

IRS**News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 5/2 /02****Release No: IR-2002-56****TAX SHELTER DISCLOSURE INITIATIVE YIELDS RESULTS IN FIGHTING
ABUSIVE SHELTERS**

WASHINGTON – The Internal Revenue Service has announced that its 120-day Tax Shelter Disclosure Initiative has led to taxpayers disclosing billions of dollars in claimed losses and deductions. This strategy is part of the effort to curb abusive tax shelters.

In announcing the initiative, the IRS had promised to waive certain accuracy-related penalties that might apply to tax shelter items and other questionable items reported on a return that might have resulted in an underpayment of tax. Taxpayers, in return, were required to provide all relevant information about the disclosed transactions and items.

“Hundreds of taxpayers came forward and took advantage of this opportunity to voluntarily disclose questionable tax transactions and submit the names of abusive tax shelter promoters,” said IRS Commissioner of Large and Mid-Size Business, Larry Langdon. “We have agreed to work with these taxpayers to resolve their concerns as quickly and efficiently as possible. At the same time, we are beginning to go after the tax shelter promoters identified in these disclosures.”

As of May 1, 2002, the IRS has processed 621 disclosures from 577 taxpayers that came forward to voluntarily disclose. These disclosures covered 947 tax returns and involved more than \$16 billion in claimed losses or deductions. Additional disclosures that were submitted by mail may still be received.

The disclosure initiative was another in a series of steps taken by the IRS and Treasury to identify and shut down questionable tax shelter activity. The IRS took this step to more readily identify tax shelter promoters who have not registered and to find other taxpayers who have not disclosed their participation in a tax shelter.

For more information, go to the IRS Web site at www.irs.gov or call the IRS Office of Tax Shelter Analysis at 202-283-8425 or 1-866-775-7474 (toll-free).

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