



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224
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WTA-N-128318-01

MEMORANDUM FOR ROB D. STANCHIK
Supervisory Attorney, Group 1116
S:C:15:T1:1114/1116

FROM: W. Ed Williams
Senior Technical Reviewer, Branch 1
CC:INTL:1

SUBJECT: Anonymous Closing Agreement

Pursuant to your request, we have reviewed the closing agreement that was prepared by taxpayer's counsel and that you forwarded to our office on May 9, 2001.

In our view, the draft closing agreement is acceptable as an agreement in principal. However, it should be entered into on behalf of the Commissioner only after the taxpayer reveals her identity. As you know, the Internal Revenue Service does not enter into closing agreements with anonymous taxpayers. In addition, prior to signing the closing agreement, your office should confirm that the taxpayer is not presently under examination and has not been notified of the initiation of any such examination.

We suggest that the following be added to the closing agreement on page 1, after the final WHEREAS:

WHEREAS, in recognition of taxpayer's voluntary disclosure to the IRS of the above facts and circumstances, taxpayer's full and immediate payment of the U.S. income taxes due, and the IRS policy of determining the extent of retroactive compliance to be required based on all the facts and circumstances and in the best interest of the U.S. Government from the standpoint of reasonableness, salutary effect on compliance, and prudent deployment of resources, the parties desire to enter into this Agreement.

We suggest that the first full sentence in the first full paragraph on page 3 of the Agreement be revised as follows:

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The parties agree that the tax liability of the taxpayer required to be paid pursuant to this agreement, plus statutory interest, shall be paid and remitted to the Commissioner of Internal Revenue within ninety (90) days from the signing of this Agreement.

Finally, we suggest that the following be added as a paragraph directly before the paragraph above:

Upon execution of this Agreement for the Commissioner, the taxpayer shall file unredacted Nonresident Alien Individual Income Tax Returns, Forms 1040 NR, for the years 1997, 1998, and 1999, with all necessary supporting schedules and copies of unredacted Forms K-1 for these years. The IRS will utilize this information, and such other supporting documentation as it may ask the taxpayer to provide, to set forth any required adjustments to the taxpayer's income tax liabilities for the years 1997, 1998, and 1999.

It is our view that the draft closing agreement provides a basis for resolving the outstanding issues and fully protects the interests of the Internal Revenue Service. The closing agreement also brings a taxpayer back into the federal tax system and reasonably ensures future compliance.

If you have any questions or need further assistance, please do not hesitate to call me at 622-3268, or Nina Chowdhry at 622-4691.