

## Hurricane Irene Tax Impact: IRS Extends Partial Amnesty Deadline on Foreign Accounts

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Due to Hurricane Irene, the IRS has extended the deadline for people with undisclosed foreign accounts to take advantage of a partial amnesty program. The original deadline of August 31, 2011 has been extended to September 9, 2011 for taxpayers to participate in the 2011 Offshore Voluntary Disclosure Initiative ("OVDI").

The OVDI program is designed to motivate people with unreported offshore accounts to comply with federal tax law and to bring money held in foreign accounts back into the U.S. tax system. Taxpayers who come forward now and report previously undisclosed foreign accounts can avoid harsh civil penalties and criminal prosecution.

According to the IRS announcement, the deadline is now September 9 for the submission of basic information to participate in the OVDI program. Taxpayers must also request a 90-day extension to submit all of the required documents pursuant to the 2011 OVDI procedures.

There are potentially draconian penalties for failing to file annual information reports ("FBARs") disclosing foreign accounts and failing to report income from foreign accounts. But the 2011 OVDI program provides an opportunity to come clean on foreign accounts by paying the back taxes and interest with just limited penalties.

For taxpayers who are considering participation in the 2011 OVDI, there is still a limited opportunity to come forward, but the clock is ticking fast, even with the

extension of the deadline. Please consult with your tax advisors as soon as possible if you think this may apply to you and you wish to participate.

*For more information or questions regarding this Tax Update, please contact:*

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