



IRS Issues New FAQ for Offshore Voluntary Disclosure Program

After successfully collecting over \$5 billion from offshore voluntary disclosure programs (OVDP) in 2009 and 2011, the IRS extended its OVDP indefinitely. On June 26, 2012 the IRS issued new frequently asked questions and answers (FAQ) about the current program. The FAQ are careful to point out that the OVDP could be amended or terminated at any time.

Under the current OVDP, the penalty structure remains essentially the same as the 2011 program except for taxpayers in the highest penalty category. Individuals whose offshore accounts or assets did not exceed \$75,000 in any calendar year covered by the new OVDP may qualify for a 12.5% penalty. [See FAQ 53](#). Certain taxpayers with foreign residency or minimal contact with a foreign account may qualify for a special 5% penalty. [See FAQ 52](#). Participants must file all original and amended tax returns and include payment for all back taxes and interest, as well as accuracy-related penalties or delinquency penalties. The new FAQ point out that the new Form 8938 must accompany any required amended or original return for years after 2010.

Along with the new [FAQ](#), the IRS has created new filing compliance procedures for nonresident U.S. taxpayers who do not qualify for the OVDP. These procedures will go into effect September 1, 2012. There are also special rules for holders of certain Canadian retirement accounts that did not make timely treaty elections.

If you have any questions about reporting foreign bank accounts or foreign financial assets, or about making a voluntary disclosure, do not hesitate to contact your Reinhart attorney or any member of the Reinhart Tax Practice team.

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