



Streamlined Filing Compliance Procedures

Purpose of the streamlined procedures

The streamlined filing compliance procedures describe below are available to taxpayers certifying that their failure to report foreign financial assets and pay all tax due in respect of those assets did not result from willful conduct on their part. The streamlined procedures are designed to provide to taxpayers in such situations with

- a streamlined procedure for filing amended or delinquent returns, and
- terms for resolving their tax and penalty procedure for filing amended or delinquent returns, and
- terms for resolving their tax and penalty obligations.

As reflected below, the streamlined filing procedures that were first offered on September 1, 2012 have been expanded and modified to accommodate a broader group of U.S. taxpayers. Major changes to the streamlined procedures include:

- extension of eligibility to U.S. taxpayers residing in the United States
- Elimination of the \$1,500 tax threshold, and
- elimination of the risk assessment process associated with the streamlined filing compliance procedure announced in 2012.

Eligibility criteria for the streamlined procedures

The modified streamlined filing compliance procedures are designed only for individual taxpayers, including estates of individual taxpayers. The streamlined procedures are available to both U.S. individual taxpayers residing outside the United States and U.S. individual taxpayers residing in the United States.

Descriptions of the specific eligibility requirements for the streamlined procedures for both non-U.S. residents (the "Streamlined Foreign Offshore Procedures") and U.S. residents ("Streamlined Domestic Offshore Procedures") are set forth below.

Taxpayers must certify that conduct was not willful. Taxpayers using either the Streamlined Foreign Offshore Procedures or the Streamlined Domestic Offshore Procedures, will be required to certify, in accordance with the specific instructions set forth below, that the failure to report all income, pay all tax and submit all required information returns, including FBARs (FinCEN Form 114, previously Form TD F 90-22,1) was due to non-willful conduct. Non-willful conduct is 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

Your Offshore Compliance Options

- 2012 Offshore Voluntary Disclosure Program
- Delinquent FBAR Submission Procedures
- Delinquent International Information Return Submission Procedures

Instructions for Streamlined Procedures

- U S Taxpayers Residing in the United States
- U S Taxpayers Residing Outside the United States

IRS has initiated a civil examination of taxpayer's returns for any taxable year. If the IRS has initiated a civil examination of taxpayer's returns for any taxable year, regardless of whether the examination relates to undisclosed foreign financial assets, the taxpayer will not be eligible to use the streamlined procedures. Taxpayers under examination may consult with their agent. Similarly, a taxpayer under criminal investigation by IRS Criminal Investigation is also ineligible to use the streamlined procedures.

Taxpayers eligible to use streamlined procedures who have previously filed delinquent or amended returns must pay previous penalty assessments.

Taxpayers eligible to use the streamlined procedures who have previously filed delinquent or amended returns in an attempt to address U.S. tax and information reporting obligations with respect to foreign financial assets (so-called "quiet disclosures" made outside of the Offshore Voluntary Disclosure Program (OVDP) or its predecessor programs) may still use the streamlined procedures by following the instructions set forth below. However, any penalty assessments previously made with respect to those filing will not be abated.

Taxpayers who want to participate in the streamlined procedures need a valid Taxpayer Identification Number. All returns submitted under the streamlined procedures must have a valid Taxpayer Identification Number. For U.S. citizens, resident aliens, and certain other individuals, the proper TIN is a valid Social Security Number (SSN). For individuals who are not eligible for an SSN or ITIN, your tax return will not be processed under the streamlined procedures. However, for taxpayers who are ineligible for an SSN but do not have an ITIN, a submission may be made under the streamlined procedures if accompanied by a complete ITIN application. Additional information on getting an ITIN is available.

OVDP or streamlined procedures

Taxpayers who are concerned that their failure to report income, pay tax, and submit required information returns was due to willful conduct and who therefore seek assurance that they will not be subject to criminal liability and/or substantial monetary penalties should consider participating the Offshore Voluntary Disclosure Program and should consult with their professional or legal advisers.

