

## FBAR Update: Mastering FinCen Form 114, New Deadlines, Extension, Penalty Resolution and Waiver Provisions

THURSDAY, FEBRUARY 4, 2016, 1:00-2:50 pm Eastern

### IMPORTANT INFORMATION

This program is approved for 2 CPE credit hours. To earn credit you must:

- **Participate in the program on your own computer connection (no sharing)** - if you need to register additional people, please call customer service at 1-800-926-7926 x10 (or 404-881-1141 x10). Strafford accepts American Express, Visa, MasterCard, Discover.
- **Listen on-line** via your computer speakers.
- **Respond to five prompts during the program plus a single verification code.** You will have to write down only the final verification code on the attestation form, which will be emailed to registered attendees.
- To earn full credit, you must remain connected for the entire program.

### WHO TO CONTACT

**For Additional Registrations:**

-Call Strafford Customer Service 1-800-926-7926 x10 (or 404-881-1141 x10)

**For Assistance During the Program:**

-On the web, use the chat box at the bottom left of the screen

If you get disconnected during the program, you can simply log in using your original instructions and PIN.

Name(s) of taxpayer(s)	TIN(s) of taxpayer(s)
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Note: Spouses should submit a joint certification if they are submitting joint income tax returns under the Streamlined Foreign Offshore Procedures. If this certification is a joint certification, the statements will be considered made on behalf of both spouses, even though the pronoun "I" is used. If spouses submitting a joint certification have different reasons for their failure to report all income, pay all tax, and submit all required information returns, including FBARs, they must state their individual reasons separately in the required statement of facts.

**Certification**

I am providing delinquent or amended income tax returns, including all required information returns, for each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed. The tax and interest I owe for each year are as follows

Year <i>(list years in order)</i>	Amount of Tax I Owe <i>(Form 1040, line 76, or Form 1040X, line 19)</i>	Interest	Total
Total			

Note: Your payment should equal the total tax and interest due for all three years. You may receive a balance due notice or a refund if the tax or interest is not calculated correctly.

I failed to report income from one or more foreign financial assets during the above period.

I meet the non-residency requirements for the Streamlined Foreign Offshore procedures.

Note: Both spouses filing a joint certification must meet the non-residency requirements.

I meet all the other eligibility requirements for the Streamlined Foreign Offshore procedures.

If I failed to timely file correct and complete FBARs for any of the last six years, I have now filed those FBARs.

I agree to retain all records related to my income and assets during the period covered by my delinquent or amended returns until three years from the date of this certification. If I was required to file delinquent FBARs in accordance with these procedures, I also agree to retain all records (including, but not limited to, account statements) related to my foreign financial accounts until six years from the date of this certification. Upon request, I agree to provide all such records to the Internal Revenue Service.

My failure to report all income, pay all tax, and submit all required information returns, including FBARs, was due to non-willful conduct. I understand that 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.

I recognize that if the Internal Revenue Service receives or discovers evidence of willfulness, fraud, or criminal conduct, it may open an examination or investigation that could lead to civil fraud penalties, FBAR penalties, information return penalties, or even referral to Criminal Investigation.

Provide specific reasons for your failure to report all income, pay all tax, and submit all required information returns, including FBARs. If you relied on a professional advisor, provide the name, address, and telephone number of the advisor and a summary of the advice. If married taxpayers submitting a joint certification have different reasons, provide the individual reasons for each spouse separately in the statement of facts. The field below will automatically expand to accommodate your statement of facts.

Under penalties of perjury, I declare that I have examined this certification and all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of Taxpayer	Name of Taxpayer	Date
Signature of Taxpayer <i>(if joint certification)</i>	Name of Taxpayer <i>(if joint certification)</i>	Date

**For Estates Only**

Signature of Fiduciary	Date
Title of Fiduciary <i>(e.g., executor or administrator)</i>	Name of Fiduciary

**Privacy Act and Paperwork Reduction Notice**

We ask for the information on this certification by U.S. person residing in the United States for streamlined domestic offshore procedures to carry out the Internal Revenue laws of the United States. Our authority to ask for information is sections 6001, 6109, 7801, 7803 and the regulations thereunder. This information will be used to determine and collect the correct amount of tax under the terms of the streamlined filing compliance program. You are not required to apply for participation in the streamlined filing compliance program. If you choose to apply, however, you are required to provide all the information requested on the streamlined certification. You are not required to provide the information requested on a document that is subject to the Paperwork Reduction Act unless the document displays a valid OMB control number. Books or records relating to a document or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. Section 6103, however, allows or requires the Internal Revenue Service to disclose or give this information to others as described in the Internal Revenue Code. For example, we may disclose this information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Failure to provide this information may delay or prevent processing your application. Providing false information may subject you to penalties. The time needed to complete and submit the streamlined certification will vary depending on individual circumstances. The estimated average time is: 2 hour

Form **14653**  
(January 2016)

Department of the Treasury - Internal Revenue Service

**Certification by U.S. Person Residing Outside of the United States for Streamlined Foreign Offshore Procedures**

OMB Number  
1545-2241

Name(s) of taxpayer(s)		TIN(s) of taxpayer(s)	Telephone number	
Mailing address		City	State	ZIP code

**Note:** If this certification is a joint certification, the statements will be considered made on behalf of both spouses, even though the pronoun "I" is used. If spouses submitting a joint certification have different reasons for their failure to report all income, pay all tax, and submit all required information returns, including FBARs, they must state their individual reasons separately in the required statement of facts.

