INTERNAL REVENUE SERVICE

IRS News Release

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IRS and Virgin Islands Announce Partnership

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WASHINGTON — Internal Revenue Service and Virgin Islands Bureau of Internal Revenue (VI BIR) tax officials today announced the establishment of a new partnership to work together on common tax enforcement issues. The Virgin Islands joins 48 states, the District of Columbia and New York City on the list of tax agencies that have signed partnership agreements with the IRS.

The partnership is the latest effort designed to enable federal, territorial, state and local tax agencies to join together in ensuring all taxpayers pay the amount of tax they are legally obligated to pay. Like the other agencies, the VI BIR will be working with the IRS to combat abusive tax avoidance transactions by sharing information and leveraging resources.

“This is a logical extension of our existing relationship with states and cities,” said IRS Commissioner Mark W. Everson. “We are pleased to work with the Virgin Islands Bureau of Internal Revenue to help ensure compliance with the tax laws.”

The scope of the partnership is broader than previous agreements. Additional aspects include the sharing of resources and coordination on issues involving income tax benefits under the Virgin Islands Economic Development Program (EDP).

The IRS and the VI BIR will coordinate examination activities of those claiming EDP benefits.

“The Economic Development Program is good for the territory,” said Louis M. Willis, Director of the Bureau of Internal Revenue, U.S. Virgin Islands. “The Bureau needs all parties involved in the program to be legitimate and doing the right things. We look forward to working with the IRS on this and other tax administration issues.”

In addition to the U.S. Virgin Islands, the cities and states that have signed agreements with the IRS include: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York State, New York City, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wisconsin.

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In 2004 the IRS has shared leads on approximately 35,000 taxpayers engaged in abusive tax avoidance with these states and cities. The upfront sharing of information helps each organization avoid duplication of efforts and leverages resources by eliminating audits on the same taxpayers by two or three agencies.

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