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Offshore Tax Amnesty Strikes Gold For California

If you live in California, you know the state is **always** hungry for tax money. That was true in the past but is even more true today. For that reason, most tax lawyers and accountants will tell you that just about any tax dispute is more difficult to navigate and resolve with California's tax agencies than with the IRS. See [Notes From California's Tax Trenches](#).



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I'm not saying an IRS case is necessarily a picnic. If you've dealt with the IRS you know a federal tax case can be tough. Having IRS collections on your tail can be scary. See [Don't Be A "Predecessor Employer."](#)

But the federal agency is actually kinder, gentler, and usually more reasonable when it comes to settlement than the California [Franchise Tax Board](#) or California [State Board of Equalization](#). See [More Notes From California's Tax Trenches](#). Want proof? Some of the famous "tax resolution firms" located in California handle federal taxes only, not state ones. See [Tax Lady Roni Deutsch Bankrupt, Surrendering Bar License](#).

But surprisingly enough, California sometimes makes the process of paying state taxes uncharacteristically easy. That's what happened when California took a cue from the feds and came up with its own Golden State variety of the IRS amnesty program for [foreign account disclosure and tax compliance](#).

California's program was called Voluntary Compliance Initiative 2 ([VCI 2](#)), since the state's [VCI 1](#) ran from January 1, 2004 to April 15, 2004. The amnesty allowed those who underreported California income tax liabilities through [abusive tax avoidance transactions](#) or [offshore financial arrangements](#) to amend their returns for 2010 and prior years and obtain a waiver of most penalties. It seemed to work pretty well from an administrative point of view. See [Summary of Tax Amnesty and Voluntary Compliance Initiative Revenues](#).

Cash Crop. The Golden State came out well in the cash department too. California's Franchise Tax Board announced results from preliminary numbers: The program raised \$350 million, including \$293 million already collected in cash and another \$57 million expected from installment payments by June 15, 2012. See [FTB News Release, November 17, 2011](#).

Federal Bonanza. Speaking of collections, the IRS also did well on its offshore account amnesty. So far, for the 2011 Offshore Voluntary Disclosure Initiative ([OVDI](#)) program, the IRS says it raked in about [\\$2.7 billion](#). See [IRS Amnesty Led Offshore Account Holders to Pay, Report Says](#).

For more, see:

[Tax Amnesty Goes Hollywood](#)

[‘Pennies On The Dollar’ Tax Relief: How Much Is It Worth?](#)

[Should You File FBAR For The First Time?](#)

[Get Ready For More FBAR Rules](#)

[IRS Voluntary Disclosure A Mistake For Some](#)

[It's Not Too Late To Disclose Foreign Accounts](#)

["Quiet" Foreign Account Disclosure Not Enough](#)

[When Fighting IRS, Should You Pay To Stop Interest?](#)

[Your Tax Problems Are Now Everyone's Business](#)

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