**Certification**

I am providing delinquent or amended income tax returns, including all required information returns, for each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed. The tax and interest I owe for each year are as follows

Year (list years in order)	Amount of Tax I Owe (Form 1040, line 76, or Form 1040X, line 19)	Interest	Total
			\$0.00
			\$0.00
			\$0.00
<b>Total</b>	\$0.00	\$0.00	\$0.00

**Note:** Your payment should equal the total tax and interest due for all three years. You may receive a balance due notice or a refund if the tax or interest is not calculated correctly.

I failed to report income from one or more foreign financial assets during the above period.

I meet all the other eligibility requirements for the Streamlined Foreign Offshore procedures.

If I failed to timely file correct and complete FBARs for any of the last six years, I have now electronically filed those FBARs.

I agree to retain all records related to my income and assets during the period covered by my delinquent or amended returns until three years from the date of this certification. If I was required to file delinquent FBARs in accordance with these procedures, I also agree to retain all records (including, but not limited to, account statements) related to my foreign financial accounts until six years from the date of this certification. Upon request, I agree to provide all such records to the Internal Revenue Service.

My failure to report all income, pay all tax, and submit all required information returns, including FBARs, was due to non-willful conduct. I understand that 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.

I recognize that if the Internal Revenue Service receives or discovers evidence of willfulness, fraud, or criminal conduct, it may open an examination or investigation that could lead to civil fraud penalties, FBAR penalties, information return penalties, or even referral to Criminal Investigation.

I meet the non-residency requirements for the Streamlined Foreign Offshore procedures as disclosed below.

**Note:** Both spouses filing a joint certification must meet the non-residency requirements.

**Complete one of the following (two) sections regarding your residency status**

If **you are** a U.S. citizen or lawful permanent resident (i.e., "green card holder"), complete this section:

For the covered tax period, indicate whether you were physically outside the United States for each year. You must have been physically outside the U.S. for at least 330 full days in any one or more of the most recent three years for which the U.S. tax return due date (or properly applied for extended due date) has passed, and you must not have had a U.S. abode. For more information on the meaning of "abode" see IRS Publication 54.

I was physically outside the United States for at least 330 full days (answer Yes or No for each year)

Year	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

Both spouses filing a joint certification must meet the non-residency requirement. If the number of days physically outside of the U.S. differs for each spouse, disclose that on the chart above or in an attachment to this certification.

**If you are not a U.S. citizen or lawful permanent resident, complete this section:**

If you are not a U.S. citizen or a lawful permanent resident, please attach to this certification your computation showing that you did not meet the substantial presence test under I.R.C. sec. 7701(b)(3). Your computation must disclose the number of days you were present in the U.S. for the three years included in your Streamlined Foreign Offshore Procedures submission and the previous two years. If you do not attach a complete computation showing that you did not meet the substantial presence test, your submission will be considered incomplete and your submission will not qualify for the Streamlined Foreign Offshore Procedures.

Both spouses filing a joint certification must meet the non-residency requirement. If the number of days inside the U.S. differs for each spouse, disclose that on the chart above or in an attachment to this certification.

**Note:** You must provide specific facts on this form or on a signed attachment explaining your failure to report all income, pay all tax, and submit all required information returns, including FBARs. Any submission that does not contain a narrative statement of facts will be considered incomplete and will not qualify for the streamlined penalty relief.

**Provide specific reasons for your failure to report all income, pay all tax, and submit all required information returns, including FBARs. Include the whole story including favorable and unfavorable facts. Specific reasons, whether favorable or unfavorable to you, should include your personal background, financial background, and anything else you believe is relevant to your failure to report all income, pay all tax, and submit all required information returns, including FBARs. Additionally, explain the source of funds in all of your foreign financial accounts/assets. For example, explain whether you inherited the account/asset, whether you opened it while residing in a foreign country, or whether you had a business reason to open or use it. And explain your contacts with the account/asset including withdrawals, deposits, and investment/management decisions. Provide a complete story about your foreign financial account/asset. If you relied on a professional advisor, provide the name, address, and telephone number of the advisor and a summary of the advice. If married taxpayers submitting a joint certification have different reasons, provide the individual reasons for each spouse separately in the statement of facts. The field below will automatically expand to accommodate your statement of facts.**

Under penalties of perjury, I declare that I have examined this certification and all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of Taxpayer	Name of Taxpayer	Date
Signature of Taxpayer <i>(if joint certification)</i>	Name of Taxpayer <i>(if joint certification)</i>	Date

**For Estates Only**

Signature of Fiduciary		Date
Title of Fiduciary (e.g., executor or administrator)	Name of Fiduciary	

**For Paid Preparer Use Only** (the signature of taxpayer(s) or fiduciary is required even if this form is signed by a paid preparer)

Signature of Preparer	Name of Preparer	Date	
Firm's name		Firm's EIN	
Firm's address	City	State	ZIP code
Telephone number	PTIN	<input type="checkbox"/> Check if Self-Employed	
Do you want to allow another person to discuss this form with the IRS <input type="checkbox"/> Yes (complete information below) <input type="checkbox"/> No			
Designee's name		Telephone number	

**Privacy Act and Paperwork Reduction Notice**

We ask for the information on this certification by U.S. person residing in the United States for streamlined domestic offshore procedures to carry out the Internal Revenue laws of the United States. Our authority to ask for information is sections 6001, 6109, 7801, 7803 and the regulations thereunder. This information will be used to determine and collect the correct amount of tax under the terms of the streamlined filing compliance program. You are not required to apply for participation in the streamlined filing compliance program. If you choose to apply, however, you are required to provide all the information requested on the streamlined certification. You are not required to provide the information requested on a document that is subject to the Paperwork Reduction Act unless the document displays a valid OMB control number. Books or records relating to a document or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. Section 6103, however, allows or requires the Internal Revenue Service to disclose or give this information to others as described in the Internal Revenue Code. For example, we may disclose this information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Failure to provide this information may delay or prevent processing your application. Providing false information may subject you to penalties. The time needed to complete and submit the streamlined certification will vary depending on individual circumstances. The estimated average time is: 2 hours

Name(s) of taxpayer(s)	TIN(s) of taxpayer(s)
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Note: Spouses should submit a joint certification if they are submitting joint income tax returns under the Streamlined Foreign Offshore Procedures. If this certification is a joint certification, the statements will be considered made on behalf of both spouses, even though the pronoun "I" is used. If spouses submitting a joint certification have different reasons for their failure to report all income, pay all tax, and submit all required information returns, including FBARs, they must state their individual reasons separately in the required statement of facts.

