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# IRS Offshore Account Amnesty Closing, How To Get In Under The Wire

Offshore accounts and income are still in the IRS crosshairs. And your chance to fix your situation before the IRS catches you is about to get much harder. For ten years, the IRS has run its [Offshore Voluntary Disclosure Program](#) (OVDP), a type of tax amnesty. But now, OVDP will [formally close on September 28, 2018](#). The Streamlined program will still exist, but in comparing the two, you should [consider Streamlined audits](#). If you want the protection of the OVDP, there's not much time left. The IRS announcement is not 100% clear exactly what you must do before then if you want to join it. But most commentators agree that the September 28 deadline is the date by which a taxpayer must submit their "Initial Submission" requesting admission.

A Preclearance Request is not enough. This is an *optional* first step before entering OVDP that involves a small number of details about you. The purpose of requesting preclearance is to confirm that the IRS isn't already investigating you. Preclearance always has a yes or no answer. Usually the answer is yes, which means you can go to the next step to join the OVDP.

If the answer is no, you may already be under investigation. So you might not want to give them even more information. Preclearance requests are generally a good idea. But as the September 28 deadline inches closer, more people may forego this step and skip directly to the Initial Submission. A Preclearance Request only requires the following information:

1. Information about Taxpayer: Complete Name, Date of Birth, Tax ID/Social Security Number, Addresses, Telephone Numbers
2. Information about Undisclosed Foreign Financial Institutions, including Name of Financial Institution, Address, Telephone Number

3. Information about Non-Public Entities (Corporations, Partnerships, LLCs, Trusts, Foundations) through which Undisclosed Foreign Accounts and Assets are Held, including Name of Entity (including d/b/a name), EIN (if applicable), Address of Entity, and Jurisdiction in which Entity was Organized.



A Preclearance Request can usually be prepared quickly. But it may take the IRS 30 days to respond. With the OVDP closing, a Preclearance Request should be submitted soon, perhaps no later than August 28, 2018, ideally *significantly* earlier. With the September 28 2018 OVDP deadline, assemble the Initial Submission while waiting for a response to a Preclearance Request. That way the Initial Submissions can be submitted immediately upon the receipt of the IRS's response to the Preclearance Request.

In the past, once a taxpayer was precleared to enter OVDP, the taxpayer had 45 days to submit their Initial Submission. But it is not clear if you will get that time if it extends beyond September 28, 2018. Again, one should prepare Initial Submissions while waiting for the IRS to respond to a Preclearance Request.

The Initial Submission requires more information than the Preclearance Request, but does not require completed tax returns or FBARs. Initial Submissions include a cover letter that describes the facts and reporting history. A narrative that describes the history of the foreign accounts, foreign assets, and reporting is a good start. In addition to the cover, two forms are included in the Initial

Submission. The first is [Form 14457](#). To complete it, include how you learned about OVDP, the source of the foreign funds, an estimate of the combined account/asset values for each year, and other general information. Only one Form 14457 is needed.

The second form is [Form 14454](#). You must complete a Form 14454 for *each* foreign account. Form 14454 contains more detailed questions. For example, it asks whether you made deposits into the foreign account from the United States, or whether you transferred funds from the account to the United States. It also asks about the people at the financial institution who advised about the foreign account.

The most time-consuming aspects of an OVDP disclosure are collecting bank statements and preparing tax returns and FBARs. They are *not* required for the Initial Submission. They are normally completed and submitted with the “Final Submission,” which does not need to be completed by September 28, 2018. If you want to join the OVDP--and that is not a simple question--it is best to keep an eye on the calendar. That September 28, 2018 deadline will arrive soon.

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