

Streamlined compliance procedures for offshore account holders

By Peter Pappas //

In June 2014 the IRS established a new program for U.S. taxpayers with offshore bank accounts. This is an excellent opportunity for delinquent taxpayers to come forward voluntarily, avoid significant penalties and, most of all, avoid criminal tax charges.

Streamlined domestic offshore procedures: The alternative to the 2014 OVDI/OVDP

U.S. residents who meet certain requirements may use the Streamlined Domestic Offshore Compliance Program to correct their previously filed returns for unreported income and disclose their foreign bank accounts. Participants must pay the tax due on their unreported income in the past three years, plus interest and an offshore penalty equal to 5 percent of the maximum annual aggregate balance of their unreported foreign accounts in the last six years.

Streamlined domestic offshore procedure: The qualification requirements

To qualify under the new Streamlined Domestic Offshore Compliance Program the taxpayer must meet the following eligibility requirements:

1. You failed to meet the non-residency requirements for the Foreign Domestic Offshore Procedure.
2. You have filed all required U.S. tax returns for each of the last three years.
3. You failed to report income from a foreign financial asset and pay tax on that income.
4. Your failure to pay tax on your foreign income and report your foreign assets must have resulted from non-willful conduct

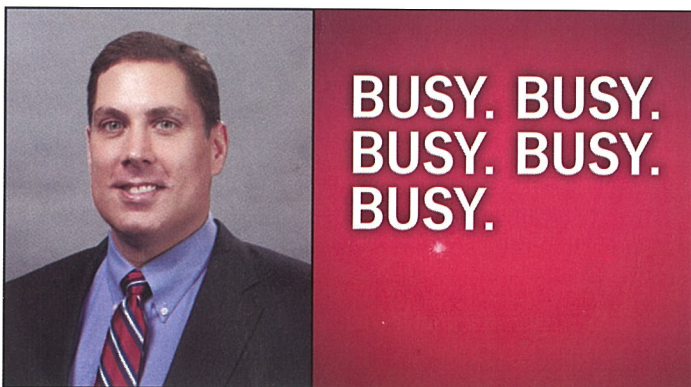
Streamlined domestic offshore procedure: Submission requirements

The new streamlined OVDP/OVDI program is far simpler and less burdensome than the standard voluntary disclosure program.

1. Prepare and file amended income tax returns.
2. Submit full payment with interest of amended income tax return balance due.
3. Complete and file Certification of Non Willfulness Statement.
4. Submit full payment of 5 percent offshore bank account penalty.

In addition to mailing all the documents listed above to the designated address in Austin, you must also file all delinquent FBARs (now known as FinCen form 114) for the past six years. These must be filed online through the FinCen website. *

INFO: Peter Pappas is both a tax attorney and a CPA. His Baldwin Park firm The Pappas Group has been helping Central Florida taxpayers navigate the complex IRS offshore disclosure requirements for 30 years. Call 407-648-2555 to schedule a free consultation about your tax problem or visit pappastax.com



John Psomas, Agent
922 Lake Baldwin Lane, Suite A
Orlando, FL 32814
Bus: 407-277-2997
www.johnpsomas.com
Hablamos Español

Life insurance shouldn't wait.

Even though life is busy, take a moment to reflect on what's most important. For peace of mind, protect your family with State Farm® life insurance.

**Like a good neighbor,
State Farm is there.®**

CALL ME TODAY.

 **State Farm™**

State Farm Life Insurance Company (Not licensed in MA, NY or WI)
State Farm Life and Accident Assurance Company (Licensed in NY and WI)
Bloomington, IL
0901038.1