**Certification**

I am providing amended income tax returns, including all required information returns, for each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed. I previously filed original tax returns for these years. The tax and interest I owe for each year are as follows

Year <i>(list years in order)</i>	Amount of Tax I Owe <i>(Form 1040X, line 19)</i>	Interest	Total
<b>Total</b>			

I failed to report income from one or more foreign financial assets during the above period.

I meet all the eligibility requirements for the Streamlined Domestic Offshore procedures.

If I failed to timely file correct and complete FBARs for any of the last 6 years, I have now filed those FBARs.

During each year in either my 3-year covered tax return period or my 6-year covered FBAR period, my foreign financial assets subject to the 5% miscellaneous offshore penalty were as follows

Year

Name, City, and Country of Financial Institution/Description of Asset	Account Number	Year Account Was Opened or Asset Was Acquired	Year-End Balance/ Asset Value <i>(state in US Dollars)</i>
<b>Total</b>			

If you held no assets subject to the 5% miscellaneous offshore penalty during this year enter "N/A" next to "Total" in the above table. Attach a continuation sheet if necessary. If you attach a continuation sheet, it must be signed with taxpayer name(s) and TIN(s) printed.

Year

Name, City, and Country of Financial Institution/Description of Asset	Account Number	Year Account Was Opened or Asset Was Acquired	Year-End Balance/ Asset Value <i>(state in US Dollars)</i>
<b>Total</b>			

If you held no assets subject to the 5% miscellaneous offshore penalty during this year enter "N/A" next to "Total" in the above table. Attach a continuation sheet if necessary. If you attach a continuation sheet, it must be signed with taxpayer name(s) and TIN(s) printed.

Year

Name, City, and Country of Financial Institution/Description of Asset	Account Number	Year Account Was Opened or Asset Was Acquired	Year-End Balance/ Asset Value (state in US Dollars)
Total			

If you held no assets subject to the 5% miscellaneous offshore penalty during this year enter "N/A" next to "Total" in the above table. Attach a continuation sheet if necessary. If you attach a continuation sheet, it must be signed with taxpayer name(s) and TIN(s) printed.

Year

Name, City, and Country of Financial Institution/Description of Asset	Account Number	Year Account Was Opened or Asset Was Acquired	Year-End Balance/ Asset Value (state in US Dollars)
Total			

If you held no assets subject to the 5% miscellaneous offshore penalty during this year enter "N/A" next to "Total" in the above table. Attach a continuation sheet if necessary. If you attach a continuation sheet, it must be signed with taxpayer name(s) and TIN(s) printed.

Year

Name, City, and Country of Financial Institution/Description of Asset	Account Number	Year Account Was Opened or Asset Was Acquired	Year-End Balance/ Asset Value (state in US Dollars)
Total			

If you held no assets subject to the 5% miscellaneous offshore penalty during this year enter "N/A" next to "Total" in the above table. Attach a continuation sheet if necessary. If you attach a continuation sheet, it must be signed with taxpayer name(s) and TIN(s) printed.

Year

Name, City, and Country of Financial Institution/Description of Asset	Account Number	Year Account Was Opened or Asset Was Acquired	Year-End Balance/ Asset Value (state in US Dollars)
Total			

If you held no assets subject to the 5% miscellaneous offshore penalty during this year enter "N/A" next to "Total" in the above table. Attach a continuation sheet if necessary. If you attach a continuation sheet, it must be signed with taxpayer name(s) and TIN(s) printed.



Year

Note: Use this seventh year only if your 3-year covered tax return period does not completely overlap with your 6-year covered FBAR period (for example, if your 3-year covered tax return period is 2011 through 2013 because the due date for your 2013 tax return is passed, but your covered FBAR period is 2007 through 2012 because the due date for the 2013 FBAR has not passed).

Name, City, and Country of Financial Institution/Description of Asset	Account Number	Year Account Was Opened or Asset Was Acquired	Year-End Balance/Asset Value <i>(state in US Dollars)</i>
Total			

If you held no assets subject to the 5% miscellaneous offshore penalty during this year enter "N/A" next to "Total" in the above table. Attach a continuation sheet if necessary. If you attach a continuation sheet, it must be signed with taxpayer name(s) and TIN(s) printed.

**The assets listed in this certification are my only foreign financial assets subject to the 5% miscellaneous offshore penalty.**

My penalty computation is as follows

Highest Account Balance/Asset Value <i>(enter the highest total balance/asset value among the years listed above)</i>	
Miscellaneous Offshore Penalty <i>(Highest Account Balance/Asset Value from above multiplied by 5%)</i>	

My payment information is as follows

Total Tax and Interest Due	
Miscellaneous Offshore Penalty	
Total Payment	

Note: Your payment should equal the total tax and interest due for all three years, plus the miscellaneous offshore penalty. You may receive a balance due notice or a refund if the tax, interest, or penalty is not calculated correctly.

