



New York's Tax Shelter Program

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The New York Tax Shelter Program

- Origins
- Organizational Change
- Staff Development
- Case Identification
- Technology
- Partnering
- Results
- Legislation
- Lessons Learned

Origins

- Development of Data Warehouse
 - Project Started October 1999
- More Flow Through Filers and Issues

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Organizational Change

- Flow Through Teams (April 2000)
- Personal Income and Franchise Tax Audit Bureaus Merged (April 2002)
- Abusive Tax Shelter Desk Audit Unit (August 2002)

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Tax Shelter Unit

- Staffing/Caseload
- Single Issue Audits
- More Complex Cases to Field

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Staff Development

- Cross Training: Business and Income Taxes
- Flow Through Modules
- ATAT Specific Modules
- IRS and Other States

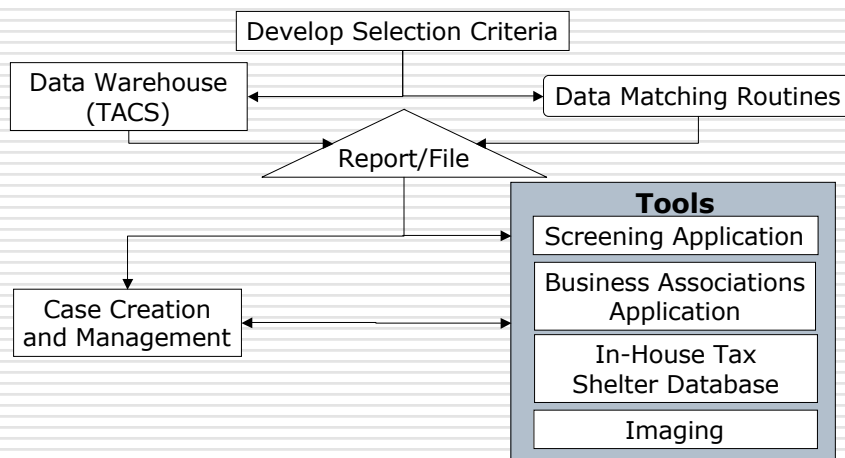
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Case Identification

- Selection Criteria
 - Large capital gains
 - Bulk sales/intangibles
 - High income/low AGI
 - Short periods
 - Preparer runs

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Technology Process/Tools



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Partnering

- IRS/NYS Off Shore Credit Card Voluntary Compliance Initiative
- IRS ATAT MOU
- California Data Exchange
- State ATAT MOU
- IRS
 - Son of Boss Initiative (6/30/04)
 - LMSB ATAT

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New York State Off Shore Voluntary Compliance Initiative

- Deadline October 15, 2003
- Eligible for IRS OVCI program
- No civil fraud penalties
- No criminal prosecution recommendation
- NYS has collected \$2.8 million

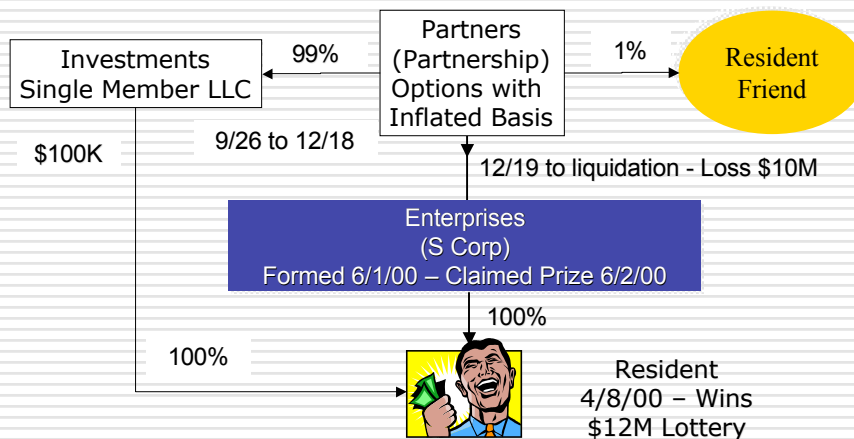
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SBSE ATAT Experience

- 820 Taxpayers on List
- Assignment Soon

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The Lottery Winner



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Results & Progress

- \$73 million since April 2000
 - Tax Shelter Unit - \$35 million
 - District Offices - \$38 million
- Fiscal 04-05 Plan - \$30 million

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Multi State Tax Shelter Application

- Interim Database
- Web-based Application

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Challenges

- Single Member LLCs
- Grantor Trusts

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Tax Shelter Legislation

- S. 6500
- Follows Federal Abusive Tax Shelter Registration and Disclosure Rules
 - New York registration
 - Copy of applicable federal forms and documentation
- Keep List of Investors
- Additional Transactions by Notice

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Lessons

- New York is not California
- Late start re: 1990s boom
- New actors
- End of the Age of Innocence
- States need to work together
 - Data sharing
 - Training

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Prediction
