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For Immediate Release

IRS Tax Settlement Offers Reduced Liabilities for U.S.-based Employees of International Entities Who Failed to Meet Previous Tax Obligations

BETHESDA, MD, February 1, 2007. The Internal Revenue Service has offered a one-time settlement option for U.S.-based foreign workers, legal permanent residents and other local staff (including U.S. citizens) with unresolved tax obligations who are employed by international organizations, foreign embassies and consular offices. With this settlement, the IRS hopes to bring more employees into compliance with the U.S. tax law by offering incentives in the form of reduced liabilities and fewer penalties. The deadline for workers to participate is February 20, 2007.

In a recent statement, the IRS claimed that “as many as half of the employees subject to U.S. tax...” who work for international entities fail to meet their tax obligations by failing to report wages or making incorrect deductions to wages, incorrectly establishing SEP/IRA retirement plans, failing to pay self-employment tax or failing to file tax returns as required under U.S. law. Under the proposed settlement, U.S.-based foreign workers employed by an embassy, foreign consular office or international organization who do not enjoy tax-exempt status, and U.S. citizens employed by such entities, must submit accurately amended or original tax returns for tax years 2003, 2004 and 2005 to the IRS.

The settlement opportunity only includes income derived from employment by an international entity. Income received from other sources will not be part of the settlement, though all relevant tax obligations still apply for such income. Failure to participate in the settlement, states the IRS, could result in penalties, liabilities and “additions to tax” that may actually exceed the three year-period filing requirements, depending on individual

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assessments. Also, lawful permanent residents, or green card holders, who fail to comply with their tax obligations may lose residency status following legal proceedings.

To participate in the settlement, interested workers must submit a Notice of Election, an informal but officially signed letter or statement, claiming such interest along with back tax returns and related documents. The Notice of Election should be sent by certified mail or designated delivery service to: Internal Revenue Service, 1111 Constitution Avenue, NW - LE 4423, Washington, DC 20024, Attn: SE : LM : IN : C : FR : ELECTION. Additional information regarding the settlement is available from Brant Meadows at 202-874-1789 or via e-mail at embassy@irs.gov.

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