In consideration of the Internal Revenue Service's agreement not to assert other penalties with respect to my failure to report foreign financial assets as required on FBARs or Forms 8938 or my failure to report income from foreign financial assets, I consent to the immediate assessment and collection of a Title 26 miscellaneous offshore penalty for the most recent of the three tax years for which I am providing amended income tax returns. I waive all defenses against and restrictions on the assessment and collection of the miscellaneous offshore penalty, including any defense based on the expiration of the period of limitations on assessment or collection. I waive the right to seek a refund or abatement of the miscellaneous offshore penalty.

I agree to retain all records (including, but not limited to, account statements) related to my assets subject to the 5% miscellaneous offshore penalty until six years from the date of this certification. I also agree to retain all records related to my income and assets during the period covered by my amended income tax returns until three years from the date of this certification. Upon request, I agree to provide all such records to the Internal Revenue Service.

My failure to report all income, pay all tax, and submit all required information returns, including FBARs, was due to non-willful conduct. I understand that 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.

I recognize that if the Internal Revenue Service receives or discovers evidence of willfulness, fraud, or criminal conduct, it may open an examination or investigation that could lead to civil fraud penalties, FBAR penalties, information return penalties, or even referral to Criminal Investigation.

Provide specific reasons for your failure to report all income, pay all tax, and submit all required information returns, including FBARs. If you relied on a professional advisor, provide the name, address, and telephone number of the advisor and a summary of the advice. If married taxpayers submitting a joint certification have different reasons, provide the individual reasons for each spouse separately in the statement of facts. The field below will automatically expand to accommodate your statement of facts.

Under penalties of perjury, I declare that I have examined this certification and all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of Taxpayer	Name of Taxpayer	Date
Signature of Taxpayer <i>(if joint certification)</i>	Name of Taxpayer <i>(if joint certification)</i>	Date

**For Estates Only**

Signature of Fiduciary	Date
Title of Fiduciary <i>(e.g., executor or administrator)</i>	Name of Fiduciary

**Privacy Act and Paperwork Reduction Notice**

We ask for the information on this certification by U.S. person residing in the United States for streamlined domestic offshore procedures to carry out the Internal Revenue laws of the United States. Our authority to ask for information is sections 6001, 6109, 7801, 7803 and the regulations thereunder. This information will be used to determine and collect the correct amount of tax under the terms of the streamlined filing compliance program. You are not required to apply for participation in the streamlined filing compliance program. If you choose to apply, however, you are required to provide all the information requested on the streamlined certification. You are not required to provide the information requested on a document that is subject to the Paperwork Reduction Act unless the document displays a valid OMB control number. Books or records relating to a document or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. Section 6103, however, allows or requires the Internal Revenue Service to disclose or give this information to others as described in the Internal Revenue Code. For example, we may disclose this information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Failure to provide this information may delay or prevent processing your application. Providing false information may subject you to penalties. The time needed to complete and submit the streamlined certification will vary depending on individual circumstances. The estimated average time is: 2 hour



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## Streamlined Filing Compliance Procedures for U.S. Taxpayers Residing in the United States Frequently Asked Questions and Answers

Effective for Streamlined Submissions Made On or After July 1, 2014

#	Questions	Answers
Q1.	Is the 5-percent penalty for Streamlined Domestic Offshore filers intended to reach foreign financial assets in which the taxpayer has no personal financial interest or only a partial interest?	No. Read literally, the third paragraph of the description of the scope of the Streamlined Domestic Offshore Procedures says that the penalty applies to all reportable but unreported foreign financial assets. However, the penalty is not intended to reach assets in which the taxpayer had no financial interest, such as an employer's account over which the taxpayer had only signature authority, or portions of assets in which the taxpayer had no personal financial interest. In order to address questions left open by the brief definition of assets in the penalty base in the Streamlined Domestic Offshore Procedures the Service will apply the principles announced in OVDP FAQs 31 through 33, 35.1, and 38 through 41.
Q2.	I am a U.S. resident making a Streamlined Domestic Offshore submission. In addition to foreign financial accounts and assets, I own an income producing rental property in a foreign jurisdiction that is not reportable on FBAR or Form 8938. Is the real estate included in the Streamlined Domestic Offshore penalty base?	No. Any asset (tax compliant or non-compliant) that was not the kind of asset reportable on either FBAR or Form 8938 is not included in the penalty base for the Streamlined Domestic Offshore Procedures.
Q3.	The Streamlined Domestic Offshore Procedures provide that foreign financial assets subject to the 5-percent penalty include assets that should have been, but were not, reported on Form 8938. The instructions for Form 8938 provide that any assets reported on timely filed Forms 3520 or 5471 need not be reported on Form 8938 for the same tax year. Are assets I report on delinquent Forms 3520 or 5471 excluded from the 5-percent penalty base?	No. The instruction referred to was designed to eliminate the burden of duplicate reporting and does not affect the definition of "foreign financial asset." All assets that meet the definition of "foreign financial asset" in the instructions for Form 8938 and not reported on that form should be included in the 5-percent penalty base, unless the taxpayer reported them on timely filed Forms 3520 or 5471.
Q4.	I am a U.S. resident making a Streamlined Domestic Offshore submission. I am the 100-percent owner of an incorporated business with various assets, including financial accounts. Does the 5-percent penalty base include the stock in the corporation or just the underlying financial accounts?	The penalty base includes the stock in the corporation (and not the underlying financial accounts) unless it is a disregarded entity for federal income tax purposes. Under the instructions for Form 8938, stock in a foreign corporation is a specified foreign financial asset. Whether the stock in the foreign corporation or the underlying foreign financial accounts are reportable on Form 8938, and therefore are included in the penalty base, depends on whether the corporation is a disregarded entity. If it is, the instructions require the reporting of the underlying foreign financial accounts, which would then be included in the penalty base. However, if the corporation is not a disregarded entity, then the instructions provide that the taxpayer is not considered the owner of the underlying assets solely as a result of the taxpayer's status as a shareholder. The same principle would apply to assets that are held in a foreign partnership or trust.
Q5.	How should I value stock in a foreign corporation that is included in the 5-percent penalty base for Streamlined Domestic Offshore filers?	Any reasonable method of valuing the stock, such as using the balance sheet on the Form 5471, for purposes of calculating the 5-percent penalty. No valuation discounts may be taken on foreign financial assets subject to the 5-percent penalty. The principles in 2014 OVDP FAQ 35.1 are applied to Streamlined Domestic Offshore submissions.
Q6.	How do I calculate the 5-percent penalty for Streamlined Domestic Offshore filers?	Begin the computation by identifying the assets included in the penalty base for each of the last six years. These assets include: <ul style="list-style-type: none"> <li>For each of the six years in the covered FBAR period, all foreign financial accounts</li> </ul>

