

# Business

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ASK THE EXPERTS 8 • PERSONAL FINANCE 8

Tutoring business Kurnon North America names new leader. 8



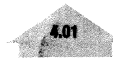
U.S. car and truck sales showed signs of stabilizing in June. 9

DOW



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8,504.06

S&amp;P 500



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923.33

NASDAQ



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1,845.72

## ASK THE EXPERTS

## Tell IRS if you have foreign bank account

**Q. What do I do if I have unreported foreign bank accounts?**

The federal government's successful recent effort to press foreign banks, especially Swiss institutions, to disclose their U.S. depositors has received considerable attention. Many Americans with foreign accounts are at risk for criminal prosecution and severe civil penalties for failing to report income deposited into or earned from foreign accounts and failing to file required reports of their foreign holdings. The government is taking a carrot-and-

stick approach to encouraging foreign account holders to voluntarily disclose their holdings. The IRS said it will aggressively prosecute people with undisclosed foreign accounts. At the same time, the agency announced a program that can help people avoid prosecution and reduce their financial exposure.

Under this program, the IRS generally will not criminally prosecute people who voluntarily disclose their foreign accounts if they amend inaccurate prior tax returns, file delinquent tax and information returns, pay all tax, interest and certain

penalties and fully cooperate with the IRS.

The financial consequences of disclosure can be painful. The financial penalties under the current program, however, are lower than if no voluntary disclosure is made; and, most important, criminal prosecution may be avoided. The difficult part is determining whether a disclosure is truly voluntary. Once the IRS begins investigating a taxpayer, that taxpayer's disclosure is no longer considered voluntary. Though the program ends Sept. 23, any delay can undermine the voluntary-

ness of a disclosure because the IRS can start investigating a taxpayer before that date.

Whether the IRS is likely to regard a disclosure as voluntary is a judgment a taxpayer should make in consultation with counsel experienced in this field. A correct judgment can avoid criminal charges; an incorrect judgment can have the opposite result.

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Do you have a business question for a lawyer? E-mail [businessnews@northjersey.com](mailto:businessnews@northjersey.com).