General treatment under the streamlined procedures

Tax returns submitted under either the Streamlined Foreign Offshore Procedures or the Streamlined Domestic Offshore Procedures will be processed like any other return submitted to the IRS. Consequently, receipt of the returns will not be acknowledged by the IRS and the streamlined filing process will not culminate in the signing of a closing agreement with the IRS.

Returns submitted under either the Streamlined Foreign Offshore Procedures or the Streamlined Domestic Offshore Procedures will not be subject to IRS audit automatically, but they may be selected for audit under the existing audit selection processes applicable to any U. S. tax return and may also be subject to verification procedures in that the accuracy and completeness of submissions may be checked against information received from banks, financial advisors,

and other sources. Thus, returns submitted under the streamlined procedures may be subject to IRS examination, additional civil penalties, and even criminal liability, if appropriate. Taxpayers who are concerned that their failure to report income, pay tax, and submit required information returns was due to willful conduct and who therefore seek assurances that they will not be subject to criminal liability and/or substantial monetary penalties should consider participating in the Offshore Voluntary Disclosure Program and should consult with their tax professional or legal advisers.

After a taxpayer has completed the streamlined filing compliance procedures, he or she will be expected to comply with U.S. law for all future years and file returns according to regular filing procedures.

Coordination between streamlined procedures and OVDP

Once a taxpayer makes a submission under either the Streamlined Foreign Offshore Procedures or the Streamlined Domestic Offshore Procedures, the taxpayer may not participate in OVDP. Similarly, a taxpayer who submits to an OVDP voluntary disclosure letter pursuant to OVDP FAQ 24 on or after July 1, 2014, is not eligible to participate in the streamlined procedures.

A taxpayer eligible for treatment under the streamlined procedures who submits, or who has submitted, a voluntary disclosure letter under the OVDP (or any predecessor offshore voluntary disclosure program) prior to July 1, 2014, but who does not yet have a fully executed OVDP closing agreement, may request treatment under the applicable penalty terms available under the streamlined procedures.

NOTE: A taxpayer seeking such treatment does not need to opt out of the OVDP but will be required to certify, in accordance with the instructions set forth below, that the failure to report all income, pay all tax, and submit all information returns, including FBARs, was due to non-willful conduct. As part of the OVDP process, the IRS will consider this request in light of all the facts and circumstances of the taxpayer's case and will determine whether or not to incorporate the streamlined penalty terms in the OVDP closing agreement.

[View a helpful webinar on how to complete your submission under the Streamlined Procedures](#)



U.S. Taxpayers Residing Outside the United States

The following streamlined procedures are referred to as the Streamlined Foreign Offshore Procedures.

Eligibility for the Streamlined Foreign Offshore Procedures

In addition to having to meet the general eligibility criteria, individual U.S. taxpayers, or estates of individual U.S. taxpayers, seeking to use the Streamlined Foreign Offshore Procedures described in this section must: (1) meet the applicable non-residency requirement described below (for joint return filers, both spouses must meet the applicable non-residency requirement described below) and (2) have failed to report the income from a foreign financial asset and pay tax as required by U.S. law, and may have failed to file an FBAR (FinCEN Form 114, previously Form TD F 90-22.1) with respect to a foreign financial account, and such failures resulted from non-willful conduct. Non-willful conduct is 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.

For information on the meaning of foreign financial asset, see the instructions for FinCEN Form 114, which may be found at [FinCen](#) and the instructions for Form 8938, which may be found at [Instructions for Form 8938](#).

Non-residency requirement applicable to individuals who are U.S. citizens or lawful permanent residents (i.e., “green card holders”): Individual U.S. citizens or lawful permanent residents, or estates of U.S. citizens or lawful permanent residents, meet the applicable non-residency requirement if, in any one or more of the most recent three years for which the U.S. tax return due date (or properly applied for extended due date) has passed, the individual did not have a U.S. abode and the individual was physically outside the United States for at least 330 full days. Under IRC section 911 and its regulations, which apply for purposes of these procedures, neither temporary presence of the individual in the United States nor maintenance of a dwelling in the United States by an individual necessarily mean that the individual’s abode is in the United States. For more information on the meaning of “abode,” see IRS Publication 54, which may be found at [Publication 54](#).