		<p>(as defined in the instructions for FinCEN Form 114) in which the taxpayer has a personal financial interest that should have been, but were not reported, on an FBAR;</p> <ul style="list-style-type: none"> <li>• For each of the three years in the covered tax return period, all foreign financial assets (as defined in the instructions for Form 8938) in which the taxpayer has a personal financial interest that should have been, but were not, reported on Form 8938.</li> <li>• For each of the three years in the covered tax return period, all foreign financial accounts/assets (as defined in the instructions for FinCEN Form 114 or IRS Form 8938) for which gross income was not reported for that year.</li> </ul> <p>Once the assets in the penalty base have been identified for each year, enter the value of the taxpayer's personal financial interest in each asset as of December 31 of the applicable year on the Certification by U.S. Person Residing in the United States for Streamlined Domestic Offshore Procedures (Form 14654). For any year in which a foreign financial account was FBAR compliant and (for the most recent three years) in which a foreign financial asset was both Form 8938 and Form 1040 compliant, the amount entered on the form will be zero. Once the asset values have been entered on the form, add up the totals for each year and select the highest aggregate amount as the base for the 5-percent penalty.</p>
Q7.	I am a U.S. resident who filed compliant tax returns (including Forms 8938) and FBARs for the most recent three years for which tax returns were due. However, I failed to properly report a foreign financial asset in years prior to that and did not make a voluntary disclosure. I am otherwise eligible to make a Streamlined Domestic Offshore submission. May I make a streamlined submission and, if so, how is the 5 percent penalty calculated?	<p>You may make a streamlined submission. Because the most recent three years are fully compliant, there will be no assets in the penalty base for those years. Follow the procedure in answer 6 above for the three years prior to that to calculate the aggregate year-end account balances and year-end asset values for each of those three years. The penalty is 5 percent of the highest aggregate amount. When making your submission, attach the certification to a Form 1040X for only the most recent tax year for which you filed an income tax return showing a zero change in tax. Please write "Streamlined Domestic Offshore" in red ink at the top of the Form 1040X.</p>
Q8.	I have a Canadian registered retirement savings plan (RRSP), registered retirement income fund (RRIF), or other similar Canadian retirement plan. I am an "eligible individual" as defined in § 4.01 of Rev. Proc. 2014-55. Under the procedures in effect prior to the issuance of Rev. Proc. 2014-55, I did not make a timely election under Article XVIII (7) of the U.S.–Canada income tax treaty to defer U.S. income tax on undistributed income earned by my Canadian retirement plan. How should I report my Canadian retirement plan with my Streamlined submission, and will it be included in the penalty base?	<p>Under § 4.02 of Rev. Proc. 2014-55, you are treated as having made the election. <u>See</u> Rev. Proc. 2014-55, § 7. Your Canadian retirement plan will not be included in the 5-percent penalty base. In the narrative statement of facts on Form 14654, please state that you are an "eligible individual" under Rev. Proc. 2014-55. You may need to report your Canadian retirement plan on FBARs or Forms 8938. Please refer to the instructions for these forms for more information.</p>
Q9.	Same facts as FAQ 8 except my Canadian retirement plan is the only foreign financial asset I own or control, and, consequently, I had no unreported gross income from any foreign financial assets. Do I need to report my Canadian retirement plan under the Streamlined Domestic Offshore Procedures?	<p>No. You do not need to report your interest in the Canadian retirement plan under the Streamlined Domestic Offshore Procedures. Please file any required delinquent FBARs pursuant to the Delinquent FBAR Submission Procedures and any required delinquent Forms 8938 with a reasonable cause statement pursuant to the Delinquent International Information Return Submission Procedures.</p>
Q10.	Same facts as FAQ 8 except I am not an "eligible individual" because I reported as gross income on a U.S. Federal income tax return some or all of the accrued but undistributed earnings in my Canadian retirement plan. <u>See</u> § 4.01 C) of Rev. Proc. 2014-55. But I now realize I could have deferred the tax on the accrued but undistributed earnings in my Canadian retirement plan. Additionally, I have other tax compliance issues that need to be corrected through a Streamlined submission. How do I correct my reporting of accrued but	<p>If you submit amended income tax returns through the Streamlined Domestic Offshore Procedures and meet the requirements discussed below, you will be afforded relief consistent with Rev. Proc. 2014-55 for the tax years included in your submission. This procedure is not available if you reported as gross income on a U.S. Federal income tax return accrued but undistributed earnings in a Canadian retirement plan for one or more tax years beyond the scope of your Streamlined submission. Additionally, this procedure is not available if you failed to report any and all</p>

