



August 25, 2011

Americans of Indian Descent meet IRS over OVDI

The Indian Americans under the National Indian American Coordinating Council held a meeting with the IRS to express their concerns over the Offshore Voluntary Disclosure Initiative (OVDI) that allows a limited amnesty to taxpayers having undeclared overseas assets to step forward to declare their assets before August 31 this year. A delegation of Indian Americans was led by Dr. Thomas Abraham, Founder, President and Chairman Emeritus of Global Organization of People of Indian Origin (GOPIO), and also included Mr. Lal Motwani, President of the National Federation of Indian American Associations (NFIA), Mr. Shailesh Patel, Director at Large of Asian American Hotel Owners Association (AAHOA) and Dr. Maya Chadda of GOPIO and Council on Foreign Relations.

The IRS was represented by Ms. Rosemary Sereti, Director of International Individual Tax Compliance, Attorney Advisors to Deputy Commissioner Ms. Jennifer Beth and Mr. David Vorley, and Legislative Counsel Suzanne R. Sinno of the Office of the Legislative Affairs.

At the meeting with the IRS, the group representing the Indian Americans disclosed several issues:

Most members of their community were not even aware they were in violation of the rule that offshore money must be disclosed for taxation. Those who found out they were in violation had little time to file their tax returns before the OVDI deadline of August 31, 2011. In addition almost no one knew they had to have Treasury clearance before they

could participate in the OVDI.

Those who are affected by the violation of IRS rules on offshore monies can be divided into two broad categories. First, there are those who send money back to India regularly to support their families there. Second, there are others who send money to India in preparation for future retirement. This money is usually used to buy property and other forms of investments. As such, hardly anyone in this community is intentionally trying to siphon money out to avoid taxes.

Furthermore, the penalty imposed for violation, which is 25% on the highest balance over the eight years span, was totally out of proportion to the presumed willful violation. Such a level of penalty itself violates the principle of proportionality on which the US law rests.

The third matter brought up by the Indian Americans is the lack of discretionary power given to IRS agents. The agents have no say in differentiating tax evaders from those who innocently do not comply with the disclosure rules; they have to administer and enforce the rules the same way for both groups.

To these matters, the IRS said those who feel they are innocent of violation have the choice of opting out of OVDI but they would still have to make full disclosure under the August 31 2011 amnesty program.