

U.S. taxpayers with undeclared foreign assets have only 3 weeks left to declare to IRS, reminds Attorney Richard Lehman

Only three weeks left to declare assets under the "Offshore Voluntary Disclosure Program" (OVDP), ending September 28, 2018

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/EINPresswire.com/ -- There are many reasons to maintain assets outside the U.S. However, problems arise when such assets have not been notified to the U.S. Internal Revenue Service (IRS). Some U.S. taxpayers may be unaware that such bank accounts must be declared to the IRS. Others may intentionally hide such accounts from the IRS. There is a legal requirement that all of these foreign bank accounts be reported to the United States on an annual basis, and that United States income taxes be paid on all of these bank deposit funds.



For only a short time longer, taxpayers with such foreign bank accounts have the opportunity to report such accounts and come into compliance (with reduced penalties) under the IRS "Offshore Voluntary Disclosure Program" (OVDP). OVDP is a voluntary disclosure program for taxpayers who have hidden foreign bank accounts, and wish to avoid potential criminal liability and/or substantial civil penalties. It begins by providing IRS Criminal Investigation (CI) with the taxpayer's name, address, taxpayer identification number and date of birth. IRS then issues a "pre-clearance letter" and taxpayers proceed with a more complete disclosure in the form of a summary letter with exhibits ("Offshore Voluntary Disclosure Letter"). But soon this program will end. After September 28, 2018, taxpayers will no longer be able to receive IRS clearance in advance (CI) to avoid severe penalties. It is thus extremely important for taxpayers to take advantage of clearing their unreported foreign bank deposits and other assets in the waning days of the OVDP.

[Richard Sam Lehman](#), a highly respected Tax Lawyer based in Florida, today reminded U.S. taxpayers of this September 28, 2018 deadline for reporting hidden foreign bank accounts, and recommends that affected taxpayers seek expert tax advice based on their specific circumstances.

[Richard Lehman](#) explains: "The closing of the OVDP does not indicate any change in IRS enforcement priorities. Investigating offshore tax evasion remains a top priority for the IRS. The IRS enforces offshore compliance with information received under the Foreign Account Tax Compliance Act (FATCA), which is the network of intergovernmental agreements among the U.S. and other countries, as well as sources such as the Department of Justice's Swiss Bank Program. Furthermore, the applies data analytics to make it more difficult to hide bank accounts offshore."

The Foreign Account Tax Compliance Act (FATCA) requires that foreign financial institutions report the foreign assets held by U.S. taxpayers, or be subject to withholding on withholdable payments. FATCA is an important tool to fight tax evasion through foreign assets, requiring U.S. taxpayers with foreign financial assets outside the United States to report such assets.

Richard Lehman explains that taxpayers who fail to report under the OVDP by September 28 may be subject to much more severe penalties. "Depending on a taxpayer's particular facts and circumstances, the following penalties could apply: A penalty for failing to file the Form TD F 90-22.1 (Report of Foreign Bank and Financial Accounts, commonly known as an "FBAR"). Generally, the civil penalty for willfully failing to file an FBAR can be as high as the greater of \$100,000 or 50 percent of the total balance of the foreign account per violation. Even non-willful violations can still be subject to a \$10,000 penalty per violation."

Other penalties that may apply. There is a penalty for failing to file Form 3520, Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. The penalty for failing to file, or for filing an incomplete return, is the greater of \$10,000 or 35 percent of the gross reportable amount (with certain exceptions). Further, there is a penalty for failing to file Form 3520-A, Information Return of a Foreign Trust With a U.S. Owner. Taxpayers must report ownership interests in foreign trusts. The penalty for failing to file each one of these information returns, or for filing an



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Richard S Lehman, Video on IRS Amnesty FATCA and FFI Reporting on Youtube

incomplete return, is the greater of \$10,000 or 5 percent of the gross value of trust assets.

Richard Lehman concludes that "it is extremely important for taxpayers who have foreign bank deposits and other types of foreign assets to take advantage of the waning days of this program while they still have the opportunity. Otherwise they may face tax evasion charges with prison terms of up to ten years and a fine of up to \$500,000. If you control such unreported foreign assets, then now is the time to seek expert tax advice."

Further information:

Richard Sam Lehman's video about The IRS's FATCA, Streamlined Compliance Procedure and other Amnesty Information is at <https://www.lehmantaxlaw.com/fatca-streamlined-compliance/>

[Mr. Lehman's](https://www.youtube.com/watch?v=sQnH7Vx0jRM) video about The IRS Offshore Voluntary Disclosure Program is at <https://www.youtube.com/watch?v=sQnH7Vx0jRM>. This presentation was recorded live on October 2, 2014 during the CPA Academy Live Webinar. The objective of this presentation is to advise practitioners and taxpayers of new IRS' rules and regulations governing the report and the taxation of income from foreign bank accounts and foreign assets; and the penalties and relief provisions resulting from the holding of unreported foreign assets and foreign bank accounts by United States taxpayers.

IRS website about the OVDP <https://www.irs.gov/newsroom/2012-offshore-voluntary-disclosure-program>

The IRS maintains a web page with Q&A about the closure of the program at <https://www.irs.gov/individuals/international-taxpayers/closing-the-2014-offshore-voluntary-disclosure-program-frequently-asked-questions-and-answers>

The IRS web page about the Foreign Account Tax Compliance Act (FATCA) is at <https://www.irs.gov/businesses/corporations/summary-of-fatca-reporting-for-us-taxpayers>

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Richard Sam Lehman, tax video on IRS Streamlined Compliance on YouTube

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