

Tips for Taxpayers

Action item:

If you have over-seas accounts, confirm you have reported them to the IRS (even if they did not have any income) to avoid penalties.

IRS Getting Offshore Activities “Back in the System”

The IRS began a six-month voluntary amnesty program to encourage individuals and companies evading U.S. taxes in offshore accounts and offshore entities to come clean in exchange for lower penalties, and in most cases avoiding the risk of criminal prosecution.

What you **NEED** to know

- **Voluntary disclosure period** March 23, 2009– September 23, 2009
- **Tax periods included** 2003 – 2008
- **Penalty framework** Back taxes and interest for six years, paying either an accuracy or delinquency penalty on all six years, and a penalty of 20% of the amount in the foreign bank accounts in the year with the highest aggregate account or asset value.
- **Tax reporting forms** TD F 90-22.1, 3520, 3520A, 5471, 5472, 926, 8865 – this is a list of some of the most common reporting forms.

If you are non-compliant and want to participate in the voluntary amnesty program, it is imperative you contact a CPA and/or an attorney who are EXPERTS in international taxation, to guide you through the correct steps.

If you are non-compliant and want to take the chance you won't get caught, then weigh the following risks:

1. Criminal prosecution – **JAIL TIME AND FINES!**
2. Penalty comparison on a \$1 million un-reported foreign bank account:
 - a. Under the voluntary disclosure program = \$386,000
 - b. Non-compliant (IRS catches you)= \$2,306,000

This memo is not designed to answer specific questions. Contact your tax advisor to get details on your specific situation.

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