorable Members of the General Court of Massachusetts:

I am pleased to present the Massachusetts Department of Revenue's (DOR) Fiscal Year 2023 (FY23) Annual Report as directed by G.L. c. 14, § 6.

FY23 budgeted revenues totaled \$39.165 billion, \$1.940 billion, or 4.7% less than collections in fiscal year 2022, and \$604 million, or 1.5% below the FY23 benchmark, reflecting a decrease in capital gains tax collections relative to last year's unprecedented collections and an increase in pass-through entity members applying credits to reduce their tax payments. The decreases were partially offset by increased withholding due to labor market conditions and sales and use tax, partly due to sustained retail sales strength.



Massachusetts voters approved a 4% surtax amendment in November 2022, requiring personal income taxpayers to pay an additional 4% surtax on taxable income over \$1,000,000, starting with the tax year 2023.

Massachusetts updated its conformity to the Internal Revenue Code from the Code as amended on January 1, 2005, to the Code as amended on January 1, 2022. The update in code conformity was the result of legislation enacted as part of the Massachusetts' FY23 Budget. In cases where Massachusetts does not conform to the Code, the update will have no impact.

The Commonwealth introduced new tax provisions during the fiscal year, including a partially refundable Offshore Wind Jobs credit for certified offshore wind companies and a \$2,000 non-transferrable credit for National Guard members hired under the SPEED Act.

The Child Support Enforcement Division collected \$597.1 million in support payments during FY23. DOR collects \$5.27 for every dollar spent on the child support program. Additionally, 95% of all child support collected was distributed to the families for whom DOR provides services.

In FY23, the Division of Local Services certified free cash for 348 communities for a total of \$2,643,806,826; certified tax levies totaling \$20,674,747,010; and distributed \$7.2 billion in net local aid to cities, towns, and regional and charter schools.

The Department of Revenue is dedicated to serving the citizens of the Commonwealth, focusing our efforts on the equitable collection of revenue, fostering the sound fiscal management of our cities and towns through training and oversight, and improving the lives of children by providing financial support and services to Massachusetts families.

Sincerely,

A handwritten signature in blue ink, which appears to read "Geoffrey E. Snyder". The signature is fluid and stylized, with a long horizontal stroke at the end.

Geoffrey E. Snyder
Commissioner

LEGISLATIVE REVIEW FY2023

Personal Income Tax

Code Update

The Fiscal Year 2023 Budget (FY23 Budget), St. 2022, c. 126, updated Chapter 62, which imposes the Massachusetts personal income tax, so that it generally conforms to the Internal Revenue Code (Code) as amended on January 1, 2022. Prior to this “Code Update,” Chapter 62 generally conformed to the definitions, deductions and exemptions as set forth in the Code as amended on January 1, 2005. Due to the Code Update, Massachusetts now adopts many of the federal tax law changes that were enacted after 2005. St. 2022, c. 126, §§ 30, 189; TIR 23-1 and TIR 23-5.

Decoupling from the 20% Deduction for “Pass-through” Businesses provided by Code § 199A

The FY23 Budget added G.L. c. 62, § 2(d)(1)(Q), which provides that in determining Massachusetts Part B adjusted gross income for purposes of the personal income tax, the federal deduction afforded by Code § 199A is not allowed. Code § 199A provides a deduction of up to 20% for qualified business income from a qualified trade or business operated directly or through a pass-through entity. Because the deduction in the Code was enacted in 2017 and was effective for tax years beginning in 2018 and thereafter, Massachusetts did not conform to the deduction for taxable years beginning before January 1, 2022. See TIR 18-14. Massachusetts personal income tax now generally conforms to the Code as amended on January 1, 2022 and in effect for the taxable year, as noted above. However, because the FY23 Budget specifically decoupled from Code § 199A, it remains the case that Massachusetts does not conform to this section. St. 2022, c. 126, §§ 32, 189; TIR 23-1.

