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## money

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## Only two days till Tax D-Day

## PROTECTED FROM PROSECUTION

Is there a state tax amnesty program?

The state has offered limited amnesty since September 2008. The Voluntary Disclosure and Compliance Program is designed to help clear up old tax liabilities without criminal charges or significant penalties. Eligible taxpayers are protected against prosecution and won't be subject to penalties if they agree to pay their debt and pay on time in the future. The program covers all taxes, including income, corporate and sales, even if nonpayment was due to fraudulent conduct.

-Pamela Diamond, CPA, Creative Wealth Builders, West Hempstead, L.I.



## **TAXES ON MUNIS**

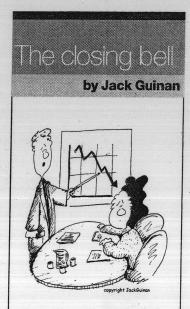
I received a Form 1099B listing an amount as return of principal payment for some municipal bonds. These bonds have not been called in, nor have I redeemed any part of the bonds. How do I report this on my tax return?

Form 1099B is used to report the proceeds of sales to the IRS. If the bonds you mention were not sold or redeemed, I'd think you may own an interest in a municipal investment trust. When there is a sale

or redemption of a bond in the trust, a portion of the principal is allocated to all the investors. The trust typically provides the information necessary to allocate the investor's cost basis to the return of principal. The principal payment should be reported on Schedule D of Form 1040 as proceeds from a sale. The proceeds would be reduced by the appropriate cost basis and the net gain or loss would be calculated on Schedule D.

-Arthur Bloom, CPA, Marks Paneth & Shron, Manhattan

Got a money question? Send an e-mail to yourmoney@nydailynews.com and we'll ask the New York State Society of Certified Public Accountants to help get an answer.



"Don't look at it as losing money, think of it as tax-free investing."