Example 1: Mr. W was born in the United States but moved to Germany with his parents when he was five years old, lived there ever since, and does not have a U.S. abode. Mr. W meets the non-residency requirement applicable to individuals who are U.S. citizens or lawful permanent residents.

Example 2: Assume the same facts as Example 1, except that Mr. W moved to the United States and acquired a U.S. abode in 2012. The most recent 3 years for which Mr. W’s U.S. tax return due date (or properly applied for extended due date) has passed are 2013, 2012, and 2011. Mr. W meets the non-residency requirement applicable to individuals who are U.S. citizens or lawful permanent residents.

Non-residency requirement applicable to individuals who are not U.S. citizens or lawful permanent residents: Individuals who are not U.S. citizens or lawful permanent residents, or estates of individuals who were not U.S. citizens or lawful permanent residents, meet the applicable non-residency requirement if, in any one or more of the last three years for which the U.S. tax return due date (or properly applied for

extended due date) has passed, the individual did not meet the substantial presence test of IRC section 7701(b)(3). For more information on the substantial presence test, see IRS Publication 519, which may be found at [IRS Publication 519](#).

Example 3: Ms. X is not a U.S. citizen or lawful permanent resident, was born in France, and resided in France until May 1, 2012, when her employer transferred her to the United States. Ms. X was physically present in the U.S. for more than 183 days in both 2012 and 2013. The most recent 3 years for which Ms. X's U.S. tax return due date (or properly applied for extended due date) has passed are 2013, 2012, and 2011. While Ms. X met the substantial presence test for 2012 and 2013, she did not meet the substantial presence test for 2011. Ms. X meets the non-residency requirement applicable to individuals who are not U.S. citizens or lawful permanent residents.

Description of Scope and Effect of Procedures

U.S. taxpayers (U.S. citizens, lawful permanent residents, and those meeting the substantial presence test of IRC section 7701(b)(3)) eligible to use the Streamlined Foreign Offshore Procedures must (1) for each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed, file delinquent or amended tax returns, together with all required information returns (e.g., Forms 3520, 5471, and 8938) and (2) for each of the most recent 6 years for which the FBAR due date has passed, file any delinquent FBARs (FinCEN Form 114, previously Form TD F 90-22.1). The full amount of the tax and interest due in connection with these filings must be remitted with the delinquent or amended returns.

A taxpayer who is eligible to use these Streamlined Foreign Offshore Procedures and who complies with all of the instructions outlined below will not be subject to failure-to-file and failure-to-pay penalties, accuracy-related penalties, information return penalties, or FBAR penalties. Even if returns properly filed under these procedures are subsequently selected for audit under existing audit selection processes, the taxpayer will not be subject to failure-to-file and failure-to-pay penalties or accuracy-related penalties with respect to amounts reported on those returns, or to information return penalties or FBAR penalties, unless the examination results in a determination that the original tax noncompliance was fraudulent and/or that the FBAR violation was willful. Any previously assessed penalties with respect to those years, however, will not be abated. Further, as with any U.S. tax return filed in the normal course, if the IRS determines an additional tax deficiency for a return submitted under these procedures, the IRS may assert applicable additions to tax and penalties relating to that additional deficiency.

For returns filed under these procedures, retroactive relief will be provided for failure to timely elect income deferral on certain retirement and savings plans where deferral is permitted by the applicable treaty. The proper deferral elections with respect to such plans must be made with the submission. See the instructions below for the information required to be submitted to make such elections.

Transition rules for taxpayers who made submissions under the 2012 Streamlined Filing Compliance Procedures for Non-Resident, Non-Filer U.S. Taxpayers: The risk assessment process associated with the 2012 Streamlined Filing Compliance Procedures for Non-Resident, Non-Filer U.S. Taxpayers has been eliminated for all streamlined filers. A taxpayer who has initiated participation in the 2012 Streamlined Filing Compliance Procedures prior to July 1, 2014, and has not already been notified of a high or low risk determination will not receive correspondence related to their risk determination and the returns will be processed without regard to that risk assessment.

