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to comply as soon as possible with the Offshore Voluntary Disclosure Program to avoid significant penalties and criminal prosecution.

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Without a firm deadline in place from the IRS, U.S. citizens and resident aliens need to comply as soon as possible with the Offshore Voluntary Disclosure Program to avoid significant penalties and criminal prosecution.

Modeled after the Offshore Disclosure Initiative, OVDP was passed in 2012 and

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This program is just a facet of a wider effort by the IRS to stop offshore tax evasion and ensure tax compliance. It also includes criminal prosecution and third-party reporting under the Foreign Account Tax Compliance Act, enacted in 2010. Under FATCA, a Foreign Financial Institution may agree to report information on U.S. accounts. FFIs that choose not to enter into this agreement are subject to a 30 percent withholding tax on all U.S. sourced payments.

The clock on compliance is ticking as foreign banks work hard to identify their account holders who are U.S. citizens. Banks that do not wish to comply with the reporting requirement will identify U.S. customers, notify them of their tax obligations, and finally follow-up by closing the account.

Some U.S. citizens living abroad and dual citizens who have complied with tax rules where they reside raised concern that they should not be subject to this level of scrutiny. Those citizens claim they were simply unaware they were still required to file U.S. tax returns or disclose their foreign accounts. In response, the IRS created a Streamlined Filing Procedure for non-resident U.S. taxpayers, intended to encourage current non-residents and dual citizens to comply by filing delinquent returns.

The streamlined procedure is designed for taxpayers who present a low compliance risk with a history of following proper tax procedures up until the point of current overseas banking issues. The new procedures are for non-residents including, but not limited to, dual citizens who have not filed U.S. income tax or FBARs. Taxpayers who believe they are low-risk account holders should consult a tax professional to determine if they are an appropriate candidate for the program.

The IRS will analyze submitted questionnaires and filed tax returns to determine the level of compliance risk. The reviews will be expedited and it is expected that those classified as low compliance risk will not have penalties or other follow-up actions.

Submissions that present higher compliance risks are not eligible for the streamlined

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