



December 2009

## Client Advisory

### NEW JERSEY OFFSHORE VOLUNTARY COMPLIANCE PROGRAM INITIATIVE

Last month, New Jersey announced a special voluntary compliance program to encourage taxpayers to identify assets and unreported income from previously undisclosed offshore accounts.

Individuals and businesses that come forward voluntarily and disclose their tax obligations by December 31, 2009, will avoid all civil penalties, including the 50% civil fraud penalty, but will be subject to a 5% amnesty penalty. Unlike the federal program on which the New Jersey program is based, the 5% penalty is based on unreported tax, not on the value of the account or asset being disclosed.

To participate in the program a taxpayer must write a letter by December 31, 2009, to: Director, New Jersey Division of Taxation, P.O. Box 240, Trenton, New Jersey 08695-0240. The letter must identify the taxpayer by name, address, and New Jersey and federal I.D. numbers, the type of tax and years affected, with estimates of amounts due for each year, and an explanation of the circumstances surrounding the non-reporting of tax. The taxpayer also should indicate whether a voluntary disclosure request was filed with the IRS. It is our understanding based on conversations with representatives of the Division of Taxation that one can participate in the New Jersey program without having participated in the federal program. Finally, the letter must certify that the applicant will cooperate with the Division of Taxation to establish a correct liability and to pay all taxes, interest and the 5% amnesty penalty incurred from the voluntary disclosure.

Once the application is accepted into the program, the applicant has 30 days to submit the estimated tax due, as declared in the application, and additional information to support the calculation of tax.

To view the New Jersey Division of Taxation's announcement and description of the Offshore Voluntary Compliance Initiative, go to: [www.state.nj.us/treasury/taxation/offshorecompliance.shtml](http://www.state.nj.us/treasury/taxation/offshorecompliance.shtml).

For more information and help on how to submit an application, contact Kenneth Ahl, a Partner in Archer & Greiner's Tax Law Practice Group, at (215) 246-3132 or [kahl@archerlaw.com](mailto:kahl@archerlaw.com).

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