



# Offshore Tax Compliance

By Peggy Ugent, CPA and Bruce Kentros

## The New Environment

The world is shrinking. Overseas connections are expanding. Families are spread across countries and continents. Many people in the U.S. (and U.S. citizens living abroad) are beneficiaries of foreign trusts or estates, and even more seek to invest overseas.

These trends have not gone unnoticed. Congress, the Internal Revenue Service, and other governmental agencies are ramping up enforcement efforts and getting results. The IRS hired about 3,300 new agents and tax compliance officers in 2009–2010 alone!

## What is compliance now?

The regulatory landscape has changed dramatically since passage of the Foreign Account Tax Compliance provisions of the HIRE Act of 2010 (“FATCA”). For example, the IRS recently introduced Form 8938 and accompanying regulations which require extensive reporting of foreign financial assets. In addition, there are new reporting rules which apply to the Foreign Bank Account Report (“FBAR”). Failure to comply with those reporting and disclosure requirements can result in substantial penalties and possible criminal prosecution.

In recent years, the IRS has offered two separate voluntary disclosure programs to U.S. persons who had failed to fully report foreign assets. Under these programs, eligible individuals who filed delinquent income tax and information forms, and paid delinquent income taxes as well as a single penalty in lieu of multiple penalties, could avoid criminal prosecution. Although the 2011 program expired last fall, in January of 2012 the IRS announced that it has reopened its offshore voluntary disclosure program. This provides another opportunity to taxpayers who have failed to file required returns and forms, and did not participate in the previous two programs.

## What are the appropriate IRS forms?

### Is there an interest in a:

- Foreign bank or brokerage account?
- Foreign corporation, LLC, or partnership?
- Foreign insurance policy or annuity contract?

Or:

- Signature authority over a foreign account?
- A beneficial interest in a foreign estate or trust?
- A gift or bequest from a foreign person?
- A contribution to or distribution from a foreign trust?
- Has the foreign trustee filed Form 3520-A?
- Have entities been properly classified with the IRS?

**We can help with the reporting of foreign assets.**

## Our Approach

Giordani Swanger Ripp & Phillips, LLP (“GSRP”) is a law firm with in-house senior accounting expertise and a robust offshore and domestic tax compliance practice. We evaluate a particular situation in the context of an attorney-client privileged relationship—but at fee levels and with service delivery models similar to accounting firms. We apply our knowledge and expertise to determine how tax reporting rules apply and then prepare the required forms and returns. We work with existing tax and legal advisors to ensure full compliance with the rules related to foreign accounts, trusts, and entities.

The boutique nature of our firm allows us to deliver highly-personalized services. Our clients in the U.S. and abroad are much more than just files. Our technical expertise and proven processes, which utilize the latest technology, enable us to provide services that are reasonably-priced and timely-delivered.

## Our Firm

GSRP has decades of experience in U.S. tax compliance for foreign accounts, trusts, and entities. We are fourteen lawyers, accountants, and other private client professionals who have practiced together in the international tax area for many years. Located in Austin, Texas, our practice has the sophistication of bigger city firms but we enjoy lower operating costs and offer lower rates as a result. We are supported by an outstanding administrative team that allows us to provide quick, cost-effective service.

GSRP is rated “AV” or “Preeminent” in all of its practice areas by Martindale-Hubbell, the highest rating available. All of our senior lawyers are “AV” rated by Martindale-Hubbell. You will also find our lawyers listed among “The Best Lawyers in America,” “Texas Super Lawyers,” and “Texas Rising Stars.”

**For more information on our offshore tax compliance practice, please contact:**

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Please visit our website at [gsrp.com](http://gsrp.com) for more information about this and our other practice areas.

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