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### Post-FATCA, IRS Targets Offshore Accounts Anew In Dirty Dozen

The IRS is harping again on the [dangers of hiding money](#) or assets in unreported offshore accounts, this time as part of its [Dirty Dozen tax scams over 12 days](#) for the 2015 tax filing season. In fact, the IRS has trumpeted the issue for over 5 years. Plainly, violations of U.S. global tax reporting and FBAR filing laws can be criminal. Even if you are not prosecuted, you can face Draconian civil penalties.

In fact, the [courts have upheld FBAR penalties exceeding the offshore account balance](#). And although some say the punishment doesn't fit the crime, there is little chance of these rules changing anytime soon. It's one reason the IRS offshore voluntary disclosure program has processed over 50,000 cases, raking in over \$7 billion. That could increase, particularly since the chances of being caught with undisclosed accounts are going up.



Now, the IRS has [FATCA](#), America's global tax enforcement law that applies virtually everywhere. It is easier for the IRS to find you, since banks worldwide are handing over American

account details to the IRS. Some banks send [FATCA letters promising disclosure to IRS](#), but some just disclose with no warning.

This year, the IRS even notes that its budgetary problems won't keep it from pursuing cases in all parts of the world. The IRS warns that it can pursue you, even if you use a bank having no offices on U.S. soil. The IRS is quick to point out that you can do business and hold assets and accounts around the world. You may have legitimate reasons for maintaining financial accounts abroad. But there are reporting requirements, and U.S. taxpayers who fail to comply are breaking the law and risk criminal prosecution.

The IRS and DOJ are still on the hunt for tax evaders, with a multi-pronged approach that includes issuing [John Doe summonses to FedEx, DHL, UPS, HSBC and others](#). The IRS is also relying on a gold mine of data from previous disclosures. Since 2009, tens of thousands of individuals have disclosed their foreign accounts. Add FATCA, and transparency is virtually complete.

At the beginning of 2012, the IRS reopened its [Offshore Voluntary Disclosure Program](#) (OVDP). Since 2009, with changes in 2011, 2012, and 2014, the IRS has given taxpayers a way start sleeping easier. And since [June 18, 2014](#), there are now several programs to choose from. Depending on how you count, I come up with 5: OVDP, Domestic Streamlined, Foreign Streamlined, Transitional Relief, and Delinquent FBAR.

The IRS has kept its safe and secure OVDP, involving 8 years of amended tax returns and FBARs. You pay taxes, interest and a 20% penalty on whatever you owe. For most people, there's also a 27.5% penalty on your highest offshore account balance. In some cases, that penalty may be 50% [depending on the bank](#) and timing.

The Streamlined program is not right for everyone, and it is important to ask [which IRS offshore program is right for you](#). The OVDP protects you from prosecution, while the Streamlined program does not. The OVDP costs more, but you get more. And if bad facts that you hope not to discuss come up, the OVDP absolves them. The Streamlined program requires certifying under penalties of perjury that you made mistakes but were non-willful. Be careful, though, since the IRS can examine you. Especially if there are [signs your tax missteps were willful](#), the IRS may be harsh.

Streamlined programs involve 3 years of tax returns, not 8. Streamlined programs require FBARs for 6 years instead of 3, to match the FBAR statute of limitations. The Foreign Streamlined program has no penalty, while the Domestic Streamlined program applies a 5% penalty over the 6 FBAR years.

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