

**SENATE . . . . . No. 3010**

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**The Commonwealth of Massachusetts**

—  
**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**  
—

SENATE, March 26, 2026.

The committee on Revenue to whom was referred the petition (accompanied by bill, Senate, No. 2027) of Jason M. Lewis and Sal N. DiDomenico for legislation to provide for settlements of tax liability, report the accompanying bill (Senate, No. 3010).

For the committee,  
James B. Eldridge

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**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**

An Act providing for settlements of tax liability.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Chapter 62C of the General Laws, as appearing in the 2022 Official Edition, is hereby  
2 amended by striking out section 37A and inserting in place thereof the following section:--

3 Section 37A. (a)(1) The commissioner may enter into an agreement in writing with any  
4 taxpayer, or duly authorized agent or representative of the taxpayer, relating to the liability of the  
5 taxpayer in respect of any tax for any tax period ending prior to the date of the agreement.

6 (2) The agreement shall be final and conclusive and, except upon a showing of fraud by  
7 the Taxpayer, or mutual mistake of a material fact, the case shall not be reopened as to the  
8 matters agreed upon, or the agreement modified, by any employee or agent of the  
9 commonwealth. The agreement shall be in writing to include the names of all parties, the amount  
10 and type of tax, interest, penalties and charges settled, and the amount actually paid in  
11 accordance with the terms of the settlement. Any amount assessed that is not collected pursuant  
12 to the provisions of this section shall be abated by the commissioner.

13 (3) Prior to making a settlement offer, a taxpayer must be in compliance with filing  
14 requirements for all tax years. A taxpayer is “in compliance” when all income tax returns have  
15 been filed, whether or not timely, or when, in the absence of a return, an assessment issued by  
16 the department under its authority is considered correct and final.

17 (b) A compromise may be entered into if there is a doubt as to liability, doubt as to  
18 collectability, or the possibility to promote effective tax administration. Doubt as to liability  
19 exists where there is a genuine dispute as to the existence or amount of the correct tax liability  
20 under the law. Doubt as to liability does not exist where the liability has been established by a  
21 final court decision or judgment concerning the existence or amount of the liability. Doubt as to  
22 collectability exists in any case where the taxpayer's assets and income are less than the full  
23 amount of the liability. Effective tax administration is promoted where compelling public policy  
24 or equity considerations provide a basis for compromising the liability, or where due to  
25 exceptional circumstances, collection of the full liability would undermine public confidence that  
26 the tax laws are being administered in a fair and equitable manner.

27 (c) The commissioner shall prescribe guidelines to determine whether the offer is  
28 adequate and should be accepted to resolve a dispute.

29 (1) In prescribing guidelines, the commissioner may develop and publish its own  
30 standard of allowances designed to provide that taxpayers entering into a compromise have an  
31 adequate means to provide for the taxpayer's (and his or her family's) health and welfare and/or  
32 production of income, or the commissioner may rely on the existing standards used by the  
33 Internal Revenue Service collection financial standards.

34 (2) The guidelines shall provide that the commissioner determine, on the basis of the  
35 facts and circumstances of each taxpayer, whether the use of the standard published under  
36 subparagraph (A) is appropriate and shall not use the standard to the extent such use would result  
37 in the taxpayer not having adequate means to provide for basic living expenses.

38 (d) (1) The commissioner may require as a condition of compromising the liability a  
39 period of up to 5-year future compliance period during which the taxpayer must file all tax  
40 returns that are due and must pay all amounts that have been assessed. The taxpayer must pay the  
41 amounts that have been assessed within 90 days of the date of the assessment unless paragraph  
42 (2) of this subsection applies. This 5-year compliance period begins when the taxpayer makes  
43 final payment of the amount offered.

44 (2) The taxpayer is not required to pay all amounts due within 90 days of the date they  
45 are assessed if the taxpayer files an appeal within 90 days of the assessment date. A taxpayer  
46 who files an appeal within 90 days of the assessment date must pay all amounts that are  
47 determined to be due within 90 days after the taxpayer's appeal rights have been exhausted or  
48 have expired and the liability has become final.

49 (e) (1) A "lump-sum offer" is an offer of payments to be made in 5 or fewer installments.

50 The submission of any lump-sum offer-in-compromise shall be accompanied by the  
51 payment of 10 percent of the amount of such offer.

52 (2) A periodic payment offer is an offer of payments to be made in 36 or fewer  
53 installments. The submission of any periodic payment offer-in-compromise shall be  
54 accompanied by the payment of the amount of the first proposed installment. Taxpayers who fail

55 to make the promised periodic payments after an offer-in-compromise is accepted shall be  
56 notified of the nonpayment and given a reasonable time to bring the account up to date.

57 (f) The commissioner shall consider the totality of circumstances in considering an offer.

58 (g) Any tax liability settlement under this section which proposes to accept an amount  
59 which is twenty thousand or more dollars less than the full amount owed by the taxpayer shall be  
60 submitted to the Attorney General for review.

61 (h) The commissioner shall establish procedures:

62 (1) that require presentation of a counteroffer or a written rejection of the offer by the  
63 commissioner if the amount offered by the taxpayer in an offer, be it a lump sum or periodic  
64 payments, is not accepted by the commissioner;

65 (2) for an independent administrative review of any written rejection of a proposed offer  
66 or installment agreement made by a taxpayer under this section before the rejection is  
67 communicated to the taxpayer;

68 (3) that allow a taxpayer to appeal any rejection of the offer to the Office of Appeals; and

69 (4) that provide for notification to the taxpayer when an offer has been accepted, and  
70 issuance of certificates of release of any liens related to the liability which is the subject of the  
71 compromise.

72 (i) The commissioner shall, as part of his annual report under section six of chapter  
73 fourteen, list all settlements entered into pursuant to this section during the fiscal year. Such  
74 report shall list the name of each taxpayer agreeing to a settlement and the amount of such  
75 settlement.

76 (j) Upon request the commissioner shall make available for public inspection the written  
77 agreement containing a settlement pursuant to this section.