Income Exclusion for Forgiveness of Student Loans

The FY23 Budget added G.L. c. 62, § 2(a)(2)(R), which provides an exclusion from Massachusetts gross income of income attributable to most discharges of certain student loans where such income is otherwise not excluded from Massachusetts gross income. This exclusion is substantially identical to the federal exclusion provided by Code § 108(f)(5), which

Massachusetts follows as amended and in effect for the taxable year. While the federal exclusion provided by Code § 108(f)(5) only applies to discharges of certain student loans for taxable years beginning on or after January 1, 2021 and ending on or before December 31, 2025, the new Massachusetts deduction does not have a sunset date. Therefore, for taxable years beginning on or after January 1, 2022, taxable income from the discharge of certain student loans will continue to be excluded from Massachusetts gross income pursuant to G.L. c. 62, § 2(a)(2)(R), irrespective of any sunset of the exclusion from federal gross income provided by Code § 108(f)(5). St. 2022, c. 126, §§ 31, 189; TIR 23-1.

Personal Income Tax and the Corporate Excise

Offshore Wind Power Incentive Jobs Credit

An Act Driving Clean Energy and Offshore Wind (Offshore Wind Act), St. 2022, c. 179, as amended by An Act Relating to Economic Growth and Relief for the Commonwealth (Economic Development Act), St. 2022, c. 268, established a partially refundable Offshore Wind Jobs credit for offshore wind companies certified by the Massachusetts Clean Energy Technology Center (Center). A certified offshore wind company subject to tax under either Chapter 62 or Chapter 63 may, to the extent authorized by the offshore wind tax incentive program established in G.L. c. 23J, § 8A(d), claim the credit in an amount determined by the Center, in consultation with the Commissioner of Revenue. A certified offshore wind company claiming the credit must commit to the creation of a minimum of 50 net new permanent full-time employees in Massachusetts. The credit is available for taxable years beginning on or after January 1, 2023 and ending on or before December 31, 2032. St. 2022, c. 179, §§ 44, 97; St. 2022, c. 268, §§ 103, 271, 272; TIR 23-6.

Offshore Wind Power Incentive Investment Credit

The Offshore Wind Act, as amended by the Economic Development Act, established a refundable Offshore Wind Capital Investment Credit for certified offshore wind companies

subject to tax under either Chapter 62 or Chapter 63. A certified offshore wind company may, to the extent authorized by the offshore wind tax incentive program established under G.L. c. 23J, § 8A(d), claim a credit in an amount up to 50 percent of its total capital investment in an offshore wind facility. The total amount of the credit awarded is distributed in equal parts over five taxable years corresponding to the period for which the offshore wind company is certified.

The certified offshore wind company must meet certain requirements, including minimum capital investment and employment requirements, to be eligible for the credit. A certified offshore wind company claiming the credit may not also claim the Offshore Wind Jobs Credit or the Economic Development Incentive Program Credit provided by G.L. c. 62, § 6(g) and G.L. c. 63, § 38N in the same taxable year. The credit is available for taxable years beginning on or after January 1, 2023 and ending on or before December 31, 2032. St. 2022, c. 179, §§ 44, 97; St. 2022, c. 268, §§ 103, 271, 272; TIR 23-6.

National Guard Hiring Credit

An Act Relative to Military Spouse-Licensure Portability, Education and Enrollment of Dependents (SPEED Act), St. 2022, c. 154, as amended by the Economic Development Act, established a National Guard Hiring Credit for employers who hire members of the Massachusetts National Guard. Pursuant to section 7 of the SPEED Act, employers subject to tax under either Chapter 62 or Chapter 63 may claim a non-transferrable and non-refundable credit equal to \$2,000 for each member of the Massachusetts National Guard hired by the employer. To be eligible for the credit: (i) the employer cannot employ more than 100 employees; (ii) the primary place of employment and the primary residence of the member of the Massachusetts National Guard must be in Massachusetts; (iii) the employer must have obtained the applicable certification from the Office of the Adjutant General that the individual is a member of the Massachusetts National Guard not later than the day the Massachusetts National Guard member begins work; and (iv) the Massachusetts National Guard member must be hired after July 1, 2022. An

