

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Extends Deadline for Settlement Offered To Certain Foreign Embassy Staff

IR-2007-34, Feb. 13, 2007

WASHINGTON — The Internal Revenue Service will extend until March 30 the deadline for current and former U.S.-based employees of foreign embassies, consular offices and missions and international organizations to participate in a one-time settlement initiative to resolve outstanding tax matters related to their employment.

The deadline for participating in the offer, first announced November 17, had originally been February 20. Following requests from several embassies, the date is being extended to make certain those wishing to participate in the initiative have the opportunity to do so.

The offer is open to employees of those organizations who are U.S. citizens, green-card holders and foreign employees who have U.S. tax obligations. Accredited diplomatic personnel are generally exempt from income taxes on their wages under international treaties or agreements.

The IRS estimates that as many as half of these employees subject to U.S. tax either fail to report their wages, claim deductions they are not entitled to, incorrectly establish SEP/IRA retirement plans, fail to pay self-employment tax or fail to file tax returns at all.

To participate, employees must submit amended or original tax returns, which properly reflect their income and expenses, for tax years 2003, 2004 and 2005.

Failure to act now could mean facing a costly audit process in the future. Foreign embassy, consular office or international organization employees who fail to come forward may be subject to IRS audits and penalties which could cover more than just three years.

Additional guidance on the extension will be announced soon and will be posted on IRS.gov.