

IRS**News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 4/7/03****Release No: IR-2003-46****STATES BACK OFFSHORE COMPLIANCE EFFORT;
KEY STATES EXTEND BENEFITS FOR THOSE WHO APPLY BY APRIL 15**

WASHINGTON — As the deadline for the Internal Revenue Service's Offshore Voluntary Compliance Initiative (OVCI) draws near, 10 states have announced they will grant special consideration to taxpayers who apply to the initiative.

If individuals amend their state returns and pay all tax, penalties and interest by October 15, they can avoid state prosecution.

"The actions by these states send another strong signal to people improperly using offshore credit cards. Now is the time to get things right," said IRS Acting Commissioner Bob Wenzel. "We're pleased many states are stepping forward and extending parallel offers to those offshore applicants who live in their states. The IRS and the states share a common goal of bringing people into compliance with the tax law."

The states participating are California, Idaho, Louisiana, Maryland, Nebraska, New Jersey, New York, North Carolina, Utah and Vermont. More states are expected to announce they will offer similar treatment to OVCI applicants. Many other states are assisting the IRS by sharing information about the Initiative on their state Web sites.

Taxpayers have until April 15, 2003 to apply to participate in OVCI. Launched in mid-January, the initiative is aimed at those individuals who have used offshore payment cards or other offshore financial arrangements to avoid U.S. taxes. The IRS has already collected millions of dollars from the compliance project.

"Taxpayers who take action right away in the offshore project will minimize their penalty and interest," said Harley Duncan, the executive director of the Federation of Tax Administrators. "And, like the federal government, states tend to look more kindly on a taxpayer who is voluntarily complying than one who waits for the audit notice. Any taxpayer who is going to make changes to a federal return needs to remember that, in almost all cases, the state return will have to be amended."

The Federation of Tax Administrators represents all state tax agencies in the 50 states, District of Columbia and New York City.

Under OVCI, eligible taxpayers who step forward will not face civil fraud and information return penalties. Eligible taxpayers who come forward will also avoid criminal prosecution based upon application of the revised voluntary disclosure

(more)

practice. Taxpayers, however, will have to pay back taxes, interest and certain accuracy or delinquency penalties.

Individuals need to apply directly to OVCI to receive the initiative's penalty relief. Simply filing an amended return with IRS will *not* qualify an individual for OVCI's provisions.

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

Once taxpayers have been deemed eligible to participate, they have 150 days to provide all required documents and information to the IRS. Full details on terms, eligibility and how to apply can be found in the Revenue Procedure 2003-11.

Since announcing the OVCI in mid-January, the IRS has received numerous questions on the Initiative. To assist potential applicants and their tax advisors, the IRS has updated the Frequently-Asked-Questions on the IRS Web site at www.irs.gov

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

Regular Mail: National Offshore Voluntary Compliance Initiative Coordinator
 P.O. Box 480
 Bensalem, PA 19020

Overnight/
Special Delivery National Offshore Voluntary Compliance Initiative Coordinator
 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 e-mail address has been set up for taxpayers. All e-mail queries should be sent to vci@irs.gov.

Additional information on the Offshore Voluntary Compliance Initiative is available on the IRS Web site at www.irs.gov.

###