



Streamlined Procedure

Compliance Assistance for US Expats

Americans living abroad may not know it but they must file their annual tax reports to the United States whether or not they feel that any tax is owed. Americans overseas may not be aware of this requirement, as well as the “accidental” Americans (Americans born in the United States to foreign parents that moved back to their native country shortly after the birth.). The Internal Revenue Service (IRS) instituted an amnesty program known as the Streamlined Procedure for all American expats. The program was changed in 2014 for any US expat to participate if they willfully did not file their tax returns.

Most Americans overseas believed that tax reporting was not necessary because they might have been paying more tax in their resident country as well as believing that dual tax treaties may excuse this exercise. If they can convince the IRS that they did not file believing so, they could apply for the Streamlined Procedure filing.

What is the Streamline Procedure tax program for U.S. citizens living abroad?

The program is for U.S. citizens and residents (green card holders) living outside of the United States. U.S. citizens and residents are required by law to declare their total worldwide income as well as assets and bank accounts to the United States each year. There can be severe penalties for unwillful filing by the individuals. The Procedure program offers U.S. individuals a secure, penalty-free path to compliance. If the U.S. person has never filed or reported income or assets, they can participate in this Procedure to avoid any fines.

The program entails filing the last 3 years of tax returns to the IRS and the last 6 years of FBARS, if required. FBAR is mandatory for reporting foreign bank accounts that reach an aggregate balance of over \$10,000 at any time in the calendar year. Any taxes owed must be paid, with interest, with the tax returns as well as a statement indicating that the negligence of not filing was not willful.

It is a simple procedure that some individuals are attempting the filing on their own, or hiring a tax professional for assistance. The U.S. already knows about the bank accounts since global banks are reporting the balances to the United States for any American-born citizen. Once the returns and declaration has been filed, it is a matter on completing the returns once a year to remain compliance and no longer sleepless nights.

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