



Legislature of the Virgin Islands

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POST AUDIT DIVISION

September 29, 2025

MEMORANDUM:

TO: Senator Novelle E. Francis, Jr.
Chairperson
Committee on Budget, Appropriations, and Finance
36th Legislature

FROM: Post Audit Division

SUBJECT: **Bill No. 36-0083** – An Act establishing 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

BILL SUMMARY

Bill No. 36-0083 seeks to provide temporary relief to individuals and businesses affected by Hurricanes Irma and Maria, as well as Tropical Storm Ernesto, by waiving penalties associated with unpaid property taxes, income taxes, and gross receipts taxes. This measure aims to encourage compliance and economic recovery.

ANALYSIS

The proposed measure provides timely and targeted relief for individuals and businesses still recovering from the devastating effects of Hurricanes Irma, Maria, and Tropical Storm Ernesto. By waiving penalties and interest on outstanding income, gross receipts, and real property taxes, Bill No. 36-0083 delivers immediate financial relief, reducing the burden on taxpayers during a critical period of economic recovery.

In Fiscal Year 2025, the Office of the Tax Collector projected total collections of \$64 million. However, as of June 30, 2025, only \$24,332,151 had been collected; representing just 37% of projected revenue. Additionally, testimony before the Committee on Budget, Appropriations and Finance revealed that over a \$120 million in delinquent property taxes remains on the books.

Bill No. 36-0083 provides a fiscally pragmatic approach to revenue recovery. By waiving penalties and interests, the measure creates a powerful incentive for delinquent taxpayers to settle their accounts; payments that would otherwise remain uncollected. This could produce a short-term boost in revenue collections, improving the government's ability to meet its fiscal target.

Honorable Novelle E. Francis, Jr.

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Beyond short-term revenue gains, the bill is likely to encourage long-term voluntary compliance. By providing an opportunity for delinquent and non-filing taxpayers to come into compliance without the burden of penalties and interest, the bill supports the integrity and inclusiveness of the tax system. It also facilitates:

- Improved accuracy in future revenue forecasts
- Enhanced taxpayer participation
- Reduced administrative and enforcement costs over time

Importantly, this bill delivers meaningful support to low-income taxpayers and small businesses, who were disproportionately impacted by the storms and whose recovery has often lagged behind. By addressing their financial burdens directly, the measure promotes economic resilience and community stability, particularly in vulnerable areas.

CONCLUSION:

Bill No. 36-0083 is a strategic response to the ongoing fiscal and social impacts of recent natural disasters. It strikes a thoughtful balance between revenue generation, compliance promotion, and equitable recovery. By removing penalties and interest, while preserving the obligation to pay base taxes, the measure encourages broad-based participation in the recovery process and supports the long-term sustainability of the territory's tax system.

However, to maximize its impact, the Bureau of Internal Revenue must take proactive steps to ensure the program's success. This includes strong public outreach to inform eligible taxpayers and administrative readiness to process increased volumes of payments efficiently. With these implementation supports in place, Bill No. 36-0083 can serve as both a catalyst for near-term revenue recovery and a foundation for long-term taxpayer engagement and economic resilience.

Post Audit Division Recommendation:

The Post Audit Division recommends passage and implementation of Bill No. 36-0083, as it offers a fiscally responsible and equitable solution to support recovery and improve tax compliance.



Theodora Philip, DBA
Post Auditor