	<p>undistributed earnings in my Canadian retirement plan, and will my Canadian retirement plan be included in the penalty base?</p>	<p>distributions received from the plan as if you had made an election under Article XVIII(7) of the U.S.–Canada income tax treaty. <u>See</u> § 4.01 D) of Rev. Proc. 2014-55. In these cases, you must seek the consent of the Commissioner as directed by § 4.04 of Rev. Proc. 2014-55.</p> <p>If you qualify to use this procedure, your Canadian retirement plan will not be included in the 5-percent penalty base. In the narrative statement of facts on Form 14654, please state that you have met the other requirements to be an “eligible individual” under § 4.01 of Rev. Proc. 2014-55. <u>See</u> A), B), and D) of § 4.01 of Rev. Proc. 2014-55. Please also state that the reporting of accrued but undistributed earnings was limited to the tax years in your Streamlined submission. You may need to report your Canadian retirement plan on FBARs or Forms 8938. Please refer to the instructions for these forms for more information.</p>														
<p>Q11.</p>	<p>Same facts as FAQ 8 except I am not an “eligible individual” because I reported as gross income on a U.S. Federal income tax return some or all of the accrued but undistributed earnings in my Canadian retirement plan. <u>See</u> § 4.01 C) of Rev. Proc. 2014-55. But I now realize I could have deferred the tax on the accrued but undistributed earnings in my Canadian retirement plan. Additionally, I have <u>no</u> other tax compliance issues that need to be corrected through a Streamlined submission</p>	<p>You should not use the Streamlined Domestic Offshore Procedures because you have no tax compliance issues beyond reporting accrued but undistributed earnings in your Canadian retirement plan. Therefore, you should follow normal procedures for filing amended income tax returns or seek the consent of the Commissioner as directed by § 4.04 of Rev. Proc. 2014-55.</p> <p>You may need to report your Canadian retirement plan on FBARs or Forms 8938. Please refer to the instructions for these forms for more information.</p>														
<p>Q12.</p>	<p>I made a Streamlined Domestic Offshore submission and provided amended income tax returns, a Form 14654, Certification by U.S. Person Residing in the United States for Streamlined Domestic Offshore Procedures, and payment of all tax, penalty, and interest. I recently realized that I included in the highest account balance/asset value of my foreign financial assets my Canadian registered retirement savings plan (RRSP), registered retirement income fund (RRIF), or other similar Canadian retirement plan. Further, I am an “eligible individual” as defined in section 4.01 of Rev. Proc. 2014-55. May I request reconsideration of the miscellaneous offshore penalty amount due to the inclusion of my Canadian retirement plan in the penalty base? How do I do so?</p>	<p>Yes, you may request reconsideration of the miscellaneous offshore penalty amount. Complete and sign Form 14708, Streamlined Domestic Penalty Reconsideration Request Related to Canadian Retirement Plans (form pending publication as of the date of posting of this FAQ), and mail it to:</p> <p>Internal Revenue Service 3651 South I-H 35 Stop 4305 AUCS Attn: Streamlined Unit Austin, TX 78741</p> <p><b>Example:</b> The taxpayer reported on her original certification a highest account balance/asset value of \$130,000, consisting of year-end balances of the following foreign financial assets:</p> <table border="0"> <tr> <td>Checking account</td> <td>\$10,000</td> </tr> <tr> <td>Savings account</td> <td>\$20,000</td> </tr> <tr> <td>RRSP account</td> <td><u>\$100,000</u></td> </tr> <tr> <td>Total</td> <td>\$130,000</td> </tr> </table> <p>The taxpayer computed the miscellaneous offshore penalty as \$6,500 (\$130,000 x 5%). The taxpayer would like to request reconsideration of the miscellaneous offshore penalty amount. She computes her revised highest account balance/asset value as follows:</p> <table border="0"> <tr> <td>Checking account</td> <td>\$10,000</td> </tr> <tr> <td>Savings account</td> <td><u>\$20,000</u></td> </tr> <tr> <td>Total</td> <td>\$30,000</td> </tr> </table> <p>After removing the value of the RRSP, the revised miscellaneous offshore penalty amount is \$1,500 (\$30,000 x 5%). In completing Form 14708, the taxpayer should enter \$6,500 on Line 1, \$1,500 on Line 2, and \$5,000 on Line 3.</p> <p>This example assumes that the revised highest account balance/asset value is in the same year as the original certification. But the revised highest account balance/asset value may be for a different year. If your revised highest account balance/asset value is for a different year than that in your original certification, please complete the appropriate section of Form 14708 to indicate the change.</p>	Checking account	\$10,000	Savings account	\$20,000	RRSP account	<u>\$100,000</u>	Total	\$130,000	Checking account	\$10,000	Savings account	<u>\$20,000</u>	Total	\$30,000
Checking account	\$10,000															
Savings account	\$20,000															
RRSP account	<u>\$100,000</u>															
Total	\$130,000															
Checking account	\$10,000															
Savings account	<u>\$20,000</u>															
Total	\$30,000															