employer claiming this credit is eligible for a second credit equal to \$2,000 in the subsequent taxable year with respect to such member of the Massachusetts National Guard, subject to certification of continued employment during the subsequent taxable year. The Massachusetts Office of Business Development will authorize, administer and determine eligibility for the credit. The credit is available for employers subject to tax under either G.L. c. 62 or G.L. c. 63 for taxable years beginning on or after January 1, 2023. St. 2022, c. 154, § 7; St. 2022, c. 268, §§ 101, 102, 104, 105; TIR 23-6.

Miscellaneous

Repeal of Unconstitutional Tax on Illegal Drugs

The FY23 Budget repealed Chapter 64K, which imposed a tax on illegal sales of marijuana and controlled substances. Pursuant to Chapter 64K, where a dealer illegally purchased, acquired, transported, or imported marijuana or controlled substances into Massachusetts, the dealer was required to pay the controlled substances tax. However, the Supreme Judicial Court ruled in *Commissioner of Revenue v. Mullins*, 428 Mass. 406 (1998), that the Fifth Amendment of the United States Constitution restricts the ability of the Commonwealth to assess the tax against those who have suffered criminal penalties for the same possession of marijuana or controlled substances. Accordingly, Chapter 64K was unenforceable. St. 2022, c. 126, §§ 33; TIR 23-1.

Decoupling from Code § 280E for licensed marijuana businesses

An Act Relative to Equity in the Cannabis Industry (Cannabis Industry Reform Act), St. 2022, c. 180, decoupled Chapter 62 and Chapter 63 from Code § 280E with respect to licensed marijuana businesses for taxable years beginning on or after January 1, 2022. Previously, Massachusetts conformed to Code § 280E, which prohibits trade or businesses that traffic in controlled substances from claiming any trade or business deductions provided by the Code, other than for the cost of goods sold. Marijuana remains federally classified as a Schedule I controlled substance and is illegal to traffic under federal law, therefore

licensed marijuana businesses were unable to claim trade or business expense deductions for purposes of Chapter 62 and Chapter 63, other than for the cost of goods sold. The Cannabis Industry Reform Act added G.L. c. 62, § 2(d)(4) and amended G.L. c. 63, § 30.4 to allow licensed marijuana businesses, including marijuana establishments as defined in G.L. c. 94G, § 1, and medical marijuana treatment centers, as defined in G.L. c. 94I, § 1, to deduct trade or business expenses that they were previously prohibited from deducting. St. 2022, c. 180, §§ 1, 2; TIR 23-6.

Manufactured Marijuana Accessories Subject to the ENDS Excise

The Cannabis Industry Reform Act amended G.L. c. 64C, § 7E(m) to specifically provide that marijuana accessories that are manufactured to also deliver nicotine are considered an electronic nicotine delivery system (ENDS) for purposes of the ENDS excise. This statutory change codified the Commissioner's prior administrative position interpreting the ENDS excise. St. 2022, c. 180, §§ 3; TIR 23-6.

