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### Should U.S. Citizens Abroad Pick Streamlined IRS Program Or OVDP?

If you are a U.S. citizen living abroad just waking up to your worldwide IRS tax reporting and [FBAR](#) obligations, the hangover can be severe. You may be tempted to go back to bed and just forget it. Yet most tax advisers will tell you the world is becoming pretty small. More data is coming from [IRS whistleblowers](#).



Plus, the IRS has mined banking details from thousands of U.S. taxpayers under the IRS voluntary disclosure programs in [2009](#), [2011](#) and [2012](#). And [FATCA](#) compliance rules are requiring even more disclosures. Most people are best advised to get some advice and try to fix it. But fix it how?

It's not enough to simply close your offshore accounts. See [Is Closing Foreign Bank Accounts An Alternative To Disclosure?](#) But some choices seem painful. The OVDP involves eight amended tax returns with taxes, penalties and interest, eight [FBARs](#) and a 27.5% miscellaneous offshore [penalty](#). The latter can be a bitter pill so you may jump at the streamlined program.

To join it, you must be a U.S. citizen (including dual citizens) residing outside the U.S. since January 1, 2009 who has not filed a U.S. tax return

during that period, and you must be low risk. Take a look at this [questionnaire](#) to evaluate your risk. See [Newest Offshore IRS Amnesty Not For Everyone](#). With these preconditions, most people don't qualify.

Besides, the IRS does not guarantee immunity from prosecution. What's more, a taxpayer who applies for this streamlined program becomes **ineligible** for the OVDP. Suppose you apply for streamlined relief but the IRS examines your case and thinks you are high risk, not low?

You can't complete the streamlined program, but are ineligible for the OVDP! What's left could be a full civil audit and high fines or even prosecution. See [Newest Offshore IRS Amnesty Not For Everyone](#). That seems unfair, but the IRS hasn't said what could happen to people caught in the gulf between its programs.

Presumably you would get credit for trying to come forward. Still, it's disturbing that you could end up in no man's land. For these and other reasons, some advisers believe the streamlined program should be approached with caution except in the clearest of cases. The OVDP seems safer for many. See [OVDP page](#).

But whatever you do, get some advice and proceed carefully.

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