



University of San Francisco

Beta Alpha Psi

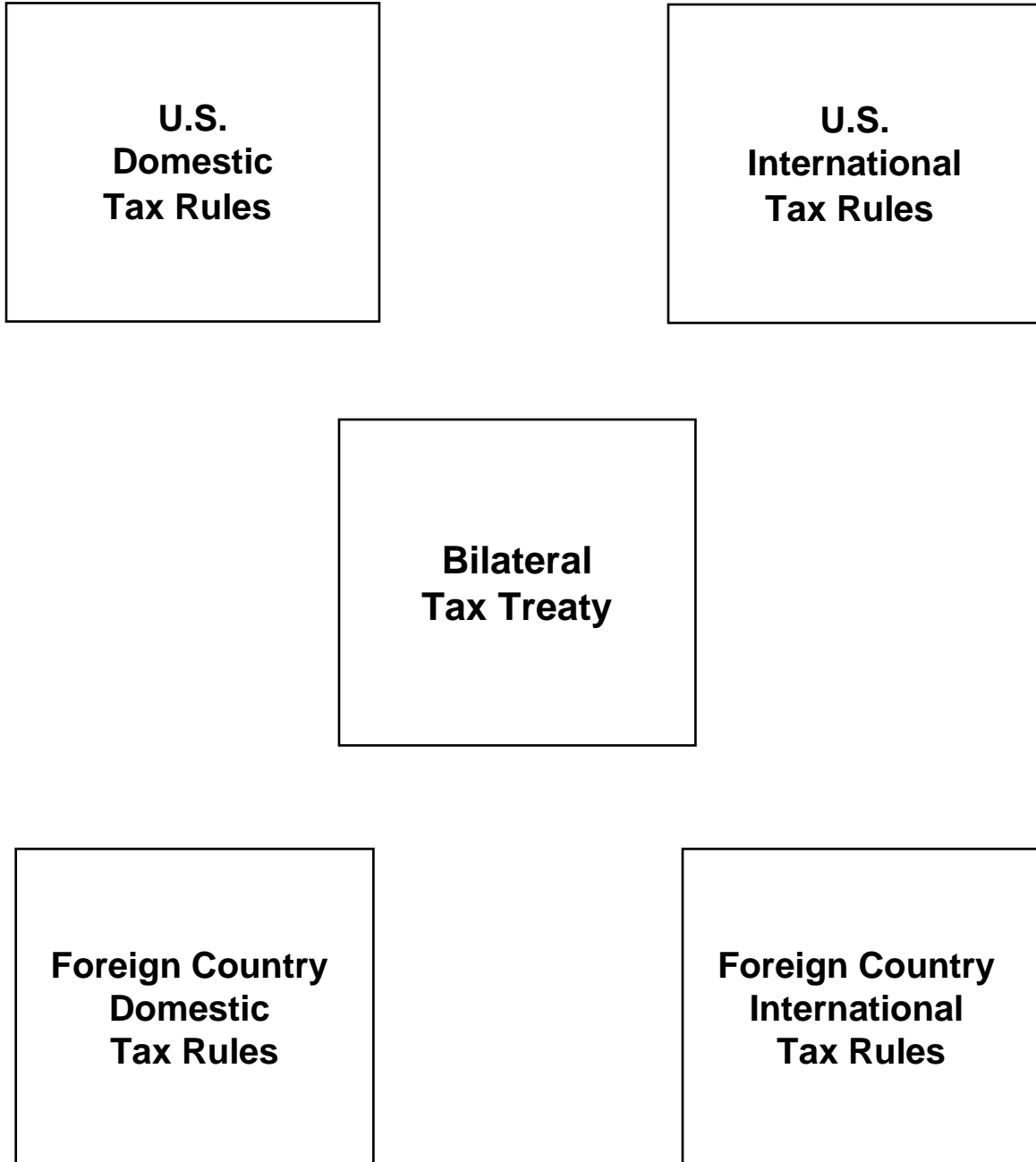
April 28, 2009

