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## Offshore Tax Evaders Last Chance

The IRS has given American taxpayers with undeclared assets offshore one final chance to come clean and disclose details of their money overseas.

They have to do so by August 31 if they wish to escape criminal charges. This is now the second time an amnesty program has been offered. And according to IRS Commissioner, Doug Shulman, "This new disclosure initiative is the last, best chance for people to get back into the system."

A statement on the IRS website says, "This new effort gives those hiding money in foreign accounts a tough, fair way to resolve their tax problems once and for all. And it gives people a chance to come in before we find them."

The first Offshore Voluntary Disclosure Program was held two years ago and ended October 15, 2009. Most tax professionals feel that the first amnesty program was a huge success that resulted in thousands of taxpayers stepping forward to declare their overseas assets. In total, about 15,000 Americans from around the world participated in the initial program followed by another 3,000 who stepped forward after the deadline. But the taxpayers themselves had differing opinions about their participation. Some were glad they participated whereas some regretted it

because they were subjected to stringent audits and still made to pay heavy penalties.

Many American taxpayers with foreign bank accounts have never reported them. On the other hand, there are many who have but they omitted submitting a form called the Report on Foreign Bank and Financial Accounts (FBAR), a requirement for every taxpayer who has an offshore bank account.

Those who participate in the Offshore Voluntary Disclosure program will have to pay 25% of the highest deposit amount of the year with the highest aggregate balance over the last 6 years. The rate for the first amnesty period was 20%. The higher tax penalty is to be fair to those who stepped forward earlier. But those who have never had more than \$75,000 in their offshore accounts at any time over the last 6 years will only have to pay a 12.5% penalty.

Shulman has issued a stern injunction, "Tax secrecy continues to erode. We are not letting up on international tax issues, and more is in the works. For those hiding cash or assets offshore, the time to come in is now. The risk of being caught will only increase."