THE TAXES FY2023

TYPE OF TAX	MEASURE	RATE ¹	RETURN DUE
Personal income and fiduciary income	Net capital gains ² Dividends, interest, wages, other income	5–12% 5%	On or before April 15 for calendar year filings. The 15th day of the 4th month for fiscal year filings. ³
Nonresident	Massachusetts source income	5%	
Estimated tax	Liability in excess of \$400		Due quarterly on or before the 15th day of April; June, September and January.
Withholding	Wages	5%	Varies depending on amount of tax withheld in calendar year. If annual withholding: up to \$100 — annual filing; \$101 — 1,200 — quarterly filings; \$1,201 — 25,000 — monthly filings; over \$25,000 — quarterly filings, weekly payments.
Pass-through entity (PTE) excise (Voluntary and subject to affirmative election)	The sum of the distributive shares of income subject to Massachusetts personal income tax of each qualified member	5%	Due at same time as a PTE's Form 355S, Form 3, or Form 2.
Estate	Federal taxable estate	0.8%–16% ⁴	Within nine months after date of decedent's death.
Nonresident	Massachusetts real and tangible property ⁴		Within nine months after date of decedent's death.
Alcoholic beverages	Malt (31-gal. bbl.) Cider 3%–6% (wine gal.) Still wine 3%–6% (wine gal.) Sparkling wine (wine gal.) Alcoholic beverages 15% or less (wine gal.) Alcoholic beverages more than 15%–50% (wine gal.) Alcoholic beverages more than 50% or alcohol (proof gal.)	\$3.30 \$.03 \$.55 \$.70 \$1.10 \$4.05 \$4.05	Monthly, on or before the 20th day of the month.
Cigarettes	20-count package Smokeless tobacco (percentage of price paid by licensee) Electronic Nicotine Delivery Systems (ENDS)(wholesale price) Cigars and smoking tobacco (percentage of price paid by licensee)	\$3.51 210% 75% 40%	Monthly, on or before the 20th day of the month. Unclassified acquirers must file upon importation or acquisition. same as cigarettes same as cigarettes Quarterly, on or before the 20th day following the close of the tax period.
Deeds	Sales price (less mortgage assumed) of real estate	\$2.28 ⁵ per \$500	Monthly, on or before the 10th day of the month (filed by Registry of Deeds).
Motor fuels	Gasoline and diesel fuel per gallon Propane, liquified gas, etc. (no minimum) Aviation (10¢ minimum) Jet fuel at local option (5¢ minimum)	\$.24 29.2% 38.2% 17.3%	Monthly, on or before the 20th day of the month.

TYPE OF TAX	MEASURE	RATE ¹	RETURN DUE
Room occupancy	Transient room occupancy	5.7%	Due monthly on or before the 30th day following the month represented by the return. May be subject to advance payment requirements.
	At local option, up to	6.0% ⁶	
	Convention Center Financing Fee (Boston, Cambridge, Springfield, Worcester, Chicopee and West Springfield)	2.75%	
	Cape Cod and Islands Water Protection Fund Fee (Barnstable, Nantucket and Dukes Counties)	2.75%	
	Community Impact Fee, At local option on certain short-term rentals	up to 3%	
	Tourism Destination Marketing District Fee, at local option	up to 2%	
Club alcoholic beverages	Gross receipts	0.57%	On or before April 15.
Sales and use tax	Sale, rental or use of tangible personal property, including cigarettes, telecommunication services and certain fuel.	6.25%	Due 30 days after the close of the tax period. If annual liability, due on or before 30 days after the end of the filing period (i.e., January 30 of the following year represented by the return). May be subject to advance payment requirements.
Sales tax on meals, prepared food and all beverages	All "restaurant" food and on-premises consumption of any beverages in any amount.	6.25%	Due monthly on or before the 30th day following the month represented by the return. May be subject to advance payment requirements.
	At local option	.75%	
Marijuana retail taxes	Sales of marijuana or marijuana products	6.25%	Due monthly on or before the 30th day following the month represented by the return. May be subject to advance payment requirements.
	State excise tax	10.75%	
	Local option for cities and towns	up to 3%	
Direct broadcast satellite service	Gross revenues	5%	Monthly, on or before the 20th day of each calendar month.
Business and manufacturing corporations	Net income	8.0% ⁷	On or before the 15th day of fourth month after close of taxable year. ⁸
	Tangible property or net worth	\$2.60 per \$1,000	
	Minimum	\$456	
Estimated tax	Liability in excess of \$1,000		Due quarterly as follows: 15th day of 3rd (40%), 6th (25%), 9th (25%) and 12th (10%) months of taxable year. ⁹
Security corporation Non-bank holding co. Bank holding company	Gross income	1.32%	Same as business corporations.
	Gross income	0.33%	
	Minimum	\$456	
Financial institutions	Net income	9.0% ¹⁰	Same as business corporations.
	Minimum	\$456	
Ship excise tax	Value (equity interest) of the corporation's interest in a ship or vessel engaged in interstate or foreign trade.	0.33%	Same as business corporations.