Q13	What facts do I need to include in completing the narrative statement of facts portion of the Form 14654?	<p>Provide specific reasons for your failure to report all income, pay all tax, and submit all required information returns, including FBARs. Include the whole story including favorable and unfavorable facts. Specific reasons, whether favorable or unfavorable to you, should include your personal background, financial background, and anything else you believe is relevant to your failure to report all income, pay all tax, and submit all required information returns, including FBARs. Additionally, explain the source of funds in all of your foreign financial accounts/assets. For example, explain whether you inherited the account/asset, whether you opened it while residing in a foreign country, or whether you had a business reason to open or use it. And explain your contacts with the account/asset including withdrawals, deposits, and investment/management decisions. Provide a complete story about your foreign financial account/asset.</p> <p>The following points address common situations that may apply to you:</p> <ul style="list-style-type: none"> <li>• We realize that many taxpayers failed to acknowledge their financial interest in or signature authority over foreign financial accounts on Form 1040, Schedule B. If you (or your return preparer) inadvertently checked "no" on Schedule B, line 7a, simply provide your explanation.</li> <li>• We realize that some taxpayers that owned or controlled a foreign entity (e.g., corporation, trust, partnership, IBC, etc.) failed to properly report ownership of the entity or transactions with the foreign entity. If you (or your return preparer) inadvertently failed to report ownership or control of the foreign entity or transactions with the foreign entity, explain why and include your understanding of your reporting obligations to the IRS and to foreign jurisdictions.</li> <li>• If you relied on a professional advisor, provide the name, address, and telephone number of the advisor and a summary of the advice. Also provide background such as how you came into contact with the advisor and frequency of communication with the advisor.</li> <li>• If married taxpayers submitting a joint certification have different reasons, provide the individual reasons for each spouse separately in the statement of facts.</li> </ul>
Q14	In one or more of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed, I filed joint income tax returns. But my spouse/former spouse will not sign joint amended returns or a joint certification on Form 14654 for a Streamlined submission. What can I do? Am I precluded from using the Streamlined Domestic Offshore Procedures?	<p>We understand that in certain cases (including but not limited to separation or divorce), your spouse/former spouse may not be willing to sign joint amended income tax returns or a joint certification on Form 14654. You may submit a joint amended income tax return with only your signature to Streamlined Domestic Offshore Procedures so long as your joint amended return shows a net increase in tax. Please explain your inability to secure your spouse's/former spouse's signature in the narrative statement of facts on Form 14654. And write "SDO FAQ 14" in red ink in the area for your spouse's signature on the amended returns and Form 14654. As a matter of routine processing, the Service will request the other spouse's signature on joint amended returns with only one signature. If at the time the Service makes a request for your spouse's/former spouse's signature on a joint amended return or joint certification you are still unable to secure your spouse's/former spouse's signature, please respond to the inquiry by referencing this FAQ. You may not submit a joint amended income tax return with only your signature to Streamlined Domestic Offshore Procedures showing a <b>net decrease in tax or an increase in credit</b>.</p>
Q15	Who can I contact if I have general questions about the terms of the Streamlined Filing Compliance Procedures or completing Form 14654?	<p>If you have questions about the terms of the Streamlined Filing Compliance Procedures or completing Form 14654, you may contact the OVDP Hotline at 267-941-0020. The OVDP Hotline will not provide case-</p>

specific or legal advice.

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

Effective On or After July 1, 2014

#	Questions	Answers
Q1.	The discussion of the non-residency requirement for eligibility for the Streamlined Foreign Offshore Procedures refers to IRC § 911 and its regulations. Does that mean that anyone who is non-resident under IRC § 911 and its regulations is non-resident for purposes of the Streamlined Foreign Offshore Procedures?	No. The reference to IRC § 911 and its regulations is only to the parts of those authorities that define “abode,” which are found in IRC § 911(d)(3) and Treas. Reg. § 1.911-2(b). Non-residency for purposes of the Streamlined Foreign Offshore Procedures is defined in those procedures, and not in IRC § 911 and its regulations.
Q2.	I have a Canadian registered retirement savings plan (RRSP), registered retirement income fund (RRIF), or other similar Canadian retirement plan. I am an “eligible individual” as defined in § 4.01 of Rev. Proc. 2014-55. Under the procedures in effect prior to the issuance of Rev. Proc. 2014-55, I did not make a timely election under Article XVIII(7) of the U.S.–Canada income tax treaty to defer U.S. income tax on undistributed income earned by my Canadian retirement plan. How should I report my Canadian retirement plan with my Streamlined submission?	Under § 4.02 of Rev. Proc. 2014-55, you are treated as having made the election. <u>See</u> Rev. Proc. 2014-55, § 7. In the narrative statement of facts on Form 14653, please state that you are an “eligible individual” under Rev. Proc. 2014-55. You may need to report your Canadian retirement plan on FBARs or Forms 8938. Please refer to the instructions for these forms for more information.
Q3.	Same facts as FAQ 2 except I am not an “eligible individual” because I failed to satisfy the requirement for filing a U.S. Federal income tax return for each tax year during which I was a U.S. citizen or resident as required by § 4.01 B) of Rev. Proc. 2014-55. Also, I meet requirements under § 4.01 A), C), and D) of Rev. Proc. 2014-55. How should I report my Canadian retirement plan with my Streamlined submission?	If you submit income tax returns through the Streamlined Foreign Offshore Procedures, you will be afforded relief consistent with Rev. Proc. 2014-55 for the tax years included in your submission. In the narrative statement of facts on Form 14653, please state that you have met the other requirements to be an “eligible individual” under § 4.01 of Rev. Proc. 2014-55. <u>See</u> § 4.01 A), C), and D) of Rev. Proc. 2014-55. You may need to report your Canadian retirement plan on FBARs or Forms 8938. Please refer to the instructions for these forms for more information.
Q4.	Same facts as FAQ 2 except I am not an “eligible individual” because I reported as gross income on a U.S. Federal income tax return some or all of the accrued but undistributed earnings in my Canadian retirement plan. <u>See</u> § 4.01 C) of Rev. Proc. 2014-55. But I now realize I could have deferred the tax on the accrued but undistributed earnings in my Canadian retirement plan. Additionally, I have other tax compliance issues that need to be corrected through a Streamlined submission. How do I correct my reporting of accrued but undistributed earnings in my Canadian retirement plan?	If you submit amended U.S. Federal income tax returns through the Streamlined Foreign Offshore Procedures and meet the requirements discussed below, you will be afforded relief consistent with Rev. Proc. 2014-55 for the tax years included in your submission. This procedure is not available if you reported as gross income on a U.S. Federal income tax return accrued but undistributed earnings in a Canadian retirement plan for one or more tax years beyond the scope of your Streamlined submission. Additionally, this procedure is not available if you failed to report any and all distributions received from the plan as if you had made an election under Article XVIII(7) of the U.S.–Canada income tax treaty. <u>See</u> § 4.01 D) of Rev. Proc. 2014-55. In these cases, you must seek the consent of the Commissioner as directed under § 4.04 of Rev. Proc. 2014-55. In the narrative statement of facts on Form 14653, please state that you have met the other requirements to be an “eligible individual” under § 4.01 of Rev. Proc. 2014-55. <u>See</u> § 4.01 A), B), and D) of Rev. Proc. 2014-55. Please also state that the reporting of accrued but undistributed earnings was limited to the tax years in your Streamlined submission. You may need to report your Canadian retirement plan on FBARs or Forms 8938. Please refer to the instructions for these forms for more information.
Q5.	Same facts as FAQ 2 except I am not an “eligible individual” because I reported as gross income on a U.S. Federal income tax return some or all of the accrued but undistributed earnings in my Canadian retirement plan. <u>See</u> § 4.01 C) of Rev. Proc. 2014-55. But I now realize I could have deferred the tax on the accrued but undistributed earnings in my Canadian retirement plan. Additionally, I have <u>no</u> other tax compliance issues that need to be corrected through a Streamlined submission. How do I correct my reporting of accrued but undistributed earnings in my Canadian retirement plan?	You should not use the Streamlined Foreign Offshore Procedures because you have no tax compliance issues beyond reporting accrued but undistributed earnings in your Canadian retirement plan. Therefore, you should follow normal procedures for filing amended income tax returns or seek the consent of the Commissioner as directed by § 4.04 of Rev. Proc. 2014-55. You may need to report your Canadian retirement plan on FBARs or Forms 8938. Please refer to the instructions for these forms for more information.
Q6.	What facts do I need to include in completing the narrative statement of facts portion of the Form	Provide specific reasons for your failure to report all income, pay all tax, and submit all required