Specific Instructions for the Streamlined Foreign Offshore Procedures

Failure to follow these instructions or to submit the items described below will result in returns being processed in the normal course without the benefit of the favorable terms of these procedures.

1. For each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed:

- if a U.S. tax return has not been filed previously, submit a complete and accurate delinquent tax return using Form 1040, U.S. Individual Income Tax Return, together with the required information returns (e.g., Forms 3520, 5471, and 8938) even if these information returns would normally be filed separately from the Form 1040 had the taxpayer filed on time, or
- if a U.S. tax return has been filed previously, submit a complete and accurate amended tax return using Form 1040X, Amended U.S. Individual Income Tax Return, together with the required information returns (e.g., Forms 3520, 5471, and 8938) even if these information returns would normally be filed separately from the Form 1040 had the taxpayer filed a complete and accurate original return.

2. Include at the top of the first page of each delinquent or amended tax return and at the top of each information return "Streamlined Foreign Offshore" written in red to indicate that the returns are being submitted under these procedures. **This is critical to ensure that your returns are processed through these special procedures.**

3. Complete and sign a statement on the Certification by [U.S. Person Residing Outside of the U.S. \(Form 14653\)](#) certifying (1) that you are eligible for the Streamlined Foreign Offshore Procedures; (2) that all required FBARs have now been filed (see instruction 8 below); and (3) that the failure to file tax returns, report all income, pay all tax, and submit all required information returns, including FBARs, resulted from non-willful conduct. You must submit the original signed statement and you must attach copies of the statement to each tax return and information return being submitted through these procedures. You should not attach copies of the statement to FBARs. Failure to submit this statement, or submission of an incomplete or otherwise deficient statement, will result in returns being processed in the normal course without the benefit of the favorable terms of these procedures.

4. Submit payment of all tax due as reflected on the tax returns and all applicable statutory interest with respect to each of the late payment amounts. Your taxpayer identification number must be included on your check. You may receive a balance due notice or a refund if the tax or interest is not calculated correctly.

5. If you are not eligible to have a Social Security Number and do not already have an ITIN, submit an application for an ITIN along with the required tax returns, information returns, and other documents filed under these streamlined procedures. See the [ITIN page](#) on www.irs.gov for more information.

6. If you seek relief for failure to timely elect deferral of income from certain retirement or savings plans where deferral is permitted by an applicable treaty, submit:

- a statement requesting an extension of time to make an election to defer income tax and identifying the applicable treaty provision;
-

a dated statement signed by you under penalties of perjury describing:

- the events that led to the failure to make the election,
- the events that led to the discovery of the failure, and
- if you relied on a professional advisor, the nature of the advisor's engagement and responsibilities; and
- for relevant Canadian plans, see [SDO FAQ 8](#) for current information (Form 8891 is no longer required).

7. The documents listed above, together with the payments described above, must be sent in paper form (electronic submissions will not be accepted) to:

Internal Revenue Service
3651 South I-H 35
Stop 6063 AUSC
Attn: Streamlined Foreign Offshore
Austin, TX 78741

This address may only be used for returns filed under these procedures. For all future filings, you must file according to regular filing procedures.

8. For each of the most recent 6 years for which the FBAR due date has passed, file delinquent FBARs according to the FBAR instructions and include a statement explaining that the FBARs are being filed as part of the Streamlined Filing Compliance Procedures. You are required to file these delinquent FBARs electronically at [FinCen](#). On the cover page of the electronic form, select “Other” as the reason for filing late. An explanation box will appear. In the explanation box, enter “Streamlined Filing Compliance Procedures.” If you are unable to file electronically, you may contact FinCEN's Regulatory Helpline at 1-800-949-2732 or 1-703-905-3975 (if calling from outside the United States) to determine possible alternatives to electronic filing.

[Streamlined Filing Compliance Procedures for U.S. Taxpayers Residing Outside the United States Frequently Asked Questions and Answers](#)

[View a helpful webinar on how to complete your submission under the Streamlined Procedures](#)



U.S. Taxpayers Residing in the United States

The following streamlined procedures are referred to as the Streamlined Domestic Offshore procedures.

