

# Form CT-ATS

# 2005

## Election to Participate in the 2005 Connecticut Abusive Tax Shelter Compliance Initiative (to be filed on or before December 31, 2005)

(Rev. 09/05)

<b>TAXPAYER</b>  (Please Type or Print)	Name of Participating Taxpayer		Social Security Number or FEIN
	Name of Spouse (if applicable)		Spouse's Social Security Number
	Address (number and street), Apartment Number, PO Box		Daytime Telephone Number ( )
	City, Town, or Post Office	State	ZIP Code
			<b>DRS USE ONLY</b> - - 20

**IMPORTANT! READ THE INSTRUCTIONS ON THE BACK OF THIS FORM.**

### Purpose

**Form CT-ATS**, *Election to Participate in the 2005 Connecticut Abusive Tax Shelter Compliance Initiative*, allows taxpayers and promoters of abusive tax shelters to disclose tax shelter activity and comply with Connecticut tax laws.

### Please complete the following:

- Identify yourself:
  - A participant or investor in an abusive tax shelter, or
  - A promoter engaged in marketing, soliciting, or sale of abusive tax shelters
- Have you been audited or have you participated in a settlement of this transaction with the Internal Revenue Service (IRS)?
  - Yes** (If Yes, complete 2A. and 2B.)                       **No**
  - 2A. Enter the taxable year(s) or income year(s) included in the settlement(s): \_\_\_\_\_
  - 2B. Enter the date(s) of the settlement(s): \_\_\_\_\_  
(You must attach a complete copy of all audit work papers and settlement agreement(s).)
- Have you been audited or have you participated in a settlement of this transaction with another tax jurisdiction(s)?
  - Yes** (If Yes, complete 3A., 3B., and 3C.)                       **No**
  - 3A. Enter the taxable year(s) or income year(s) included in the settlement(s): \_\_\_\_\_
  - 3B. Enter the date(s) of the settlement(s): \_\_\_\_\_  
(You must attach a complete copy of all audit work papers and settlement agreement(s).)
  - 3C. Enter the name of the tax jurisdiction(s): \_\_\_\_\_
- Are you currently under audit by the IRS or another tax jurisdiction?
  - Yes** (If Yes, complete 4A. and 4B.)                       **No**
  - 4A. Enter the taxable year(s) or income year(s) included in the audit(s): \_\_\_\_\_
  - 4B. Enter the name of the tax jurisdiction(s): \_\_\_\_\_
- Describe the transaction(s) being disclosed (Reference all applicable IRS notices): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Declaration:** I declare under penalty of law that I have examined this return (including any accompanying schedules and statements) and, to the best of my knowledge and belief, it is true, complete, and correct. I understand the penalty for willfully delivering a false return to DRS is a fine of not more than \$5,000, or imprisonment for not more than five years, or both. The declaration of a paid preparer other than the taxpayer is based on all information of which the preparer has any knowledge.

<b>SIGN HERE</b>  Keep a copy for your records.	Signature (Individual, corporate officer, general partner, member or fiduciary)		Date	Telephone ( )
	Spouse's Signature (if applicable)		Date	
	Paid Preparer's Signature	Date	Telephone ( )	Preparer's SSN or PTIN
	Firm's Name, Address, and ZIP Code			FEIN

# Form CT-ATS Instructions

## General Information

The Connecticut General Assembly recently passed legislation that increases the time limit for conducting an audit of abusive tax shelters from three years to six years and imposes severe penalties on participants and promoters. Any individual or business entity that fails to disclose their participation in an abusive tax shelter designated by the Internal Revenue Service (IRS) as a "listed transaction" is subject to a penalty of 75% of the tax deficiency that results from the tax shelter activity. A promoter of abusive tax shelters is subject to a penalty of 50% of the gross income from the marketing and sale of abusive tax shelters.

The 2005 Connecticut Abusive Tax Shelter Compliance Initiative (CATSCI) is an opportunity for tax shelter participants and investors who underreported their tax liabilities due to their participation in an abusive tax shelter to come forward and disclose their tax shelter activity. This opportunity is also available for promoters engaged in marketing, soliciting, and the sale of abusive tax shelters to come forward and disclose their investor lists. The program is available from **October 1, 2005, through December 31, 2005**, and applies to all tax years beginning before January 1, 2005.

## Who May File Form CT-ATS

(1) Any taxpayer who has participated in an abusive tax shelter designated by the IRS as a "listed transaction" or any other transaction of which the primary purpose is to avoid taxation. A **listed transaction** is a transaction that is the same as, or substantially similar to, one identified by the IRS under I.R.C. §6011 and the Treasury Regulations thereunder, whether or not:

- The IRS had identified the transaction as a "listed transaction" at the time the taxpayer entered into the transaction; **or**
- The transaction is (or was) required to be disclosed by the taxpayer as a "listed transaction" pursuant to the Treasury Regulation (including temporary regulations) under I.R.C. §6011.

(2) Any promoter engaged in the marketing, soliciting, and sale of abusive tax avoidance transactions.

## To Participate

Taxpayers participating in this initiative must complete and return **Form CT-ATS** (including all attachments) by December 31, 2005. The following documents must be attached:

- An original or amended Connecticut tax return(s) eliminating your abusive tax avoidance transaction.
- A complete copy of an amended federal income tax return(s) eliminating the affects of the abusive transaction. If an amended return(s) has not been filed with the IRS, a pro forma amended federal return(s) eliminating the affects of the abusive transaction must be provided.

- Complete audit workpapers of audits conducted by the IRS or any other state or local taxing authority. Include all closing agreements.
- Promoters must include a complete investor list and fee schedule.
- A duly executed **Form LGL-001, Power of Attorney**, if someone other than yourself is to represent you before the Department of Revenue Services (DRS).

Payment of tax, interest, and penalty must accompany Form CT-ATS.

For individuals and corporations, your participation will limit your exposure to a 10% negligence penalty rather than the recently enacted 75% tax shelter penalty.

For those promoters who elect to participate and provide a complete investor list along with a fee schedule, DRS will not impose the 50% penalty.

All participants will avoid criminal prosecution with respect to the tax shelter transactions disclosed.

## Signature

You must sign this form. If you are filing Form CT-ATS jointly with your spouse, he or she must also sign. Corporations and pass-through entities must have a duly authorized officer, or general partner sign. Anyone who has a signed Form LGL-001, may sign on your behalf.

## Paid Preparer's Signature

Anyone you pay to prepare your return **must** sign and date it. Paid preparers must also enter their Social Security Number or Personal Tax Identification Number (PTIN), their firm's Federal Employer Identification Number (FEIN), and the firm's address and telephone number in the spaces provided.

## Mail to:

Form CT-ATS and all required documents should be mailed to:

Department of Revenue Services  
State of Connecticut  
Abusive Tax Shelter Compliance Unit  
25 Sigourney Street  
Hartford CT 06106

## For Further Information

See **Announcement 2005(15), 2005 Abusive Tax Shelter Compliance Initiative**, visit our web site at **www.ct.gov/DRS**, or call the Tax Shelter Compliance Unit at 860-541-4560.