International Tax

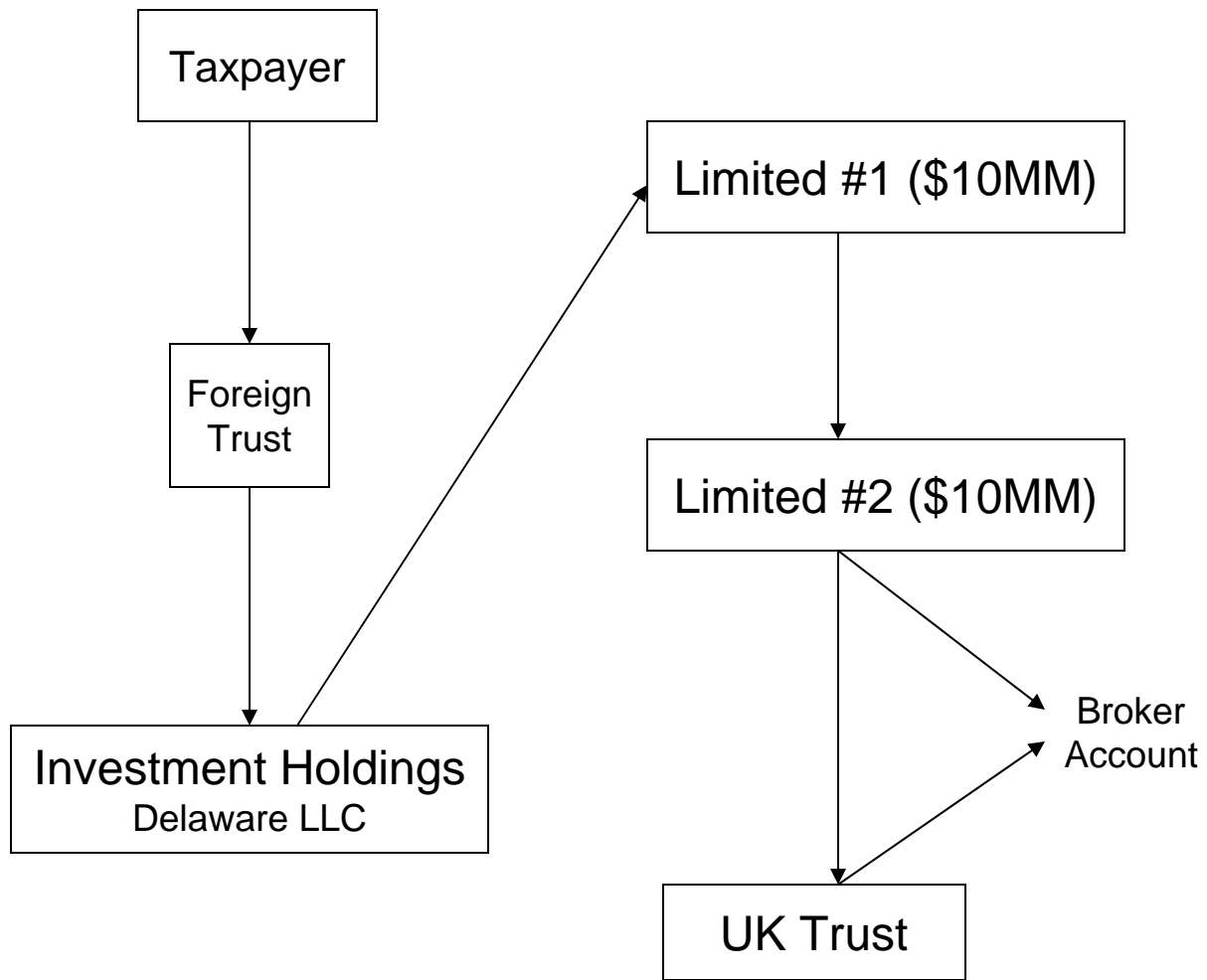
The Good, the Bad and the Ugly!

