



IRS Announces End of Offshore Voluntary Disclosure Program

On March 13, 2018, the Internal Revenue Service ("IRS") [announced](#) that the Offshore Voluntary Disclosure Program ("OVDP") will end on September 28, 2018. The program has allowed taxpayers to avoid criminal prosecution by disclosing their unreported offshore activities, filing amended tax returns, and paying tax with reduced penalties. A separate program—the Streamlined Filing Compliance Procedures—was introduced in 2012 for taxpayers who were unaware of their filing obligations and will remain available to eligible taxpayers.

While the OVDP is ending, the Department of Justice and IRS have made clear that taxpayers will continue to be prosecuted for criminal violations: "The IRS remains actively engaged in ferreting out the identities of those with undisclosed foreign accounts with the use of information resources and increased data analytics ... Stopping offshore tax noncompliance remains a top priority of the IRS." The IRS has access to an enormous amount of information from ongoing investigations, disclosures made by Swiss banks under a DOJ program, disclosures under the Foreign Account Tax Compliance Act, whistleblowers, tens of thousands of individual voluntary disclosures, and leaks from insiders, such as the Panama and Paradise Papers.

The IRS's announcement acts as reminder of reporting obligations for U.S. taxpayers, including:

- Form 114, *Report of Foreign Bank and Financial Accounts (FBAR)*, for foreign financial accounts that contain more than \$10,000 in the aggregate;
- Form 8938, *Statement of Specified Foreign Financial Assets*, for foreign assets above a certain thresholds;
- Form 3520, *Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts*, for certain foreign gifts; and
- Form 5471, *Information Return of U.S. Persons With Respect to Certain Foreign Corporation*, for certain foreign entities.

Those potentially impacted by the September 28, 2018, deadline should take immediate steps to assess and address any past noncompliance.

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