Eligibility for the Streamlined Domestic Offshore Procedures

In addition to having to meet the general eligibility criteria, individual U.S. taxpayers, or estates of individual U.S. taxpayers, seeking to use the Streamlined Domestic Offshore Procedures described in this section must: (1) fail to meet the applicable non-residency requirement described in the [“Eligibility for the Streamlined Offshore Procedures”](#) (for joint return filers, one or both of the spouses must fail to meet the applicable non-residency requirement described in the [“Eligibility for the Streamlined Offshore Procedures”](#)); (2) have previously filed a U.S. tax return (if required) for each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed; (3) have failed to report gross income from a foreign financial asset and pay tax as required by U.S. law, and may have failed to file an FBAR (FinCEN Form 114, previously Form TD F 90-22.1) and/or one or more international information returns (e.g., Forms 3520, 3520-A, 5471, 5472, 8938, 926, and 8621) with respect to the foreign financial asset, and (4) such failures resulted from non-willful conduct. Non-willful conduct is 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.

For information on the meaning of foreign financial asset, see the [instructions for FinCEN Form 114](#) and the [instructions for Form 8938](#).

Description of Scope and Effect of Procedures

U.S. taxpayers (U.S. citizens, lawful permanent residents, and those meeting the substantial presence test of IRC section 7701(b)(3)) eligible to use the Streamlined Domestic Offshore Procedures must (1) for each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed (the “covered tax return period”), file amended tax returns, together with all required information returns (e.g., Forms 3520, 3520-A, 5471, 5472, 8938, 926, and 8621), (2) for each of the most recent 6 years for which the FBAR due date has passed (the “covered FBAR period”), file any delinquent FBARs (FinCEN Form 114, previously Form TD F 90-22.1), and (3) pay a Title 26 miscellaneous offshore penalty. The full amount of the tax, interest, and miscellaneous offshore penalty due in connection with these filings should be remitted with the amended tax returns.

The Title 26 miscellaneous offshore penalty is equal to 5 percent of the highest aggregate balance/value of the taxpayer’s foreign financial assets that are subject to the miscellaneous offshore penalty during the years in the covered tax return period and the covered FBAR period. For this purpose, the highest aggregate balance/value is determined by aggregating the year-end account balances and year-end asset values of all the foreign financial assets subject to the miscellaneous offshore penalty for each of the years in the covered tax return period and the covered FBAR period and selecting the highest aggregate balance/value from among those years.

A foreign financial asset is subject to the 5-percent miscellaneous offshore penalty in a given year in the covered FBAR period if the asset should have been, but was not, reported on an FBAR (FinCEN Form 114) for that year. A foreign financial asset is subject to the 5-percent miscellaneous offshore penalty in a given year in the covered tax return period if the asset should have been, but was not, reported on a Form 8938 for that

year. A foreign financial asset is also subject to the 5-percent miscellaneous offshore penalty in a given year in the covered tax return period if the asset was properly reported for that year, but gross income in respect of the asset was not reported in that year.

For information on the meaning of foreign financial asset, see the [instructions for FinCEN Form 114](#) and the [instructions for Form 8938](#). For example, foreign financial assets may include:

- financial accounts held at foreign financial institutions;
- financial accounts held at a foreign branch of a U.S. financial institution;
- foreign stock or securities not held in a financial account;
- foreign mutual funds; and
- foreign hedge funds and foreign private equity funds.

A taxpayer who is eligible to use these Streamlined Domestic Offshore Procedures and who complies with all of the instructions below will be subject only to the Title 26 miscellaneous offshore penalty and will not be subject to accuracy-related penalties, information return penalties, or FBAR penalties. Even if returns properly filed under these procedures are subsequently selected for audit under existing audit selection processes, the taxpayer will not be subject to accuracy-related penalties with respect to amounts reported on those returns, or to information return penalties or FBAR penalties, unless the examination results in a determination that the original return was fraudulent and/or that the FBAR violation was willful. Any previously assessed penalties with respect to those years, however, will not be abated. Further, as with any U.S. tax return filed in the normal course, if the IRS determines an additional tax deficiency for a return submitted under these procedures, the IRS may assert applicable additions to tax and penalties relating to that additional deficiency.