TYPE OF TAX	MEASURE	RATE ¹	RETURN DUE
Insurance company			
Domestic life	Premiums	2.0%	On or before April 15.
Foreign life	Premiums	2.0%	
Domestic casualty	Premiums	2.28%	
	Gross investment income	0%–1.0%	
Foreign casualty	Premiums	2.28%	
Ocean marine	Underwriting profit	5.7%	On or before May 15.
Preferred provider arrangements	Premiums	2.28%	On or before March 15.
Motor vehicle garaged outside Massachusetts	90% to 10% of manufacturer's list price	\$25 per \$1,000	On or before 30 days from issuance of tax bill.
Boston sightseeing tour	Ticket purchase price of any water- or land-based sightseeing tourist venue or entertainment cruise or trolley tour originating or located in Massachusetts and conducted partly or entirely in Boston.	5%	Quarterly, on or before the 20th day following the close of the tax period.
Boston vehicular rental transaction surcharge	Each vehicular rental transaction contract executed in Boston.	\$10	Quarterly, on or before the 20th day following the close of the tax period.
Parking facilities surcharge in Boston, Springfield and/or Worcester	Parking facilities built in conjunction with or as part of a project authorized by the Convention Center Financing Act in Boston, Springfield or Worcester.	\$2 per vehicle per day	Quarterly, on or before the 20th day following the close of the tax period.

¹ Tax rates as of August 1, 2022.

² Gains from the sale or exchange of capital assets (except collectibles) held for more than one year are taxed at 5%. Short-term capital gains, as well as long-term capital gains arising from the sale of collectibles (with a 50% deduction) are taxed at 12%.

⁴ Resident rate is equal to federal credit for state death taxes based on December 31, 2000 IRC. Nonresident rate is equal to Massachusetts proportionate share of federal credit for state death taxes.

⁵ In Barnstable County, the rate is \$6.48 (combined state and county deeds excise) per \$1,000.

⁶ Boston is authorized to charge up to 6.5%.

⁷ S corporations: 3% if total receipts are \$9 million or more; 2% if total receipts are \$6 million or more but less than \$9 million, and S corporations with receipts of less than \$6,000,000 are not subject to the income measure of excise.

⁸ In general, all S corporation returns are due on the 15th day of the third month. However, an S corporation filing as a taxable member of a combined group may file its corporate excise return on or before the 15th day of the fourth month following the close of the combined group's taxable year.

⁹ 30%, 25%, 25% and 20% for corporations with fewer than 10 employees in their first full tax year.

¹⁰ S corporations: 4% if total receipts are \$9 million or more; 2.67% if total receipts are \$6 million or more but less than \$9 million, and S corporations with receipts of less than \$6,000,000 are not subject to the income measure of excise.

