



## AMERICAN CITIZENS ABROAD EDUCATE, ADVOCATE AND INFORM

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### **IRS ANNOUNCEMENT ON NEW PROCEDURES FOR SMALL TAXPAYERS THAT HAVE OR WILL RENOUNCE US CITIZENSHIP**

In a News Release dated September 6, 2019, the IRS announced it will give limited relief, in the form of forgiveness of US taxes and avoidance of penalties and interest, in highly circumscribed circumstances.

This is for individuals who have not filed US taxes, who owe a total of no more than \$25,000 over the recent 6 years and who have net assets of less than \$2 million. Importantly, these taxpayers' noncompliance must be non-willful. They must not have known about their obligations and deliberately failed to pay taxes. Also, quite importantly, they still must prepare and file 6 years of complete tax returns.

"Provided that the taxpayer's tax liability does not exceed a total of \$25,000 for the six years in question, the taxpayer is relieved from paying US taxes. \*\*\* Individuals who qualify...will not be assessed penalties and interest." IR -2019-151.

This new set of rules is on the table for an indeterminate period, but, of course, could be withdrawn, hopefully with a little warning, at any point in the future. The rules can be utilized back in time; individuals who renounced any time after March 18, 2010 – recall this is the effective date of the FATCA legislation – can benefit.

Stepping back, this is a little help for so-called "Accidental Americans" as well as others, while not accidental, who simply did not know about all the requirements.

FBAR penalties and other subjects are addressed in accompanying [FAQs](#).

"Taxpayers, including small and largely innocent taxpayers, must be careful, in their excitement, NOT to represent to the IRS that they were "non-willful", while at the same time knowing that this is not true. What was, on the face of it, a civil tax problem would then morph, possibly, into a more serious problem. People should step carefully" said Glen Frost, Frost & Associates-Washington, D.C.

Marylouise Serrato, ACA's Executive Director, commented: "This is a helpful step for a small population of individuals who have left or are going to leave the US tax system. ACA would like to see Treasury Department take a similar modest step by relieving American expats from some of the consequences of FATCA, by putting a Same Country Exemption in the FATCA regulations, which could be done immediately, without legislation. And Congress should take a big step towards enacting residency-based taxation by holding hearings. This is the number one 'ask' on our list."

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