

June 18, 2014- New Streamlined

New Streamlined Represents BONANZA GIFT for Non-Reported U.S. Tax Return Filers

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**Executive Summary; - June 18, 2014 Changes Affecting Existing Streamlined:**

**Streamlined- expanded and eased** to a wider population of U.S. taxpayers living outside the U.S. and for the first time to certain U.S. taxpayers residing in the U.S.

1- Amended to extend to U.S. taxpayers residing in the U.S.- called: 'Streamlined Domestic Offshore Procedures'- Completion of new Form 14654- Certification of U.S. Person Residing in the United States for Streamlined Domestic Offshore Procedures- , introducing a 5% Title 26 Misc. Offshore Penalty on the Highest Aggregate Year End Account and Asset values of Specified Foreign Financial Asset Balances

-For taxpayers residing outside U.S. called "Streamlined Foreign Offshore Procedures". Completion of new Form 14653- Certification of U.S. person residing Outside the United States for Streamlined Foreign Offshore Procedures.

2- Eliminates Questionnaire requirement and concept of Risk Assessment or \$1,500 or less of unpaid tax.

3- Introduces a wide sweeping definition and concept of 'non-willful'- requiring a Certification by taxpayer that they were non-willful in failing to report all income, pay all tax and submit all information returns, including FBARS.

4- Eliminated situation in OLD Streamlined Program where if taxpayer concluded they represented a low level of compliance risk, but IRS later concluded as gleaned from the required associated filings, including above stated Questionnaire- and based upon multiple (about 8) additional factors that taxpayer represented in fact a high level compliance risk and was ineligible to participate, taxpayer had already red flagged themselves subjecting themselves to potential audit!

Where- *Non-willful*- is defined as: **conduct that is due to negligence, inadvertence or mistake or conduct that is the result of a good faith misunderstanding of the requirements of the law.**

When Streamlined was originally announced on 6/26/12 to become effective 9/1/12 most C.P.A.'s were reluctant to get involved in the Streamlined process since the old program required the completion of an intrusive Questionnaire to establish risk factors in part that required a low unpaid tax threshold resulting from low income, all suggesting that affected taxpayers would not pay fees required to involve professional assistance. Of course taxpayers were also reluctant to use a Streamlined process that could red flag themselves and lead to a certain audit.

The new Guidelines/ Program significantly alters the playing field eliminating this risk assessment, introducing a very wide sweeping and all-encompassing definition of 'non-willful' to apply to all but the most egregious violators making compliance easier with the introduction of a simple Certification and a more certain result and end game.

This new Streamlined program means that taxpayers owing an unlimited substantial amount of unpaid tax can now participate in the Streamlined Program regardless of where they reside, that is inside or outside the U.S.

The Streamlined Program always offered a penalty free environment, which was initially and now is even more attractive to delinquent filers. This included protection from the late filing, late payment, accuracy, information return and FBAR penalties.

Tax returns submitted by taxpayers under the newly admitted Streamlined Domestic or Foreign Offshore Procedures, although subject to a penalty free environment- other than the 5% Title 26 Misc. penalty for Streamlined Domestic only- continue to remain subject to criminal liability as prior.

The new Streamlined Procedures are not eligible to taxpayers where the IRS has already initiated civil or criminal examinations or investigations for any tax year of the taxpayer.

The penalty free concept only applies to penalties on a prospective basis, it will not apply to prior penalty assessments under prior quiet disclosures.

Streamlined Foreign or Domestic Offshore filings are not subject to automatic audit, but only to regular submission audit selection processes, including matching audits.

Tax returns submitted under the Streamlined Domestic or Foreign Offshore Procedures as is generally the case, will be processed as any regular filing, will not be acknowledged by the IRS and additionally no closing agreements are required.

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### **Delinquent FBAR Submission-**

Information on Delinquent FBAR Submissions may be found at:

<http://www.irs.gov/Individuals/International-Taxpayers/Delinquent-FBAR-Submission-Procedures>

If no Streamlined program procedures are required to file delinquent or amended tax returns to report gross income or pay additional U.S. income tax, then delinquent or amended FBARs should be filed quietly.

### **Delinquent International Information Returns Submission Procedures:**

Information on Delinquent Information Return Submissions may be found at:

<http://www.irs.gov/Individuals/International-Taxpayers/Delinquent-International-Information-Return-Submission-Procedures>

If no Streamlined program procedures are required to file delinquent or amended tax returns to report gross income or pay additional U.S. income tax, then delinquent or amended Information Returns should be filed with Reasonable Cause quietly also Certifying that the entity is not engaged in tax evasion.

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