

# Alabama Department of Revenue

News Release

April 14, 2003

## Alabama Joins IRS Offshore Compliance Effort

Montgomery, April 14, 2003— Alabama Commissioner of Revenue Dwight Carlisle announced today that Alabama Department of Revenue will participate in the IRS' Offshore Voluntary Compliance Initiative (OVCI).

Taxpayers have until April 15, 2003, to obtain permission from the IRS to participate in the Offshore Tax Shelter Voluntary Compliance Initiative. Taxpayers seeking relief offered under the federal voluntary disclosure program must file federal returns reporting their correct tax amounts and pay any tax, interest, and penalties owed. They must also disclose all aspects of their offshore financial dealings.

Launched in mid-January, the IRS initiative is aimed at those individuals who have used offshore payment cards or other offshore financial arrangements to avoid U.S. taxes. Use of an offshore credit card, trust or other arrangement to hide or underreport income or to claim false deductions on a tax return is illegal.

“The IRS is offering these people the chance to avoid federal civil fraud penalties and criminal prosecution by correcting their federal tax returns and paying any taxes, interest, and penalties upfront. Alabama will do the same in regard to Alabama returns, provided such federal relief is approved by the IRS and all OVCI provisions are met,” said Carlisle.

“Under provisions of the OVCI, a taxpayer who owes tax must come forward voluntarily before April 15, 2003, in order to obtain approval from the IRS,” explained Carlisle.

Once taxpayers have been deemed eligible to participate by the IRS, they have 150 days to provide all required documents and information to the IRS. Taxpayers must

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also respond to the Alabama Department of Revenue within the same 150 days and provide all required documents and information relative to their state reporting responsibilities. Full details on terms, eligibility and how to apply can be found in **IRS Revenue Procedure 2003-11**. Any Alabama taxpayer participating in the IRS OVCI compliance program must report to the Alabama Department of Revenue any changes or corrections to their federal adjusted gross income, taxable income, or tax liability reported on the taxpayer's federal income tax return for any taxable year as a result of entering into any closing agreement with the IRS.

To apply to OVCI, taxpayers must notify the IRS in writing and provide their name, taxpayer identification number, current address, daytime phone number and certain promoter information.

Written requests for the OVCI can be sent to the following mail addresses:

Overnight/	National Offshore Voluntary Compliance Initiative Coordinator
Special Delivery	11601 Roosevelt Blvd.
	Philadelphia, PA 19154
	DP S6005

Those seeking information by telephone should call: 215-516-3537 (not toll-free). In addition, a special IRS e-mail address has been set up for taxpayers. All e-mail queries should be sent to [vci@irs.gov](mailto:vci@irs.gov). Additional information on the Offshore Voluntary Compliance Initiative is available on the IRS Web site at [www.irs.gov](http://www.irs.gov).

Carlisle's announcement makes Alabama the 11<sup>th</sup> state to participate in the IRS Offshore Compliance Effort (OVCI).

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[www.ador.state.al.us](http://www.ador.state.al.us).