



TaxNewsFlash

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Update: Voluntary disclosure for U.S. taxpayers with undisclosed offshore accounts

The IRS today issued a release to remind U.S. taxpayers with undisclosed offshore accounts about compliance with their federal tax obligations.

The IRS release—[IR-2016-137](#) (October 21, 2016):

- Reports on the cumulative number of taxpayers who have come into the “offshore voluntary disclosure program” (OVDP) and the amount of monies collected
- Announces changes to Forms 14653 and 14654 used for “streamline filing compliance procedures” (Option 2 of the OVDP)
- Provides updated telephone numbers for the OVDP

Voluntary disclosure program

According to the IRS release, approximately 55,800 taxpayers have used the OVDP to resolve their tax obligations, and another 48,000 taxpayers have used separate, streamlined procedures to correct prior non-willful omissions and meet their federal tax obligations.

OVDP offers taxpayers with undisclosed income from foreign financial accounts and assets an opportunity to get current with their tax returns and information reporting obligations. The program encourages taxpayers to voluntarily disclose foreign financial accounts and assets now, rather than risk detection by the IRS at a later date and face more severe penalties and possible criminal prosecution.

Information gathering under FATCA; impact on voluntary disclosure

The IRS reported that automatic third-party account reporting has entered its second year under the FATCA regime and the network of inter-governmental agreements

(IGAs) between the United States and partner jurisdictions. Other information also continues to come to the IRS as a result of the Justice Department's Swiss bank program. As part of a series on non-prosecution agreements, participating banks continue to provide information on potential non-compliance by U.S. taxpayers.

The IRS developed "streamlined filing compliance procedures" to accommodate taxpayers with non-willful compliance issues. Submissions have been made by taxpayers residing in the United States and from those residing in other countries.

There is a separate process exists for taxpayers who have paid their income taxes but omitted certain other information returns, such as the Report of Foreign Bank and Financial Accounts (FBAR).

Updated forms, contact information

The IRS reported that it recently revised the certification forms used for the Streamlined Filing Compliance Procedures. Read the most current versions of these forms: [Form 14653](#) [PDF 39 KB] and [Form 14654](#) [PDF 51 KB].

The IRS also noted that certain commonly used [telephone numbers](#) relating to the OVDP and the streamlined filing compliance procedures have changed.

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