	14653?	<p>information returns, including FBARs. Include the whole story including favorable and unfavorable facts. Specific reasons, whether favorable or unfavorable to you, should include your personal background, financial background, and anything else you believe is relevant to your failure to report all income, pay all tax, and submit all required information returns, including FBARs. Additionally, explain the source of funds in all of your foreign financial accounts/assets. For example, explain whether you inherited the account/asset, whether you opened it while residing in a foreign country, or whether you had a business reason to open or use it. And explain your contacts with the account/asset including withdrawals, deposits, and investment/management decisions. Provide a complete story about your foreign financial account/asset.</p> <p>The following points address common situations that may apply to you:</p> <ul style="list-style-type: none"> <li>• We realize that many taxpayers failed to acknowledge their financial interest in or signature authority over foreign financial accounts on Form 1040, Schedule B. If you (or your return preparer) inadvertently checked “no” on Schedule B, line 7a, simply provide your explanation.</li> <li>• We realize that some taxpayers that owned or controlled a foreign entity (e.g., corporation, trust, partnership, IBC, etc.) failed to properly report ownership of the entity or transactions with the foreign entity. If you (or your return preparer) inadvertently failed to report ownership or control of the foreign entity or transactions with the foreign entity, explain why and include your understanding of your reporting obligations to the IRS and to foreign jurisdictions.</li> <li>• If you relied on a professional advisor, provide the name, address, and telephone number of the advisor and a summary of the advice. Also provide background such as how you came into contact with the advisor and frequency of communication with the advisor.</li> <li>• If married taxpayers submitting a joint certification have different reasons, provide the individual reasons for each spouse separately in the statement of facts.</li> </ul>
Q7.	In one or more of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed, I filed joint income tax returns. But my spouse/former spouse will not sign joint amended returns or a joint certification on Form 14653 for a Streamlined submission. What can I do? Am I precluded from using the Streamlined Foreign Offshore Procedures?	<p>We understand that in certain cases (including but not limited to separation or divorce), your spouse/former spouse may not be willing to sign joint amended income tax returns or a joint certification on Form 14653.</p> <p>You may submit a joint amended income tax return with only your signature to Streamlined Foreign Offshore Procedures so long as your joint amended return shows a <b>net increase in tax</b>. Please explain your inability to secure your spouse's/former spouse's signature in the narrative statement of facts on Form 14653. And write “SFO FAQ 7” in red ink in the area for your spouse's signature on the amended returns and Form 14653.</p> <p>As a matter of routine processing, the Service will request the other spouse's signature on joint amended returns with only one signature. If at the time the Service makes a request for your spouse's/former spouse's signature on a joint amended return or joint certification you are still unable to secure your spouse's/former spouse's signature, please respond to the inquiry by referencing this FAQ.</p> <p>You may not submit a joint amended income tax return with only your signature to Streamlined Foreign Offshore Procedures showing a <b>net decrease in tax or an increase in credit</b>.</p>
Q8.	Who can I contact if I have general questions about the terms of the Streamlined Filing Compliance Procedures or completing Form 14653?	<p>If you have questions about the terms the Streamlined Filing Compliance Procedures or completing Form 14653, you may contact the OVDP Hotline at 267-941-0020.</p> <p>The OVDP Hotline will not provide case-specific or legal advice.</p>