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Can IRS Offshore Account Program Clean Up Domestic Tax Problems Too?

In a word, yes. In fact, you can't be selective when amending tax returns. You can't pick and choose what to correct. If you amend a tax return, you must fix all errors. See [5 Simple Rules to Follow When Amending Your Tax Return](#). As a corollary, if you're coming clean in a voluntary disclosure you **must** clean up **everything** in the tax years that are impacted.



Whether your unreported income is foreign or domestic, the IRS expects you to fully correct your mistakes. The OVDP is designed to let the thousands of people with undeclared accounts and unreported income to pay their taxes, interest and fixed penalties. The tradeoff? They'll escape the far more draconian penalties and prosecution that staying quiet can entail.

Domestic Tax Problems. The OVDP is a nice avenue for cleaning up domestic tax flubs at the same time. For foreign account disclosures, the IRS has a helpful set of FAQs [here](#). They were updated in late June 2012 in key respects. Notably, though, going beyond the subject of offshore account and income, the IRS has made it crystal clear that you can fix

domestic tax problems at the same time you disclose your foreign income and accounts.

In fact, since you **can't** be selective, you must make an accurate and complete voluntary disclosure. If you have undisclosed income tax liabilities from domestic sources in addition to those related to offshore accounts and assets, they must also be disclosed in the OVDP. See [FAQ 24](#).

Different Examiners. One practical wrinkle this can invoke is the nature of the examination you'll undergo. IRS OVDP cases are handled by dedicated Revenue Agents handling foreign account and income disclosures. If you have domestic tax issues too, you may end up with a different IRS examiner for those issues.

You'll have one Revenue Agent handling the domestic issues and one handling the foreign issues. The domestic disclosure will be treated as a disclosure under the Voluntary Disclosure Practice and may be assigned to a different examiner.

For more, see:

[IRS Offers Carrot And Stick For Offshore Disclosures](#)

[FBAR Penalties: When Will IRS Let You Off With A Warning?](#)

[British Lawyer Nabbed at JFK For Helping Americans Hide Swiss Accounts](#)

[IRS Announces Tax Relief For Dual Citizens And US Citizens Abroad](#)

[10 IRS Rules for Stress-Free Foreign Accounts](#)

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