

## **IRS REOPENS LIMITED AMNESTY FOR OFFSHORE ACCOUNTS**

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The Internal Revenue Service is once again providing US taxpayers with undeclared foreign accounts an amnesty program. The Offshore Voluntary Disclosure Program (OVDP) will allow taxpayers to avoid criminal prosecution if they voluntarily come forward and apply. OVDP participants also benefit from lower penalties.

The highest penalty under OVDP is not modest: 27.5% of the highest aggregate balance in the undeclared foreign accounts or entities during the eight full tax years before the taxpayer applies for the program. The penalty allowed by current statutes is much steeper: 50% of the account value *per year*. That makes the OVDP program a relative bargain. This is the third iteration of the program; the highest penalty in the 2009 program was 20%; in the 2011 program, it was 25%. IRS warns that it can discontinue the program entirely at any point.

IRS collected more than \$4.4 billion from the first two programs.

A lower 12.5% penalty applies to taxpayers if the account in question never exceeded \$75,000 in value during the eight-year period prior to the amnesty application.