New OVDI Program from IRS by Manendra Kothari

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This OVDI program, the third one in the series, comes as the IRS continues working on a wide range of International Revenue Tax issues and follows ongoing efforts with the Justice Department to pursue criminal prosecution of International Tax Evasion. This last program will remain open till the time new modifications in the programs are announced.

IRS commissioner Doug Shulman said that this program will be helpful to those people who are still not disclosing their Offshore Business Activities, Accounts and are interested to join and get themselves right with the government. Governmentâ€™s focus on offshore tax evasions continues to produce strong substantial results for the nationâ€™s interest. So far government could generate billions of dollars from the programs announced earlier.

There is not much difference in between this program and the program of 2011, the only major difference is the time deadline for application. Though the terms and conditions of the program may change or modify at any time in the future, like there may be increase in the penalties or fines to some taxpayers or to some classes of taxpayers or may be to all. It may happen IRS may decide to declare the end of program at any point of time.

The program is similar to the 2011 program in many ways, but with a few key differences. Unlike last year, there is no set deadline for people to apply. However, the terms of the program could change at any time going forward. For example, the IRS may increase penalties in the program for all or some taxpayers or defined classes of taxpayers â€“ or decide to end the program entirely at any point.

The highest penalty category taxpayers will have to pay 27.5 percent of the highest aggregate value of foreign assets during the eight full tax years prior to the disclosure. This has been increased by 2.5 percent from ratio of 25 percent of the previous program of 2011. For the remaining penalty structures and categories remains to be same as 2011 program.

Taxpayers who are interested to join the program must have filled all original and amended tax returns including payment of back-taxes and interest for up to eight years as well as paying accuracy-related and/or delinquency penalties.

Normally Participants face a 27.5 percent penalty, but taxpayers in limited situations can qualify for lesser penalties like 5 percent. People whose offshore accounts or assets did not surpass $75,000 in any calendar year covered by the new OVDP will qualify for this lower rate. Smaller offshore assets and accounts will face a 12.5 percent penalty. As under the prior programs, taxpayers who feel that the penalty is disproportionate may opt instead to be examined.

OVDI 2012 is going to generation more revenue than2011 offshore Voluntary disclosure program. Taxpayers should take advantage of Offshore Voluntary Disclosure without failing.

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