REVENUE COLLECTIONS FY2023

In thousands	FY19	FY20	FY21	FY22	FY23	% change FY22-23
STATE TAXES COLLECTED BY DOR						
Alcoholic Beverages	\$ 86,195	\$ 87,621	\$ 92,660	\$ 97,022	\$ 98,268	1.285
Financial Institutions	19,467	9,311	44,926	22,625	21,794	(3.7)
Cigarettes ¹	553,261	523,963	398,214	390,686	365,269	(6.5)
Corporations	2,927,160	2,523,446	3,626,597	4,576,811	4,549,169	(0.6)
Deeds ²	218,532	215,812	278,547	326,336	234,995	(28.0)
Estate and Inheritance	601,306	699,555	787,764	868,444	973,710	12.1
Income ¹	17,125,833	17,388,969	19,662,123	24,378,536	21,904,495	(10.1)
Insurance	400,597	415,459	480,483	509,117	537,238	5.5
Motor Fuels and I.F.T.A ³	775,463	707,877	662,932	722,788	701,909	(2.9)
Public Utilities	40	(346)	1,472	1,572	150	(90.5)
Room Occupancy	283,708	252,268	124,220	294,219	388,024	31.9
Sales and Use	6,842,956	6,846,338	7,849,850	8,809,380	9,448,137	7.3
Club Alcoholic Beverages	926	750	546	621	822	32.3
Motor Vehicle Excise	77	195	783	1,115	619	(44.5)
Convention Center Surcharges	17,001	16,682	4,233	10,596	13,811	30.3
Community Preservation Trust	23,174	42,134	82,212	70,650	49,158	(30.4)
Controlled Substances and Marijuana Excise	13,949	51,685	112,370	156,669	161,468	3.1
Satellite	8,605	7,634	6,708	6,081	5,418	(10.9)
Statewide car rental	1,096	6,174	3,242	4,424	5,085	14.9
Electronic Nicotine Delivery System	—	—	13,304	16,326	13,871	(15.0)
Total state taxes collected by DOR	\$29,899,345	\$29,795,526	\$34,233,184	\$41,264,018	\$39,473,410	(4.3)
STATE TAXES COLLECTED BY OTHER AGENCIES						
Massachusetts Gaming Commission:						
Pari-Mutual Taxes	\$ 788	\$ 741	\$ 1,117	\$ 1,080	\$ 833	(22.9)
Gaming Revenue Taxes	130,702	187,870	224,007	300,057	318,704	6.2
Sports Wagering	—	—	—	—	37,517	
Lottery Commission:						
Beano	697	481	30	337	429	27.4
Raffles and Bazaars	1,123	857	585	815	1,032	26.6
State Athletic Commission:						
Boxing Contests	126	150	0	77	74	(3.1)
Boxer's Fund	13	23	0	18	18	(2.7)
Division of Insurance:						
Excess and Surplus Lines Insurance	44,848	54,660	56,922	78,880	76,272	(3.3)
Secretary of State:						
Deeds Excise Stamp Tax Fees	99,815	98,338	118,630	146,009	101,857	(30.2)
Division of Unemployment Assistance:						
Workforce Training Contribution	25,131	25,743	21,363	21,365	35,085	64.2
Total state taxes collected by other agencies	\$303,244	\$368,863	\$422,653	\$548,637	\$571,820	4.2
TOTAL STATE TAXES	\$30,202,589	\$30,164,389	\$34,655,837	\$41,812,654	\$40,045,230	(4.2)

In thousands	FY19	FY20	FY21	FY22	FY23	% change FY22–23
OTHER REVENUE						
Local option airplane jet fuel	\$ 35,973	\$ 31,178	\$ 9,798	\$ 25,659	\$ 54,416	112.1
Local option rooms	228,914	209,229	108,844	251,542	330,475	31.4
Local option meals	142,217	125,822	109,249	156,552	176,506	12.7
Local option marijuana	3,893	14,386	31,252	43,337	44,738	3.2
Local option vehicle rental surcharge	1,768	1,770	595	1,154	2,136	85.1
Local option community impact fee	0	630	924	2,048	3,275	59.9
Urban redevelopment	30,330	29,501	63,650	45,290	44,887	(0.9)
Department non-tax revenue	13,122	9,010	12,261	16,180	6,378	(60.6)
Paid family and medical leave	0	608,707	951,781	949,690	933,988	(1.7)
County recording fees	25,698	30,082	39,707	33,107	21,405	(35.3)
Abandoned deposits – bottle	53,280	60,252	71,637	71,618	71,742	0.2
Embarkation fees	1,509	1,518	973	1,380	1,496	8.4
UST delivery fees	78,704	74,802	69,778	76,989	79,865	3.7
Cape Cod & Islands water protection fund	0	9,359	15,558	20,266	21,626	6.7
Tourism District Fee	—	—	—	15,422	31,489	104.2
Total other revenue	\$615,408	\$1,206,247	\$1,486,007	\$1,710,234	\$1,824,423	6.7
TAXES ON PROPERTY COLLECTED BY LOCAL GOVERNMENT						
Real Estate	\$16,519,215	\$17,287,537	\$18,030,614	\$18,800,267	\$19,689,282	4.7
Personal Property	803,182	844,697	900,357	963,428	985,465	2.3
Motor Vehicles	930,434	894,810	912,272	951,184	960,000	0.9
Total taxes on property collected by local government	\$18,252,831	\$19,027,044	\$19,843,244	\$20,714,879	\$21,634,747	4.4
TOTAL ALL TAXES	\$49,070,829	\$50,397,679	\$55,985,087	\$64,237,767	\$63,504,400	(1.1)

