



Your solution to
tax –
controversies,
estate planning,
and
tax planning.

BEN-COHEN LAW FIRM

1801 AVENUE OF THE STARS

SUITE 1025

LOS ANGELES, CALIFORNIA 90067

310.272-7600

WWW.TAXEXPERTISE.COM

Practice Areas:

Tax Controversy

Estate Planning

Tax Planning

Dear Clients and Friends:

The rules for reporting financial accounts have changed as of October 2008. The substantial revisions made to Treasury Form 90-22.1 Report of Foreign Bank and Financial Accounts (FBAR), expand the class of required filers, and demand more detailed information about foreign accounts and relationships between account holders. Any U.S. citizen or resident who has an interest in a financial account in another country is required to file, provided the balance was more than \$10,000 at any point during the calendar year. The IRS has been increasingly vigilant in its enforcement against noncompliant foreign account holders, making it increasingly important for U.S. citizens and residents to report qualifying foreign financial activity or be subject to large fines and possible jail time.

Individuals who have considered reporting foreign accounts but are reluctant to come forward because of uncertainty about potential civil liabilities should file a voluntary disclosure. Taxpayers who voluntarily come forward are offered the benefit of a uniform penalty structure by the IRS. This is a great incentive that allows the taxpayer the opportunity to calculate, to a reasonable degree of certainty, the total cost of resolving the tax issue. Those who are non-compliant run the risk of detection by the IRS and may be subject to penalties that can exceed the unreported amount and criminal prosecution. Once the IRS has initiated an audit, a voluntary disclosure and its benefits can no longer be sought. When a taxpayer truthfully, timely, and completely complies with all provisions of the voluntary disclosure practice, the IRS will not recommend criminal prosecution to the Department of Justice.

What constitutes foreign financial activity?

Foreign financial activity may consist of:

- . Debit or prepaid credit cards
- . Foreign trusts
- . Bank accounts such as savings, checking, and time deposits
- . Securities accounts such as mutual funds, brokerage accounts, and securities derivatives accounts
- . Accounts where the assets are held in a commingled fund and the account owner holds an equity interest in the fund

FBARs are due by June 30, 2009, and I have not filed one yet. What should I do?

Many taxpayers will fail to file FBARs on time. Nonetheless, as part of a voluntary disclosure delinquent taxpayers should file a late FBAR along with amended tax returns, and a statement explaining why the forms are being filed after the due date. A carefully drafted statement may avert the IRS from pursuing penalties against a delinquent filer.

If you are unfamiliar with the revised reporting rules, have an unreported foreign account, or take part in unreported foreign financial activity, it is essential that you evaluate whether your foreign account is subject to FBAR compliance. The Ben-Cohen Law Firm can assist you with this review, and if filing is necessary, we can assist you with the FBAR filing, related amended returns, and voluntary disclosures to ensure IRS compliance and the protection of your assets.

About Us:

The Ben-Cohen Law Firm is located in Century City, and was founded by Pedram Ben-Cohen, who is an Attorney-at-Law and Certified Public Accountant (CPA) licensed by the State of California. We handle a wide variety of tax-related matters including taxpayer disputes with the Internal Revenue Service (IRS) and Franchise Tax Board (FTB), estate planning, and income tax planning. Our passion is the practice of Tax Law which is reflected in our mission to solve your tax problems and minimize your tax liability in a cost efficient manner.

The information in this newsletter has been prepared by the Ben-Cohen Law Firm for informational purposes only and not as legal advice. Neither the transmission, nor your receipt of information from this correspondence creates an attorney-client relationship between you and the Ben-Cohen Law Firm.

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this newsletter is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter that is contained in this newsletter.

©Ben-Cohen Law Firm. All Rights Reserved.

[Click here to have your email address removed from this mailing list.](#)