



Alerts

Last Chance to Disclose to IRS?

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Hinshaw Alert

United States citizens and green card holders ("U.S. person(s)") are urged to come forward now to report to the IRS any previously undisclosed foreign income and/or foreign assets. The Internal Revenue Service announced in March 2018 that it would ramp down the latest version of the Offshore Voluntary Disclosure Program (OVDP), and close the program entirely on Friday, September 28, 2018.

The OVDP was initially launched by the IRS in 2009, and updated versions were instituted in 2011, 2012 and 2014. OVDP potentially offers reduced civil financial penalties, and may avoid criminal prosecution for the failure to report.

U.S. taxpayers who have undisclosed foreign financial assets and income in offshore accounts, including accounts with institutional banks and brokerage companies, should consider taking full advantage of the OVDP while it remains in effect.

Under applicable provisions of the Bank Secrecy Act, United States persons are required to annually file a report with the U.S. government if they have a financial account in a foreign country with a value exceeding U.S. ten thousand dollars (US \$10,000.00) at any time during the calendar year. Under current law, taxpayers are supposed to note this on the filing of their U.S. income tax returns and by separately filing a Report of Foreign Bank and Financial Accounts (FBAR), which form is now known as FinCEN 114. This includes all accounts where a U.S. person has a financial interest in—or signature authority over, or other authority over—one or more financial accounts located in a foreign country.

Whether the Internal Revenue Service will provide some type of replacement program after September 28, 2018, has not been determined at this time. Individuals and potential clients who desire to participate in OVDP or wish to evaluate whether to consider participating in the OVDP are urged to act as quickly as possible before the program comes to an end.

This alert was featured in the [Second Quarter 2018](#) edition of our [Estate Planning Newsletter](#).

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