For returns filed under these procedures, retroactive relief will be provided for failure to timely elect income deferral on certain retirement and savings plans where deferral is permitted by the applicable treaty. The proper deferral elections with respect to such plans must be made with the submission. See the instructions below for the information required to be submitted with such requests.

Specific Instructions for the Streamlined Domestic Offshore Procedures

Failure to follow these instructions or to submit the items described below will result in returns being processed in the normal course without the benefit of the favorable terms of these procedures.

1. For each of the most recent 3 years for which the U.S. tax return due date (or properly applied for extended due date) has passed, submit a complete and accurate amended tax return using Form 1040X, Amended U.S. Individual Income Tax Return, together with any required information returns (e.g., Forms 3520, 3520-A, 5471, 5472, 8938, 926, and 8621) even if these information returns would normally not be submitted with the Form 1040 had the taxpayer filed a complete and accurate original return. You may not file delinquent income tax returns (including Form 1040, U.S. Individual Income Tax Return) using these procedures.

2. Include at the top of the first page of each amended tax return and at the top of each information return "Streamlined Domestic Offshore" written in red to indicate that the returns are being submitted under these procedures. **This is critical to ensure that your returns are processed through these special procedures.**

3. Complete and sign a statement on the [Certification by U.S. Person Residing in the U.S. \(Form 14654\)](#) certifying: (1) that you are eligible for the Streamlined Domestic Offshore Procedures; (2) that all required FBARs have now been filed (see instruction 9 below); (3) that the failure to report all income, pay all tax, and submit all required information returns, including FBARs, resulted from non-willful conduct; and (4) that the miscellaneous offshore penalty amount is accurate (see instruction 5 below). You must maintain your foreign financial asset information supporting the self-certified miscellaneous offshore penalty computation and be prepared to provide it upon request. You must submit an original signed statement and

attach copies of the statement to each tax return and information return being submitted through these procedures. You should not attach copies of the statement to FBARs. Failure to submit this statement, or submission of an incomplete or otherwise deficient statement, will result in returns being processed in the normal course without the benefit of the favorable terms of these procedures.

4. Submit payment of all tax due as reflected on the tax returns and all applicable statutory interest with respect to each of the late payment amounts. Your taxpayer identification number must be included on your check. You may receive a balance due notice or a refund if the tax or interest is not calculated correctly.

5. Submit payment of the Title 26 miscellaneous offshore penalty as defined above.

6. If you seek relief for failure to timely elect deferral of income from certain retirement or savings plans where deferral is permitted by an applicable treaty, submit:

- a statement requesting an extension of time to make an election to defer income tax and identifying the applicable treaty provision;
- a dated statement signed by you under penalties of perjury describing:
 - the events that led to the failure to make the election,
 - the events that led to the discovery of the failure, and
 - if you relied on a professional advisor, the nature of the advisor's engagement and responsibilities; and
- for relevant Canadian plans, see [SFO FAQ 2](#) for current information (Form 8891 is no longer required).

7. The documents listed above, together with the payments described above, must be sent in paper form (electronic submissions will not be accepted) to:

Internal Revenue Service
3651 South I-H 35 Stop 6063 AUSC
Attn: Streamlined Domestic Offshore
Austin, TX 78741

This address may only be used for returns filed under these procedures. For all future filings, you must file according to regular filing procedures.

8. For each of the most recent 6 years for which the FBAR due date has passed, file delinquent FBARs according to the FBAR instructions and include a statement explaining that the FBARs are being filed as part of the Streamlined Filing Compliance Procedures. You are required to file these delinquent FBARs electronically at [FinCen](#). On the cover page of the electronic form, select "Other" as the reason for filing late. An explanation box will appear. In the explanation box, enter "Streamlined Filing Compliance Procedures." If you are unable to file electronically, you may contact FinCEN's Regulatory Helpline at 1-800-949-2732 or 1-703-905-3975 (if calling from outside the United States) to determine possible alternatives to electronic filing.

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