



GMS Flash Alert



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United States - Offshore Voluntary Disclosure Program to End September 28

On March 13, 2018, the Internal Revenue Service (“IRS”) announced that it will be ending the 2014 Offshore Voluntary Disclosure Program (“OVDP”).¹ The program will close on September 28, 2018.

WHY THIS MATTERS

Any U.S. taxpayer with undisclosed foreign financial assets only has a few more months to take part in the 2014 OVDP before the program closes and the opportunity to limit exposure to penalties ends.

Background

The IRS initially launched the OVDP in 2009 as a way for taxpayers with previously undisclosed offshore accounts to contact the IRS and resolve the matter.² The original OVDP expired in 2009, but the IRS launched an Offshore Voluntary Disclosure Initiative in 2011 and another OVDP in 2012.³ The 2014 OVDP was a modification of the 2012 OVDP, and was in part a response to the implementation of the Foreign Account Tax Compliance Act (FATCA) and the increased success of the IRS and Department of Justice in detecting undisclosed foreign accounts and assets. Unlike previous iterations, the 2014 OVDP did not have a set deadline.

The programs allowed U.S. taxpayers to voluntarily resolve past non-compliance related to unreported foreign financial assets and failure to file information returns with respect to foreign holdings. Taxpayers who took part in one of these programs avoided prosecution and limited their exposure to civil penalties. According to the IRS, more than 56,000 taxpayers have used one of the programs, resulting in the collection of roughly \$11.1 billion in back taxes, interest, and penalties.

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KPMG NOTE

The Streamlined Filing Compliance Procedures for taxpayers who might not have been aware of their filing obligations is a separate program and is not affected by the end of the 2014 ODVP. However, as with OVDP, this program could be shut down at any time.

FOOTNOTES:

- 1 [IR-2018-52](#): "IRS to end offshore voluntary disclosure program; Taxpayers with undisclosed foreign assets urged to come forward now."
- 2 For "Offshore Voluntary Disclosure Program Frequently Asked Questions and Answers 2014," [click here](#).
- 3 For coverage of the 2011 OVDI program, see "U.S. IRS Launches New Voluntary Disclosure Program" in *Flash International Executive Alert* 2011-051 (March 16, 2011), a publication of the KPMG International member firm in the United States. For a copy of this article, please contact your local GMS/People Services professional.

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