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Subject: Texas Tax Amnesty
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To Our Clients and Friends:

Texas will be offering a tax amnesty program from June 15 through August 15, 2007. Eligible taxpayers can obtain a waiver of penalties and interest for past-due tax reports and delinquent taxes for reports originally due before April 1, 2007. The program applies to all state taxes administered by the Texas Comptroller of Public Accounts with the exception of unclaimed property and the Public Utility Commission gross receipts assessment. Eligible liabilities can relate to sales or purchases of taxable items.

Taxpayers eligible for the amnesty program include those who: (1) did not file a required return or report; (2) misrepresented, understated or omitted any tax liability on a previously filed return; or (3) erroneously claimed credits or deductions.

The program does not apply to: (1) assessments already identified by the Texas Comptroller; (2) taxpayers currently under audit or review; (3) taxpayers the Texas Comptroller has already contacted about an audit or possible deficiency; or (4) taxpayers who have signed a settlement agreement or voluntary disclosure agreement before the beginning of the amnesty period.

Taxpayers with significant tax exposure in Texas should strongly consider taking advantage of the Texas tax amnesty program. If you have any questions regarding the amnesty program, including eligibility requirements and the application and payment process, please do not hesitate to contact me.

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