



IRS Streamlined Foreign Offshore Procedures

Purpose of Program

The Internal Revenue Service (IRS) offers a program for U.S. taxpayers to obtain clemency from the failure to report foreign financial assets and file past years' tax returns if the taxpayers' intent was not willful. The streamlined procedures allow taxpayers a method to

1. a streamlined methodology for filing past or amended tax returns, and
2. procedure to file the delinquent or amended tax returns to resolve tax issues, and
3. reasonable terms to resolve tax and penalty liabilities to the IRS.

Filing Threshold Requirements

Although, U.S. taxpayers are required to file their tax returns and financial assets reporting, they must meet the [filing threshold requirements](#). Therefore, a taxpayer may not have been required to file if they are under the filing requirements and will not have to be concerned with filing the tax return, FBAR, etc. However, even if no income, financial assets reaching an aggregate value of \$10,000 on any one day of the year must be reported to the U.S. government.

Who can use the Program?

In 2012, additional changes to the program was modified to include eligible U.S. taxpayers residing in the United States and the elimination of the \$1,500 tax threshold.

The streamlined filing compliance procedures is only eligible for individual taxpayers, or the estates of the individual taxpayers. The program is obtainable for all U.S. taxpayers either residing abroad or in the United States. However, there are specific eligibility for U.S. taxpayers residing abroad ("Streamlined Foreign Offshore Procedures") than those residing within the United States ("Streamlined Domestic Offshore Procedures").

Non-willful Criteria

The main criteria to qualify for the program is that the taxpayers must certify that the non-filing and non-payment of tax liabilities was not willful. The IRS states: *Non-willful conduct is conduct that is due to negligence, inadvertence, or mistake or conduct that is the result of a good faith misunderstanding of the requirements of the law.* The taxpayers must certify that the failure to not report all income, pay tax and submit all information reports, such as FBARs and Form 8938 is not willful.

Taxpayers that are under a civil examination by the IRS are not eligible for the streamlined procedures program. Taxpayers also cannot use the streamlined procedures if they had already filed delinquent returns and were assessed tax on those filings.



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Taxpayer Identification Number Needed

Taxpayers who want to participate in the streamlined procedures need a valid Taxpayer Identification Number (TIN). All returns submitted under the streamlined procedures must have a valid TIN. For U.S. citizens, resident aliens, and certain other individuals, the proper TIN is a valid Social Security Number (SSN). For individuals who are not eligible for an SSN or ITIN, the tax return will not be processed under the streamlined procedures.

What to File for Compliance

In order to become compliant under the Streamlined Foreign Offshore Procedures, the following reporting must be completed, if the filing level was reached:

1. File the last three years of tax returns, including all corresponding forms, reporting all worldwide income.
2. File the current year's tax return, including all corresponding forms.
3. File the last six years and current year FBAR
4. Complete and file the Form 14653: Certification by U.S. Person Residing Outside of the U.S. The Form must include a certification of reasoning for non-filing to determine non-willfulness.

If any tax due, payment should be established, or a payment plan requested.

What to Do to Complete Procedures

In order to complete this process, documents should be gathered. Some of these documents include:

1. End-of-year salary report from employers
2. Bank statements of investment income
3. Summarize rental income and corresponding expenses
4. Self-employed: income statement of revenue and expenses
5. Tax returns filed with the country of residence
6. Bank statements for determining high balances or "guess estimate" the older years if records are not available. For the past three years, it is advised to provide an estimate as close to possible. It is not exact since it will need to be converted to USD.

The initial process to complete the streamlined procedures is tedious with the gathering of documents and reporting. We can assist and offer advice on how to ease the process.

When the Process is Completed

Once the taxpayer has completed the streamlined procedures, it is expected that the tax and financial asset reporting be completed on an annual basis timely. The IRS will not send any confirmation of filing or compliance. The IRS will only communicate with taxpayer with issues or questions of the filing.



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[Additional reference links](#)

[Streamlined Filing Compliance Procedures](#)

[U.S. Taxpayers Residing Outside the United States](#)

[FBAR \(FinCEN Form 114\)](#)

[Form 8938, Statement of Specified Foreign Financial Assets](#)

Certification by [U.S. Person Residing Outside of the U.S.\(Form 14653\)\(PDF\)](#)

[Streamlined Filing Compliance Procedures for U.S. Taxpayers Residing Outside the United States Frequently Asked Questions and Answers](#)

The U.S. tax [filing threshold requirements](#)

Information provided by MIR Taxes LLC.

For additional questions or assistance, contact MIR Taxes at info@mirtaxes.com