

IRS News Release

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IRS Reminds Taxpayers that the Aug. 31 Deadline Is Fast Approaching for the Second Special Voluntary Disclosure Initiative of Offshore Accounts

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WASHINGTON — U.S. taxpayers hiding income in undisclosed offshore accounts are running out of time to take advantage of a soon-to-expire opportunity to come forward and get their taxes current with the Internal Revenue Service.

The IRS today reminded taxpayers that the 2011 Offshore Voluntary Disclosure Initiative (OVDI) will expire on Aug. 31, 2011. Taxpayers who come forward voluntarily get a better deal than those who wait for the IRS to find their undisclosed accounts and income. New foreign account reporting requirements are being phased in over the next few years, making it ever tougher to hide income offshore. As importantly, the IRS continues its focus on banks and bankers worldwide that assist U.S. taxpayers with hiding assets overseas.

“The time has come to get back into compliance with the U.S. tax system, because the risks of hiding money offshore keeps going up,” said IRS Commissioner Doug Shulman. “Our goal is to get people back into the system. The second voluntary initiative gives people a fair way to resolve their tax problems.”

The 2011 OVDI was announced on Feb. 8, 2011, and follows the 2009 Offshore Disclosure Program (OVDP). The 2011 initiative offers clear benefits to encourage taxpayers to come forward rather than risk detection by the IRS. Taxpayers hiding assets offshore who do not come forward will face far higher penalties along with potential criminal charges.

For the 2011 initiative, there is a new penalty framework that requires individuals to pay a penalty of 25 percent of the amount in the foreign bank accounts in the year with the highest aggregate account balance covering the 2003 to 2010 time period. Some taxpayers will be eligible for 5 or 12.5 percent penalties in certain narrow circumstances.

Participants also must pay back-taxes and interest for up to eight years as well as paying accuracy-related and/or delinquency penalties. All original and amended tax returns must be filed by the deadline.

The IRS has made available the 2011 OVDI information in eight foreign languages for those taxpayers with undisclosed offshore accounts. The agency took this step to reach taxpayers whose primary language may not be English. These translations include the following languages: Chinese ([Traditional](#) and [Simplified](#)), [Farsi](#), [German](#), [Hindi](#), [Korean](#), [Russian](#), [Spanish](#) and [Vietnamese](#).

The IRS decision to open a second special disclosure initiative was based on the success of the first program and many more taxpayers coming forward after the program closed on Oct. 15, 2009. The first special disclosure initiative program closed with about 15,000 voluntary disclosures regarding accounts at banks in more than 60 countries. Many taxpayers came in after the first program closed. These taxpayers were deemed eligible to take advantage of the special provisions of the second initiative.

Further details about this initiative are provided in a series of [questions and answers](#).