

June 25, 2009

IRS Will Allow Taxpayers to File the Report of Foreign Bank and Financial Accounts (FBAR) until September 23, without Penalties

The FBAR relating to foreign financial accounts for calendar year 2008 is due June 30, 2009. The IRS announced yesterday that it will not impose penalties on a taxpayer who recently learned of the FBAR filing obligation and is unable to gather the information requested by the FBAR in a timely manner, and who files the FBAR relating to the 2008 calendar year by September 23, 2009, provided the taxpayer has correctly reported and paid tax on all taxable income. The late FBAR should be filed with an attachment providing the reason why the FBAR was not timely filed together with a copy of the taxpayer's 2008 tax return (unless such tax return is due after September 23, 2009).

The IRS had previously announced that it would not impose penalties on late FBARs for prior years (FBARs that relate to years prior to 2008), provided such FBARs were filed by September 23, 2009, and the taxpayer had reported and paid tax on all taxable income. The IRS has now expanded this policy to include FBARs relating to the 2008 calendar year.

For more information on FBAR reporting requirements, please contact one of the Katten Muchin Rosenman LLP attorneys listed below:

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6/25/09