¹ Includes income tax penalties assessed under Section 2 of Chapter 111M of the General Laws and cigarette excise revenues credited to the Commonwealth Care Trust Fund in accordance with Chapter 302, Sections 12 and 70 of the Acts of 2008.

² Due to different accounting methods, amounts reported for the deeds excise differ from those reported by the comptroller.

³ International Fuel Tax Agreement.

Revenues included in the FY2023 Blue Books do not include the impact of 62F credits. As of June 2023, FY2023 YTD credits posted totaled \$2,878,936,172.

The FY23 Annual Report reflects the most current information as of the posting date and includes accounting adjustments made for prior periods.

Because of rounding, detail may not add to totals.

OFFERS IN COMPROMISE

FY2023

The Commissioner of DOR is authorized under Massachusetts General Laws, Chapter 62C, s 37A to accept less than the full amount of the tax liability owed if there is “serious doubt” as to whether the tax due can be collected, there is no intent to defraud, and accepting an offer is in the best interest of the Commonwealth. The Offer in Compromise must be recommended to the Commissioner of DOR by at least two deputy commissioners. The written agreement, signed by all parties and including the reasons for compromise, is a public record.

In settlements where the accepted Offer in Compromise amount is \$20,000 or more less than the full amount of the tax liability or 50% less than the full amount owed by the taxpayer, the Attorney General of the Commonwealth has the authority to review and object to the Offer in Compromise.

The law requires that a listing of all Offers in Compromise accepted during the fiscal year be included in the Commissioner’s Annual Report. In Fiscal Year 2023, the Attorney General reviewed the following Offers:

TAXPAYER NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN COMPROMISE	AMOUNT ABATED
McElwee, Inc. & Christopher Bettencourt as Responsible Person	\$ 53,199.25	\$ 24,516.53	\$ 28,682.72
John J. Santilli, Sr. and Center Consulting, Inc.	73,904.47	5,000.00	68,904.47
Jean G. Ibrahim & Janine L. Ibrahim	156,712.70	52,000.00	104,712.70
Neighborhood Brick Oven Pizza, Inc. & Neighborhood Pizza & Grill, Inc. & Sultan Salahuddin & Colene Halligan as Responsible Persons	60,452.71	15,000.00	45,452.71
Lori E. Albertowicz & Estate of Richard F. Albertowicz, Jr.	19,083.31	5,000.00	14,083.31
Keith Martin	52,599.20	25,000.00	27,599.20
TOTALS	\$415,951.64	\$126,516.53	\$289,435.11

COLLECTION AGENCIES FY2023

Chapter 209 of the Acts of 1988 permits the Commissioner of Revenue to use private collection agencies to collect unpaid state taxes. The Commissioner is required to notify all taxpayers whose accounts are to be assigned to a collection agency at least 30 days beforehand.

The law requires that the Commissioner list all agencies with whom collection agreements exist, the amount of taxes collected, and the amount of compensation paid in the Department's Annual Report. They are as follows:

CONTRACTOR	TOTAL COLLECTED	FEES PAID	NET TO DOR
The Allen Daniel Associates, Inc.	\$ 6,419,822.52	\$ 692,147.53	\$ 5,727,674.99
EOS CCA/TSI	6,409,567.87	747,259.37	5,662,308.50
TOTAL	\$12,829,390.39	\$1,439,406.90	\$11,389,983.49