

# Form WI-VCP

## Wisconsin Tax Shelters Voluntary Compliance Program Participation and Agreement

### Part 1: Identifying Information

Name of Participating Taxpayer			Taxpayer's Identification Number (FEIN or Social Security Number)	
Number and Street			City	
State	Zip Code	Person to Contact Regarding This Form		Telephone Number
Taxable Years for Which Taxpayer is Participating in Tax Shelters Voluntary Compliance Program				
Taxable Years Beginning: _____				

### Part 2: Acknowledgements and Waiver of Right to Appeal

By signing this form the Participating Taxpayer agrees and acknowledges with respect to the Taxable Years indicated above that:

1. The Wisconsin Department of Revenue will waive all civil and criminal penalties that are applicable to the underreporting or underpayment of Wisconsin income or franchise taxes attributable to using a tax avoidance transaction for the years stated above.
2. Participation in this Tax Shelters Voluntary Compliance Program is not an admission by either the Wisconsin Department of Revenue or the Participating Taxpayer that use of the tax avoidance transaction was either permissible or impermissible, and cannot be used as evidence thereof.
3. The Participating Taxpayer and the Wisconsin Department of Revenue acknowledge that this Program is in part a compromise to conclusively settle potential or actual tax obligations to this State with respect to the Participating Taxpayer's use of the tax avoidance transaction without resort to burdensome administrative and judicial activity.
4. The Participating Taxpayer and the Wisconsin Department of Revenue intend by participation in this Tax Shelters Voluntary Compliance Program to form a binding contract evidenced by mutual performance. Consideration for each party's performance is performance by the other party.
5. As a condition of participation in this Tax Shelters Voluntary Compliance Program, and in consideration for receipt of a waiver of all civil and criminal penalties for any tax avoidance transaction disclosed in this Program, **the Participating Taxpayer irrevocably waives any and all right of appeal with respect to a tax avoidance transaction disclosed in this Program for the taxable years shown above, except to the extent that a timely filed appeal or claim for refund results from an adjustment to the taxpayer's federal income tax liability regarding such transaction.**

*I / We acknowledge and agree:*

Signature	Printed Name & Title	Date
Signature	Printed Name & Title	Date

## Instructions for Form WI-VCP

**Note:** The deadline for participation in the Tax Shelters Voluntary Compliance Program is **May 31, 2008**

### Purpose of Form

Complete Form WI-VCP if you are reporting unpaid taxes through the Tax Shelters Voluntary Compliance Program. The Tax Shelters Voluntary Compliance Program was created by 2007 Wisconsin Act 20 (sec. 71.805, Wis. Stats.). This program allows taxpayers to avoid penalties on past transactions entered into principally for tax avoidance. In order to receive the benefits of this program, you must participate by **May 31, 2008**.

Report unpaid taxes through the Tax Shelters Voluntary Compliance Program if you used a "tax avoidance transaction" that reduced your Wisconsin income or franchise tax liability for a tax year beginning after December 31, 2000 and before January 1, 2007. A taxpayer who has been contacted by the Internal Revenue Service (IRS) or the Wisconsin Department of Revenue regarding the tax avoidance transaction may still participate in this program if all other requirements are met.

### What is a "Tax Avoidance Transaction?"

A "tax avoidance transaction" is a transaction, plan or arrangement devised for the principal purpose of avoiding federal or Wisconsin income or franchise tax, including:

- A "listed transaction" as provided under U.S. Department of the Treasury Regulations (Notice 2004-67, 2004-41 I.R.B. 600, Notice 2005-13, 2005-9 I.R.B. 630. The IRS also maintains a list of these transactions on its web site at [www.irs.gov](http://www.irs.gov)).
- A transaction, plan, or arrangement devised for the principal purpose of avoiding Wisconsin income or franchise tax, without providing a similar benefit for federal income tax purposes.

### How to Participate in the Tax Shelters Voluntary Compliance Program

- Prepare an amended return for each year in which the tax avoidance transaction affected your Wisconsin tax liability.
- If the tax avoidance transaction required you to complete Form 8886, *Reportable Transaction Disclosure Statement*, for federal income tax purposes, submit a copy of federal Form 8886 providing details of the transaction. If the tax avoidance transaction did not require Form 8886 for federal income tax purposes, provide details of the transaction.
- Complete Form WI-VCP.
- Enclose a check for full payment of the unpaid tax and interest.
- Submit the above items to: Wisconsin Department of Revenue, Tax Shelters Program, P.O. Box 8958, Madison, WI 53708-8958.

### Appeal Rights

A taxpayer who uses the Tax Shelters Voluntary Compliance Program may not file an appeal or claim for refund with respect to the tax avoidance transactions for which the taxpayer participated, **except** in cases where an appeal or claim for refund is filed because of an adjustment made to the taxpayer's federal income tax liability regarding those transactions.

## Penalties That May Otherwise Apply

If a taxpayer has used a tax avoidance transaction and is eligible for the Tax Shelters Voluntary Compliance Program, but does not participate in the program, the following penalties may apply:

- If a taxpayer negligently filed an incomplete or incorrect income or franchise tax return, a penalty may apply in the amount of 25% of the tax otherwise due. If a taxpayer intentionally defeated or evaded income or franchise taxes, a penalty may apply in the amount of 100% of the tax otherwise due. Additionally, criminal penalties for filing a false return include a fine of \$10,000 or imprisonment.
- Additionally, 2007 Wisconsin Act 20 enacted requirements to disclose “reportable transactions” and substantial penalties for failure to disclose these transactions. For Wisconsin purposes, a transaction is a “reportable transaction” if it is required to be disclosed on federal Form 8886 for federal income tax purposes. Some reportable transactions, including all listed transactions, may be considered “tax avoidance transactions” which should be disclosed through the Tax Shelters Voluntary Compliance Program. See *Wisconsin Tax Bulletin*, issues 154 (December 2007) and 155 (January 2008) for further details on these new disclosure requirements.

## Contact Information

If you have questions about the Tax Shelters Voluntary Compliance Program, please contact the Department of Revenue as indicated below.

**E-mail:** [wivoldis@revenue.wi.gov](mailto:wivoldis@revenue.wi.gov)

**Phone:** (608) 266-3969

**Mail:** Wisconsin Department of Revenue  
Tax Shelters Program  
P.O. Box 8958  
Madison, WI 53708-8958

**Fax:** (608) 267-0834