
Tax Alert

Offshore Accounts-August 4 Disclosure Deadline



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As the Department of Justice (DOJ) works to rein in bank secrecy, time is running out for certain taxpayers with undisclosed offshore accounts. On June 20, 2014, the IRS released a list of Foreign Financial Institutions currently under investigation by the DOJ, accountholders of which have until August 4th to enter the IRS' Offshore Voluntary Disclosure Program (OVDP) to disclose foreign accounts, or face a 50% penalty on the account's highest balance. The list of institutions released by the IRS contains the following:

- UBS AG
- Credit Suisse AG, Credit Suisse Fides, and Clariden Leu Ltd.
- Wegelin & Co.
- Liechtensteinische Landesbank AG
- Zurcher Kantonalbank
- swisspartners Investment Network AG, swisspartners Wealth Management AG, swisspartners Insurance Company SPC Ltd., and swisspartners Versicherung AG
- CIBC First Caribbean International Bank Limited, its predecessors, subsidiaries, and affiliates
- Stanford International Bank, Ltd., Stanford Group Company, and Stanford Trust Company, Ltd.
- The Hong Kong and Shanghai Banking Corporation Limited in India (HSBC India)
- The Bank of N.T. Butterfield & Son Limited (also known as Butterfield Bank and Bank of Butterfield), its predecessors, subsidiaries, and affiliates

The August 4th deadline comes as the first in a wave that will eventually see all U.S. taxpayer-held accounts reported to the IRS, irrespective of the taxpayer's own disclosure efforts. With the implementation of the Foreign Account Tax Compliance Act (FATCA), those Foreign Financial Institutions in nations that have not entered into a governmental agreement with the United States, or have entered into a Model 2 agreement, will begin reporting information relating to their U.S. clients starting March 31, 2015. For those nations that have entered into a Model 1 agreement with the United States, reporting begins on September 30th, 2015.

Consequently, any taxpayer that has undisclosed offshore accounts with any of the above-mentioned institutions is advised to give serious consideration to disclosure in order to avoid increasingly punitive penalties.

Please contact your WeiserMazars tax professional for more information.

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