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# IRS: Expect Even More Transparent Foreign Accounts


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When you hear "offshore," you may think about individuals and the continuing brouhaha over undisclosed foreign accounts. You may even think FATCA (Foreign Account Tax Compliance Act), the new disclosure law that's more about tax withholding than about weight loss. But the far bigger money is in ***corporate*** tax compliance. See Don't Look For (Tax) Shelter Under Wells Fargo Wagon.

There, too, the IRS has its work cut out for it. See How Can Companies Skirt U.S. Tax? Yet the IRS may be embarking on a fresh approach to the exotica we think of as international corporate tax compliance. Speaking recently at the 24th Annual Institute on Current Issues in International Taxation, IRS Commissioner Doug Shulman unveiled a new dawn for offshore corporate tax compliance.

Acknowledging that the U.S. must compete in a global environment, the Commissioner promised a new era. The Commissioner has a kind of Think Different mantra when it comes to global businesses. Thinking outside the bun, the IRS will focus on big decisions, big issues and big dollars.

Still, the Commissioner acknowledged that companies can make legitimate decisions to limit their tax exposures. “Cut to the chase” was one of the Commissioner’s key phrases. He said the IRS would do so, organizing its international compliance programs to:

1. Identify the highest compliance risks among the taxpayer base;
2. Work cases as effectively and efficiently as possible;
3. Not waste time on issues that don’t pose compliance risk; and
4. Find appropriate ways to resolve cases as soon as possible.

**Outbound vs. Inbound.** For outbound situations, Shulman noted that corporate planning centers on income shifting, deferral, foreign credit management, and repatriating accumulated U.S. profits. Major inbound issues include the U.S.’s jurisdiction to tax, efforts to shift income outside of the U.S., inbound financing, and strategies to reduce withholding on the repatriation of cash.

**Team America?** Commissioner Shulman described IRS efforts to assemble teams of international examiners, lawyers, economists, and other experts to work collaboratively. He spoke about joint audits, and how these efforts underlie new approaches to dealing with multinational businesses. The IRS’s goals include transparency, resolving issues in real time rather than years later, providing certainty for current and future years, and cooperation between governments.

Although the Commissioner’s focus was business compliance, he touted the success of the Offshore Voluntary Disclosure Initiative (OVDI). It changed the “risk calculus” of hiding assets overseas, he said. Shulman also believes it enhanced the perceived fairness of the U.S. system. That segued into FATCA something many continue to say is not fair. See Oh Canada! Hating FBARs And FATCA.

Nevertheless, Commissioner Shulman noted that banks and financial institutions are concerned about conflicts between FATCA and non-U.S. laws; the difficulty of implementing and administering withholding requirements; and the burdens placed on foreign institutions. See IRS FATCA Guidance, Round 3. The Commissioner promised that proposed regulations in the New Year would speak to these concerns.

For more, see:

Happy FATCA Filing Season

What's Next for Offshore Accounts?

Dual Citizen Tax Relief From IRS

IRS Relief To Canadian Dual Citizens

No Jail In UBS Tax Evasion Case

FATCA Carries Fat Price Tag

Get Ready For More FBAR Rules

Bringing Overseas Money To The U.S.

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