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Interacting Tax Rules

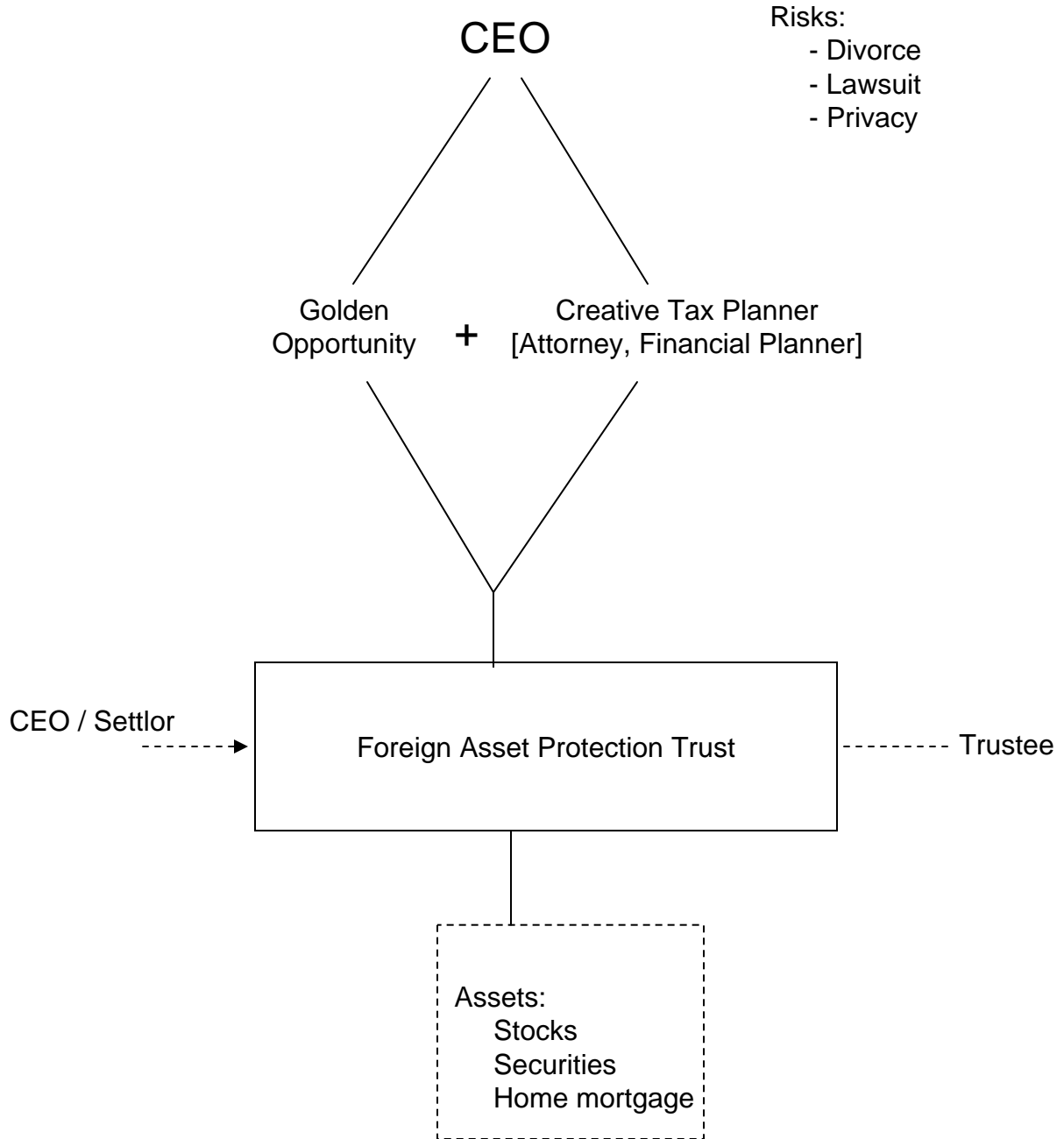


Foreign Tax Structure



International Tax Audit

An Interesting Start...



Tax Return: Annual Required Reporting

Ownership Interests in:

- 1) Foreign bank accounts over \$10,000
TDF 90.22-1 (Due June 30)

- 2) Foreign business reporting
 - Corporation Form 5471 (Due with return)
 - Partnership Form 8865 (Due with return)

- 3) Foreign trusts
 - Form 3520A (Due March 15)
 - Form 3520 (Due with return)
 - Gifts over \$100,000 from foreign person
 - Distributions from a foreign trust (any amount)

* Penalties are significant for not reporting.

Criminal Tax Fraud of Badges Fraud

- 1) Double set of books
- 2) False entries or alterations to documents
- 3) Destruction of books or records
- 4) Concealment of assets
- 5) Use of structures to conceal income
- 6) Failure to file income tax returns

INTENT REQUIRED

Repent!

Voluntary Compliance

If a taxpayer addresses his or her tax problem before an IRS audit or investigation has begun, it is possible to use the IRS's "voluntary disclosure" policy to file missing returns and avoid prosecution.

The IRS's voluntary disclosure policy applies to a taxpayer who:

- Voluntarily informs the IRS of his failure to file or report income
- Had income from only legal sources
- Makes full disclosure prior to being informed that he is under investigation
- Cooperates with the IRS in ascertaining his correct tax liability

Voluntary Tax Compliance

Alternative 1

Voluntary Compliance – Representative meets face to face with Criminal Investigation Special Agent

- criminal exposure approved
- only past 6 years returns subject to review
- must meet qualified taxpayer definition

Alternative 2

Voluntary Compliance – submitting returns and waiting

- eliminates criminal risks
- uncertainty regarding potential audit of past years

Alternative 3

Keep your passport current!

Estate Planning with Cross Border Implications

FEDERAL UNIFIED ESTATE AND GIFT TAX RATE SCHEDULE

<i>If the Taxable Estate or Taxable Gift is:</i>		<i>The Estate or Gift Tax is:</i>			
<i>From</i>	<i>To</i>	<i>Tax +</i>	<i>%</i>	<i>On Excess Over</i>	
\$ -0-	\$10,000	\$ -0-	18	\$ -0-	
10,000	20,000	1,800	20	10,000	
20,000	40,000	3,800	22	20,000	
40,000	60,000	8,200	24	40,000	
60,000	80,000	13,000	26	60,000	
80,000	100,000	18,200	28	80,000	
100,000	150,000	23,800	30	100,000	
150,000	250,000	38,800	32	150,000	
250,000	500,000	70,800	34	250,000	
500,000	750,000	155,800	37	500,000	
750,000	1,000,000	248,300	39	750,000	
1,000,000	1,250,000	345,800	41	1,000,000*	
1,250,000	1,500,000	448,300	43	1,250,000	
1,500,000	2,000,000	555,800	45	1,500,000	

* The applicable credit amount available as an offset to the gift tax is \$345,800, which is equivalent to the tax on a taxable gift of \$1,000,000.

International Tax Audit

Wesley Snipes sentenced to three years in prison



A jury acquitted Snipes of felony charges of tax fraud and conspiracy, but convicted him on three misdemeanor charges of failing to file tax returns.