

US announces changes to the Offshore Voluntary Disclosure Programs

20 JUNE 2014

CATEGORY:
ARTICLE

On 18th June the US Internal Revenue Service (IRS) announced major changes to its offshore voluntary compliance programs, resulting in new guidance for both taxpayers overseas and those residing in the US. The changes include:

1. Modifications to the 2012 Offshore Voluntary Disclosure Program (OVDP); and
2. An expansion of the 'streamlined' filing compliance procedures announced in 2012

The expanded streamlined procedures are intended for US taxpayers whose failure to disclose their offshore assets was **non-wilful**. However, modifications to the OVDP will increase penalties payable for certain taxpayers.

Changes to the OVDP

* Taxpayers who do not meet certain deadlines under the 2014 OVDP will be subject to a **50% penalty** either:

1. If it becomes public that a financial institution where the taxpayer holds an account, or another party facilitating the taxpayer's offshore arrangement, is under investigation by cooperating with the IRS or Department of Justice in connection with US accounts; or
2. Such institution or the account facilitator has been identified in a court-approved John Doe Summons.
 - Taxpayers already in the 2012 OVDP may be able to take advantage of certain of the new procedures.

*New Expanded Streamlined Procedures *

- Key expansions in the streamlined procedures will accommodate a wider group of US taxpayers living outside the US and, for the first time, certain US taxpayers residing within the US who have unreported foreign financial accounts.
- Taxpayers not already in the 2012 OVDP should consult their adviser whether they qualify for the new streamlined program. If they live outside of the US and qualify, there are **NO** penalties. If they live in the US and qualify, there is a maximum penalty of **5%** (down from 27.5% previously).

We can help...

Withers is able to assist both institutions and individuals with regards to the options available within this new program. If you would like to discuss how this may impact you or your clients, please get in touch via the details to the right.

Authors

Jay H. Rubinstein

PARTNER | GENEVA

Private client and tax

 +41 22 593 7716

 jay.rubinstein@withersworldwide.com

Jay Krause

PARTNER | LONDON

Private client and tax

 +44 20 7597 6350

 jay.krause@withersworldwide.com