



## **When FATCA and Tax Amnesty Programs intersect, will it be too late for US Taxpayers?**

Foreign Financial Institutions (FFIs) and host country tax authorities have provided IRS with a second round of information reports on financial accounts held by US Taxpayers. This exchange of information is automated and standardized among Government Tax Authorities and IRS, also directly by FFIs in Non-IGA and IGA 2 Countries. IRS has information from over 200,000 FFIs about financial accounts held by US Taxpayers, or by foreign entities in which US Taxpayers hold a substantial ownership interest. So what could be next for US Taxpayers that haven't disclosed and properly reported their foreign financial accounts?

Under FATCA, FFIs providing information about US account holders to IRS has exposed US Taxpayers with previously unreported accounts and assets. The important point about the "intersection" between FATCA and the Tax Amnesty Programs is timing. Before FATCA, a US Taxpayer who failed to file required tax forms could use US Partial Amnesty Programs for coming into compliance and possibly reduce their financial penalty exposure. They are still available to US Taxpayers who are out of compliance as long as they get to the IRS before IRS begins an investigation of the US Taxpayers. Meaning, the US Taxpayer has to "break the ice" – or make the first move. If the IRS identifies a US Taxpayer that is out of compliance and places him under Audit, then the Amnesty Programs **are not available**.

IRS has two rounds of FATCA information exchange in their vaults. It can initiate Audits on non-compliant US Taxpayers at any time. This can translate into a US Taxpayer's inability to join Tax Amnesty Programs like Streamlined Filing Compliance Procedures or the Offshore Voluntary Disclosure Program.

Don't be a victim of your own making. US Taxpayers with offshore bank accounts and assets that are out of compliance should consult their international Tax Specialist immediately..... and before their information arrives at the IRS, precipitating an investigation.