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It's Not Too Late To Disclose Foreign Accounts

The latest IRS program to disclose foreign bank accounts and assets closed September 9, 2011. See [IRS Extends Offshore Account Deadline](#). **What if you missed the deadline?** If you couldn't pull the trigger to **voluntarily** send information to the IRS, you can **still** get your tax status resolved.



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It might be a good idea, since the odds of avoiding detection seem to be getting worse. Governments and institutions are disclosing more and more. In addition, [FATCA](#), the Foreign Account Tax Compliance Act, will soon add even **more** disclosure.

Even though the latest special IRS program closed September 9th, the IRS will still accept voluntary disclosures. The same situation existed after the 2009 IRS program. Many taxpayers stepped forward after the 2009 program ended on October 15, 2009, but before the 2011 [OVDI](#) program was announced February 8, 2011.

Historically, the IRS almost never prosecutes someone who steps forward before being caught. But this should be done through a tax lawyer so you'll have attorney-client privilege in case something goes awry. If no criminal tax case is already underway, your case should be

referred to the civil branch of the IRS for processing amended tax returns and [FBARs](#).

Hobson's Choice? If this sounds too invasive or expensive, think again. A voluntary disclosure is likely to be far, far cheaper than getting caught and what could follow. Besides, there are few alternatives. Some taxpayers want to make a “quiet disclosure,” amending tax returns and filing past due FBARs without making a formal voluntary disclosure. See [“Quiet” Foreign Account Disclosure Not Enough](#).

However, the IRS frowns on it and the risks are high. Another idea is to file proper tax returns and FBARs prospectively but not for the past. Most advisers don't consider that a good solution either if any significant income was not reported in the past.

Making a [voluntary disclosure](#) outside the OVDI program is similar to doing it inside but without the guarantee of particular penalties. Special programs have formula penalties which may be lower or higher than the IRS would assess on an individual basis. See [Some Foreign Account Penalties Unfair, Says Taxpayer Advocate](#).

In fact, some clients may fare **better** making a voluntary disclosure **outside** one of the IRS's special programs. Some taxpayers who filed by the IRS deadline are “opting out,” believing they will pay smaller penalties when their individual facts are considered. See [How Do You Opt Out Of IRS Voluntary Disclosure?](#) and [IRS Voluntary Disclosure A Mistake For Some](#).

Because clients have differing facts and risk profiles, there's no one-size-fits-all solution. But because failing to report income or disclose foreign accounts is serious and penalties can be severe—even criminal—consider your risks and options and get some advice.

For more, see:

[Thousands Come Clean as IRS Gets \\$2.7 Billion](#)

[IRS May Find “Innocent” FBAR Violation Willful](#)

[Does IRS Amnesty Go Beyond Foreign Accounts?](#)

[Even U.S. Branch Accounts Abroad Trigger FBAR!](#)

[IRS Updates Voluntary Disclosure Amnesty: What You Should Know](#)

[Is Foreign Account Ignorance Bliss?](#)

[Mailing Is Not Enough For Sept. 9 OVDI Deadline](#)

[Tax Amnesty Goes Hollywood](#)

[Beware Foreign Trust Reporting to IRS](#)

[Are You Getting Enough FBAR?](#)

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