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IRS Wants to Know About Your Offshore Account **Tax-collecting agency is questioning how many Americans have offshore accounts and how they're being used**

Have a bank account overseas?

Be sure to tell the IRS about it.

The U.S. tax-collecting agency asked Americans with overseas accounts to report them by June 30. If you haven't done so, you could be in trouble.

Owing to globalization, more people in the United States have foreign financial accounts. There is nothing improper about setting up or maintaining such accounts. However, IRS officials are concerned U.S. citizen may overlook that their accounts are large enough to trigger reporting obligations.

"There are responsibilities that go along with owning such foreign bank and financial accounts," said IRS Commissioner Doug Shulman in a statement. "Foreign account owners must remember that they may have to report their accounts to the government, even if the accounts do not generate any taxable income."

Since 2000, the number of Report of Foreign Bank and Financial Accounts (FBAR) forms received by the Treasury has increased by nearly 85 percent, from 174,528 in 2000 to 322,414 in 2007. Despite this significant increase in filings, concern remains about the degree of reporting compliance for those who are required to file.

U.S. citizen are required to file a Report of Foreign Bank and Financial Accounts, Form TD F 90-22.1, each year if they have a financial interest in or signature authority or other authority over any financial accounts, including bank, securities or other types of financial accounts, in a foreign country, if the aggregate value of these financial accounts exceeds \$10,000 at any time during the calendar year.

Civil and criminal penalties for non-compliance with the FBAR filing requirements are severe. Civil penalties for a non-willful violation can range up to \$10,000 per violation. Civil penalties for a willful violation can range up to the greater of \$100,000 or 50 percent of the amount in the account at the time of the violation. Criminal penalties for violating the FBAR requirements while also violating certain other laws can range up to a \$500,000 fine or 10 years imprisonment or both. Civil and criminal penalties may be imposed together.

That the IRS is aggressively asking for such information should come as no surprise to those who read enforcement news closely.

For several years, the IRS kept a close eye on overseas accounts and their use in tax-avoidance schemes.

Until a recent crackdown, many Americans used overseas accounts to hide money and then linked those accounts to Visa and MasterCard accounts, allowing them to pay for expenses in the United States using money that was tax sheltered overseas.

That worked marvelously — until the IRS was able to get the credit card companies' records.

Since then, the IRS has been keeping closer tabs on offshore accounts.

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