

# Pain Relief From Undisclosed Offshore Holdings: IRS International Penalty Procedure and Strategy

Taxpayers, as well as many tax practitioners, would be hard-pressed to find other areas of the tax law that are more complex than the special tax regimes and reporting obligations applicable to U.S. persons with foreign holdings or activities.

In addition to sheer complexity, the level of penalties for noncompliance with international information return reporting requirements can be quite steep, if not draconian. In some instances, especially when unreported foreign bank accounts are involved or the government asserts that a compliance failure is willful, the total level of penalties that can be imposed can be well in excess of the value of the unreported accounts or assets. This article focuses on helping clients seek relief from these civil penalties and, specifically, when reasonable cause will justify this relief.

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