

IRS TAX CHALLENGER NEWS

DEDICATED TO IRS TAX PROBLEM RESOLUTION

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Hide and Seek – Olly, Olly, All In Free?

In your childhood, remember playing hide-and-go-seek? The person who was “it” would call out, “Olly, Olly, All In Free” or some variation (Olly, Olly All In Free) of that to tell players who are hiding they can come out into the open without losing the game. The IRS has its own variation of “Olly, Olly, All In Free.” It’s for people who have foreign bank or other financial accounts who have not declared them, but it’s not completely “free.” Let me explain the legal issue and then give you some idea about the IRS’ “Olly, Olly, All In Free.”

People who have a financial interest in or signature authority over foreign financial accounts must file a Report of Foreign Bank and Financial Accounts (“FBAR”) when there is \$10,000 or more (combined) in a foreign account. The \$10,000 total can be in more than one account (for example \$4,000 in one account and \$6,000 in a different account). There were lots of people who had foreign bank accounts to hide money from the IRS. The IRS actively works to uncover abusive tax-avoidance schemes involving offshore activity. Those caught face criminal prosecution for income tax evasion as well as severe civil penalties. (The fraud penalties under 26 U.S.C §6651(f) or §6663 really amount to 75 percent of the unpaid tax and there are lots of other penalty provisions that also kick in.) Generally, the civil penalty for willfully failing to file a FBAR can be as high as the greater of \$100,000 or 50 percent of the total balance of the foreign account per violation.

In an effort to encourage voluntary compliance the IRS in 2009 and 2011 had the Offshore Voluntary Disclosure Program. In exchange for participating in the Offshore Voluntary Disclosure Program, taxpayers could avoid criminal prosecution for their unpaid taxes. That was the “in free” part of the “Olly, Olly.” The not so “in free” part was they were required to pay significant penalties, which have gone up with each new version of the program. The IRS had 33,000 voluntary disclosures from those two versions of the program and collected more than 4.4 billion dollars. **The current version of the IRS’ “Olly, Olly, All In Free” began on January 9, 2012, when the IRS reopened the Offshore Voluntary Disclosure Program to help people hiding offshore accounts get current with their taxes.**

Unlike 2011, there is no set deadline for people to apply. However, the program could change at any time going forward. For example, the IRS could increase penalties in the program for all, some taxpayers or some classes of taxpayers. It could also decide to completely end the program at any point in time. The penalty framework requires individuals to pay a penalty of 27.5 percent of the highest aggregate balance in foreign bank accounts/entities or value of foreign assets during the eight full tax years prior to the disclosure. Some taxpayers will be eligible for 5 or 12.5 percent penalties. However, you should not automatically assume that you would qualify for the lower percentage penalties if there is an undisclosed account. Any unreported taxes, plus interest, will also have to be paid and tax returns amended to properly reflect any earnings.

Many immigrants to the United States as well as others may not be in compliance with the reporting requirements of foreign accounts. In many instances immigrants are unaware of the reporting requirement. This includes highly skilled and trained people. It goes without saying that anyone who has an offshore account over \$10,000 and has not reported a foreign account, should seriously consider the IRS’ Offshore Voluntary Disclosure Program. However, this is certainly a program that before choosing to join a taxpayer should first consult with an attorney who is knowledgeable of the nuances of international voluntary disclosure rules. The IRS has an “Olly, Olly, All In Free” from criminal prosecution. However, the penalties for not having reported the account are not “free.”

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Thoughtful Things

The Motto of the Boy
Scouts of America

Be Prepared

Scout Slogan

Do a good turn daily



Prepared. For Life.™

Thank You For Your Referrals!

We appreciate your referrals. As you know, we represent people in tax audits, payment plans, offers in compromise, innocent spouse and many other IRS problems. It really makes our day when you have referred someone to us. It is the ultimate compliment. We highly value your trust and will take care of everyone you send us. You are doing them a favor telling them about our services and us a favor too by sending us quality people we enjoy helping.

This publication is intended to educate the general public about IRS Tax Problem Resolution. It is not intended to be legal advice. Every case is different.



The Boy Scouts of America's No. 19 IndyCar entry will compete in the 15-race 2012 IZOD IndyCar® Series schedule. Local Boy Scout members and volunteers will participate in exciting activities at the track and have other unique opportunities at all races. The team will be appearing at Scouting events around the country throughout the racing season.

The Boy Scouts are utilizing the excitement and high-tech nature of Indy-style racing cars as a platform to promote science, technology, and math to those involved in Scouting. Through this exposure, the goal is to increase youth interest in the concepts of engineering and math in ways that are fun and relevant to them.

see www.scouting.org/mortorsports.aspx



Tom at the Indianapolis Motor Speedway
Opening Day
Saturday May 12th, 2012

Tom's mother-in-law (Joan Doloris) is a fantastic cook and he wanted to share her recipes with you. Each month we will feature great down home comfort food for you to enjoy.

Doloris's Divine Dishes



COCONUT-PECAN CHOCOLATE PIE

Crust

1 refrigerated boxed pie crust,
softened as directed on box
1 cup coconut
½ cup chopped pecans or walnuts

Filling

1 cup sugar
1/3 cup butter or margarine
4 oz sweet baking chocolate, chopped
3 tbs all-purpose flour
½ cup evaporated milk or half-and-half
1 tsp vanilla
4 eggs

Heat oven to 350 degrees. Place pie crust in 9-inch glass pie plate as directed on box for one-crust filled pie. Sprinkle coconut and pecans in bottom of crust-lined pie plate. In 2-quart saucepan, heat sugar, butter and chocolate over low heat, stirring constantly until smooth. Pour chocolate mixture into medium bowl; cool 5 minutes. Beat in flour with wire whisk until well combined. Beat in evaporated milk, vanilla and eggs with wire whisk until well blended. Slowly pour chocolate mixture over coconut and pecans in pie plate. Cover crust edge with 2 to 3 inch wide strips of foil to prevent excessive browning; remove foil during last 15 minutes of bake time. Bake 40 to 50 minutes or until center is set. Cool on cooling rack at least 1 hour 30 minutes before serving.