

Get Caught Up on Your American Expat Tax Returns

0

By Contributor on Aug 20, 2014 in Expatriate Living

Like

7

Tweet

3

Share

2

Pin it

1



Now is the Time to Get Caught Up on Your American Expat Tax Returns

Guest post by David McKeegan

Are you one of the millions of U.S. expats who didn't know you were required to file an American expat tax return each year? If so, now is the perfect time to get caught up! In the past, expats have been hesitant to come forward and file their delinquent returns, but the IRS recently made some major changes to their amnesty program, which should make it a whole lot easier to become compliant.

What it is: The Streamlined Filing Procedures. This program is a great option for expats like yourself who haven't purposely hid money in offshore accounts to avoid taxes — you simply didn't know you were required to file. Previously there were some restrictions that excluded many expats from using this program but the IRS has made some major changes, which allows most everyone to become compliant. The changes include:

1. Extension of eligibility to include U.S. taxpayers residing in the United States
2. Eliminating a requirement that the taxpayer have \$1,500 or less of unpaid tax per year
3. Elimination of the risk assessment process
4. Requiring the taxpayer to certify that previous failures to comply were due to non-willful conduct
5. Waiving of all late payment, late filing and FBAR penalties for U.S. taxpayers living abroad

What it means:

Waiving of all penalties. In a surprising move, the IRS eliminated all late filing and FBAR penalties under this program. FBAR (Foreign Bank Account Report) must be filed if you have foreign bank accounts that totaled \$10,000 or more at any point during a tax year. Even if you only hit that balance for one day (or one hour!) you will trigger a filing requirement.

The main purpose of the Streamlined Procedures is to help Americans get caught up on their returns. But the IRS recognizes that not every delinquent taxpayer is trying to avoid paying U.S. taxes. So one of the conditions of filing under the Streamlined Procedures is certifying that your lack of filing was non-willful.

If you were purposely hiding money, you would need to consider filing under their other program, the Offshore Voluntary Disclosure Program (OVDP). This program is designed for those who may be facing criminal liability or significant penalties for a willful hiding of offshore assets. If you think you may need to file under OVDP, we highly suggest you contact a tax attorney who specializes in these types of cases prior to applying to the program.

What to do:

File now. Under the Streamlined Filing Procedures, you need to file 3 years of tax returns and 6 FBARs (by mail). You need to file FBAR online, however. This is filed separately from your U.S. tax returns, as it gets reported to the Department of the Treasury, not the IRS.

U.S. expats are often concerned about the complexity and cost of getting caught up and are hesitant to do so. But with the IRS changes, penalties are a thing of the past so you may want to take advantage of this opportunity while it still exists. The U.S. did not set an ending date for the program, but they could discontinue it at any time—so don't delay!

ASK DAVID:

Dear David,

Are there any special forms I need to fill out to file under the Streamlined Filing Procedures?

-Carl P., United Kingdom

Carl: There are no special forms to complete or applications to fill out. At the top of the first page of each delinquent or amended tax return, include 'Streamlined Foreign Offshore' written in red to indicate that the returns are being submitted under these procedures. You must do this to make sure the IRS understands you are filing under the Streamlined Procedures. Otherwise your returns may appear to be filed as a 'quiet disclosure', which means that you were hoping to just slip those returns in without the IRS noticing. Many expats have successfully done this, but it is highly discouraged by the IRS.



About The Author
David McKeegan, MBA, EA is Co-Founder of [Greenback Expat Tax Services](#). Since 2008, Greenback Expat Tax Services has provided expert U.S. expat tax preparation to thousands of Americans living in over 115 countries around the world.

Have a U.S. expat tax question you want answered in his next column? Contact him at info@GreenbackTaxServices.com.

Like

7

Tweet

3

Share

2

Pin it

1

If you enjoyed this article, subscribe to receive more great content just like it.

[Subscribe via RSS Feed](#)

Comments (0)

[Trackback URL](#) | [Comments RSS Feed](#)

Comments are closed.



Loading

The Global Living Store at Zazzle

Global Living Magazine

Subscribe

Archives

Tags

Popular

Follow Me on Twitter

Connect With Me on Facebook

Connect With Me on LinkedIn

Sign up for Global Living Magazine News

First Name

Email Address*

* = required field

Subscribe

[unsubscribe from list](#)

powered by [MailChimp!](#)