

Instructions For Alaska Application for Voluntary Disclosure

Introduction

The purpose of the Department of Revenue's (DOR) Voluntary Disclosure Program (VDP) is to encourage corporations and other business entities that may have incurred an unpaid Alaska income tax liability and/or have an unfulfilled tax return filing requirement to disclose their liability voluntarily. Qualified business entities that choose to participate in the VDP will be required to disclose their Alaska tax liability only for the immediately preceding five income years. DOR may waive penalties associated with the return filings.

General Information

AS 43.05.010 and AS 43.05.080 permit the DOR to enter into voluntary disclosure agreements with any qualified business entity in order to obtain voluntary compliance with the tax laws of the State of Alaska. Qualified business entities that participate in the VDP are required to file returns for the five income years ending immediately prior to the date the agreement is signed. DOR may waive penalties associated with the return filings. As part of the agreement, DOR will waive its authority to assess taxes, additions to taxes, or penalties for the income years ending prior to the five income years covered by the voluntary disclosure agreement.

Qualified Business Entities

Only qualified business entities are eligible to participate in the VDP. A "qualified business entity" is an entity that meets all of the following criteria. It must:

- Be a corporation, S corporation, partnership, or limited liability company;
- Have never filed a return with the DOR;
- Have not been the subject of an inquiry by the DOR with respect to liability for income taxes; and
- Have voluntarily come forward, prior to any unilateral contact from the DOR, and completed both an application for voluntary disclosure agreement and a full and accurate statement of its activities in Alaska for the five immediately preceding taxable or income years.

Penalties Waived

If the qualified business entity fully complies with the voluntary disclosure agreement, the DOR will not assess any or all of the following penalties for the income years covered by the agreement:

AS 43.05.220(a) - failure to make and file a return;
AS 43.05.220(a) - failure to pay tax;
AS 43.05.220(b) - negligence or intentional disregard;
AS 43.05.220(c) - fraud; and/or
Internal Rev. Code §6655 - failure to pay estimated tax.

Violation of the Agreement

Certain events will nullify the voluntary disclosure agreement if the qualified business entity:

- misrepresents material facts relevant to the agreement;
- fails to file returns or pay taxes for the periods covered by the agreement;
- reneges on an installment payment arrangement;
- understates the tax liability for any year covered by the agreement and cannot show good faith effort to accurately compute the tax liability; or
- fails to continue to comply with Alaska tax law.

Where to Send Application

Mail the application with attachments to:

Tax Division
Alaska Department of Revenue
550 W. 7th Ave. Ste. 500
Anchorage, AK 99501-3555

Common Forms for Corporate Income Tax

Form 6000	Corporation Net Income Tax Return (standard)
Form 6020	Corporation Net Income Tax Return (short)
Form 6100	Oil and Gas Corporation Net Income Tax Return
Form 6150	Oil and Gas Corporation Net Income Tax Return Under 15 AAC 20.241(c)

You may download, view, and print Alaska income tax forms and publications listed above. Our website is:

www.tax.alaska.gov

If You Need Help

If you have questions, need additional information or require other assistance, call us at 907-269-6620 or email us at dor.tax.disclosure@alaska.gov.

Completing the Form

Qualified business entities that choose to participate in the VDP must use Form 6750, Application for Voluntary Disclosure, to apply. To remain anonymous, a program applicant may have a representative contact the DOR. A company representative may keep confidential the name of the company or any information that could readily identify the company to the DOR until the agreement is executed. DOR will assign a program applicant an identifying number, such as VDA 12-001, which should be used in subsequent correspondence once DOR receives the application.

Part I

Enter the name, address, and telephone number of the qualified business entity's representative. The representative must be authorized to represent the entity in the VDP. Note: It is not necessary to disclose the name, address or telephone number of the entity choosing to participate in the VDP on the application. The entity may remain anonymous until the agreement is executed.

Part II

- 1) Indicate the type of business entity applying to participate in the VDP.
- 2) State each tax year to be covered by the agreement.
- 3) Answer the questions in Part II. If the entity answers yes to any of the questions in Part II, stop. The entity does not qualify to participate in the VDP.

Note: At present, the VDP is only available for corporate net income tax.

Part III

Include the following information in Exhibit 1:

- a description of the entity's business activities;
- the facts giving rise to the offer to enter into the VDP;
- the settlement terms proposed; and
- the number of corporate partners or members if the entity applying under the VDP is an LLC or is a partnership. Note: partnerships or LLCs that have only individual partners/members, are not required to file in Alaska and are not eligible to participate in the VDP.

Part IV

On Exhibit 2, include a statement with your estimate of taxes due. Show the estimate by year, along with the accompanying computations.

Part V

An authorized representative must sign the application.

The DOR will contact the representative, if additional information is required. DOR may accept the entity's proposed settlement, modify the proposed settlement, or reject the proposed settlement based on the information available.

If the DOR determines that there are any material misstatements of fact or tax liability, or the entity fails to file any returns or pay any tax as required by the agreement, the voluntary disclosure agreement will be null and void.