



State of New Jersey

Department of the Treasury

For Immediate Release
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April 2, 2003

Division of Taxation Waives Jeopardy for State Taxpayers Who Participate in Offshore Voluntary Compliance Initiative

TRENTON – The Department of the Treasury’s Division of Taxation announced today that New Jersey taxpayers participating in the Internal Revenue Service’s (IRS) Offshore Voluntary Compliance Initiative for those using illegal tax shelters will avoid state prosecution if they amend their New Jersey income tax returns and remit to the state by October 15, 2003, all taxes, penalties, and interest due.

The IRS has implemented several programs designed to investigate illegal tax-shelter arrangements and those who promote them. The Offshore Voluntary Compliance Initiative targets individuals who deposit income into offshore bank accounts and later use credit cards issued by the banks accepting such deposits in order to reclaim the untaxed funds. Recently, the IRS obtained a large volume of offshore credit card records and has begun identifying individuals making use of these illegal tax shelters. The IRS is offering anyone engaged in such activity the opportunity to avoid federal civil fraud penalties and criminal prosecution by voluntarily correcting their tax returns and disclosing information related to their offshore financial accounts prior to April 15, 2003. Participants in this program must also pay any taxes, penalties, or interest owed.

“In conjunction with the efforts of the Internal Revenue Service, New Jersey will grant special consideration to individuals who participate in the Offshore Voluntary Compliance Initiative,” said Robert K. Thompson, director of New Jersey’s Division of Taxation. “This presents an opportunity for taxpayers to avoid criminal prosecution as well as penalties for fraud, and to establish a clean slate with the State.”

Those interested in taking advantage of the Offshore Voluntary Compliance Initiative and correcting unreported income tax liabilities to New Jersey should contact the Division of Taxation at (609) 292-2163 or by mail at Division of Taxation, Individual Tax Audit Branch, P.O. Box 288, Trenton, NJ 08696-0288.

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