



25 Sigourney Street Ste 2
Hartford CT 06106-5032

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

SN 2009(5)

SPECIAL NOTICE

Q & A Regarding the Connecticut Offshore Voluntary Disclosure Program

Purpose: This Special Notice explains provisions of the Connecticut Offshore Voluntary Disclosure Program.

Effective Date: Upon issuance.

Statutory Authority: Conn. Gen. Stat. §§12-2, 12-2d and 12-2e.

1. What is the Connecticut Offshore Voluntary Disclosure Program? The Connecticut Voluntary Disclosure Program is an opportunity for taxpayers that have used undisclosed foreign accounts and/or undisclosed foreign entities to avoid or evade tax to come into compliance with Connecticut's tax laws.

2. Why should I make a voluntary disclosure? Taxpayers with undisclosed foreign accounts or entities should make a voluntary disclosure because it provides them with the opportunity to become compliant with Connecticut's tax laws. Simply put, it is an opportunity for these taxpayers to make arrangements to clear their tax records. In exchange for making a voluntary disclosure, taxpayers can eliminate the risk of criminal prosecution and avoid substantial civil penalties.

Taxpayers who do not submit a voluntary disclosure run the risk of detection by the Department of Revenue Services (DRS). To this end, the Department of Justice and the Internal Revenue Service (IRS) have recently entered into an agreement with the Swiss Confederation/government

to release the names of 4,450 United States residents suspected of using foreign bank accounts held by UBS AG to avoid and evade taxes. As the IRS and DRS have information sharing agreements, DRS will ultimately obtain the names of those individuals. In addition, the DRS and the Connecticut Office of the Attorney General are working together to ensure that Connecticut receives all taxes that are due from these individuals. As part of this joint effort, Attorney General Richard Blumenthal has written both the Attorney General of the United States and the Commissioner of the IRS. Copies of Attorney General Blumenthal's letters are available on the DRS web site at www.ct.gov/DRS/offshore.

3. How do I make a voluntary disclosure and where should it be submitted?

To make a voluntary disclosure, taxpayers should submit the information listed below. To remain anonymous when making a voluntary disclosure, taxpayers may engage a representative such as a tax preparer, accountant, or attorney.

A voluntary disclosure must contain the following information:

- A cover letter stating an intention to enter the Connecticut Offshore Voluntary Disclosure Program;
- A description of the source of funds or other assets in each account;
- The date the initial deposit was made or the date on which the taxpayer took control or ownership of each account;
- Documentation indicating whether the principal (which includes initial deposits and all subsequent contributions) has been taxed or untaxed and the tax years involved;
- The amount of potential tax liability; **and**
- Whether the taxpayer participated in the IRS Offshore Voluntary Disclosure Program.

Information should be mailed to:

Department of Revenue Services
Business and Employment Tax Audit Unit
25 Sigourney Street Ste 2
Hartford, Connecticut 06106

4. Will DRS contact me if I have been accepted into the Connecticut Offshore Voluntary Disclosure Program?

Yes, the DRS will review all voluntary disclosures and will notify either the taxpayer or the taxpayer's representative whether the request was accepted or denied.

5. Will I be subject to criminal prosecution if I make a voluntary disclosure?

In exchange for making a voluntary disclosure, taxpayers will generally eliminate the risk of criminal prosecution.

6. Will I be subject to civil penalties if I make a voluntary disclosure? In exchange for making a voluntary disclosure, DRS will not impose any civil penalties.

7. Will I be subject to interest on any unpaid taxes that I owe if I make a voluntary disclosure?

Yes.

8. Can I make a voluntary disclosure if I am presently under examination by DRS?

Yes.

9. Are entities such as corporations, partnerships, limited liability companies and trusts eligible to make voluntary disclosures?

Yes. Entities such as corporations, partnerships, limited liability companies and trusts are eligible to participate in the Connecticut Offshore Voluntary Disclosure Program.

10. Do I fill out a form to participate in the Connecticut Offshore Voluntary Disclosure Program?

No. Please see Question 3 for information on how to make a voluntary disclosure.

11. Am I required to pay the full amount of tax and interest I owe if I am accepted into the Connecticut Offshore Voluntary Disclosure Program?

Generally, yes. However, reasonable payment plans may be accepted.

12. Will I receive a limited look-back period if I make a voluntary disclosure?

DRS will generally look favorably on a limited look back period provided the taxpayer has paid tax on the principal (which includes initial deposits and all subsequent contributions) of any undisclosed foreign bank account.

13. When does the Connecticut Offshore Voluntary Disclosure Program end?

The program will end January 15, 2010.

14. Who should I contact if I have questions about the Connecticut Offshore Voluntary Disclosure Program?

For information regarding the Connecticut Offshore Voluntary Disclosure Program contact the Business and Employment Tax Audit Unit at **860-541-4560**.

Effect on Other Documents: None

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the DRS.

For Further Information: Call DRS during business hours, Monday through Friday at **860-541-4560**.

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Visit the DRS website at **www.ct.gov/DRS** to download and print Connecticut tax forms and publications.