

## **Is the IRS ending its Streamlined Filing Compliance Procedures?**

The Internal Revenue Service (the “**IRS**”) currently offers Streamlined Filing Compliance Procedures (“***Streamlined Procedures***”) which allow taxpayers to come into compliance with their U.S. income tax and international information reporting obligations on favorable terms. However, IRS officials have emphasized in several recent forums that it is considering ending the Streamlined Procedures. Much like the Offshore Voluntary Disclosure Program that the IRS closed on September 28, 2018, the Streamlined Procedures may be closed by the IRS at any time and with little or no warning.

The IRS began offering the Streamlined Procedures on September 1, 2012, and expanded and modified them on June 18, 2014. The Streamlined Procedures provide taxpayers who did not act willfully in failing to report their income from non-U.S. sources or file certain international information reports with a mechanism for filing amended or delinquent U.S. income tax returns and international information reports. Qualifying taxpayers also receive favorable terms for resolving any resulting taxes and penalties.

On July 29, 2020, **Eric Hylton, IRS Commissioner Small Business/Self-Employed Division** made the following statement.

“We have been looking at streamlined and kept it in place because there was interest but the interest has begun to drop off and we are evaluating whether or not we keep it. We have said all along we were going to continue to look closely at it to understand whether there is utility in the program or not. It is still there but it will not be there forever.”

The Streamlined Procedures are available to individual taxpayers residing outside the United States (the “Streamlined Foreign Offshore Procedures”) and those residing in the United States (the “Streamlined Domestic Offshore Procedures”). Taxpayers who qualify for the Streamlined Procedures and can certify under penalties of perjury that they did not willfully fail to report all income, pay all taxes, and submit all required information returns, including FBARs (FinCEN Form 114), are eligible to participate in the Streamlined Filing Compliance Procedures.

The IRS defines non-willful conduct as conduct that is due to negligence, inadvertence, mistake, or the result of a good faith misunderstanding of the requirements of the law. Taxpayers who acted willfully may still participate in the IRS’s voluntary disclosure program.

### **Contact Us.**

Taxpayers who believe they may qualify for participation in the Streamlined Foreign Offshore Procedures or Streamlined Domestic Offshore Procedures because they did not act willfully, or who would like to discuss participating in the IRS’s voluntary disclosure program, may email Robert E. Ward ([RWard@WardChisholm.com](mailto:RWard@WardChisholm.com)), Richard S. Chisholm ([RChisholm@WardChisholm.com](mailto:RChisholm@WardChisholm.com)), or Alison Keller-Micheli ([AMicheli@WardChisholm.com](mailto:AMicheli@WardChisholm.com)).