
CitedTax

October 14, 2026

Internal Revenue Service
Streamlined Domestic Offshore Procedures
[Street address per the Service's current instructions for streamlined domestic offshore submissions]
[City, State ZIP]

Re: Streamlined Domestic Offshore Procedures submission for [Taxpayer Name], SSN [SSN], tax years 2023, 2024 and 2025 (amended returns) and FBAR years 2020 through 2025

Dear Sir or Madam,

1. Identification and procedure used

This submission is made by [Firm Name] as authorized representative of [Taxpayer Name], SSN [SSN], of Montclair, New Jersey, under a Form 2848 enclosed with this package. The taxpayer is a United States citizen who resides in the United States. The procedure used is the Streamlined Domestic Offshore Procedures described by the Service in IRS, U.S. Taxpayers Residing in the United States (Streamlined Domestic Offshore Procedures) (irs.gov).

The foreign financial asset at issue is a bank account at [Bank Name], Milan, Italy, account number [Account Number], which the taxpayer inherited from his mother in 2018. The account has held between \$240,000 and \$310,000 since 2018 and has earned interest and dividends of about \$6,000 to \$9,000 a year, on which Italian tax was withheld at source. The income was not reported on the taxpayer's Forms 1040, and no FinCEN Form 114 (FBAR) and no Form 8938 were filed for the account.

The procedures require amended returns with the required international information returns for the most recent 3 years for which the return due date has passed, delinquent FBARs for the most recent 6 years for which the FBAR due date has passed, and remittance of the tax, interest and the Title 26 miscellaneous offshore penalty, per IRS, U.S. Taxpayers Residing in the United States (Streamlined Domestic Offshore Procedures) (irs.gov).

Measured from the date of this submission, the firm treats the covered tax return period as 2023, 2024 and 2025 and the covered FBAR period as 2020 through 2025. The firm will confirm those covered periods against the actual due dates and any extensions before the package is signed and sent.

The Criminal Investigation Voluntary Disclosure Practice is not used. The Service states that if the failure to comply was not willful, in other words the taxpayer made an error or mistake, the taxpayer should consider other options including correcting past mistakes by filing amended or past due returns, per IRS, IRS Criminal Investigation Voluntary Disclosure Practice (irs.gov).

The facts set out below describe a mistake and a good faith misunderstanding rather than willful conduct, so the streamlined route is the one taken here.

2. Eligibility statement

The taxpayer meets the conditions the Service states for the streamlined domestic offshore procedures, as described in IRS, U.S. Taxpayers Residing in the United States (Streamlined Domestic Offshore Procedures) (irs.gov). Each condition and the fact that meets it is set out below.

- Residency: the taxpayer is a United States citizen who lives in Montclair, New Jersey, and therefore does not meet the non-residency requirement that would direct him to the foreign offshore procedures. The firm will confirm his physical presence in the United States for each covered year.
- Returns previously filed: the taxpayer's Forms 1040 for 2019 through 2025 were filed on time and reported his United States pension, Social Security and investment income. A return was therefore previously filed for each of the three years in the covered tax return period.
- Failure to report foreign income and to file information returns: the interest and dividends on the Milan account were not reported, no Form 8938 was filed, and no FBAR was filed for the account.
- Non-willful conduct: the failures resulted from negligence, inadvertence or mistake and from a good faith misunderstanding of the law, as described in the certification narrative in section 3 below.
- Not under examination or investigation: the taxpayer has had no contact from the IRS about the Milan account. The firm will confirm that no civil examination of any taxable year and no criminal investigation is in progress before the package is signed and sent.
- Taxpayer identification number: the taxpayer holds a valid Social Security number, shown above as [SSN].

The income at issue is includible in gross income for each year regardless of where the account is held and regardless of the Italian withholding, because a United States citizen is liable for the income taxes imposed by the Code on income received from sources without the United States as well as within, per 26 CFR § 1.1-1. The taxpayer makes no claim that the location of the account or the Italian tax excused reporting.

3. Certification narrative: the specific reasons for the failure to report

The following narrative is drafted in the taxpayer's own account for inclusion in the certification of non-willful conduct that the streamlined procedures require. It is a draft for the taxpayer's review, correction and adoption before signature.

My mother lived in Italy for most of her life and kept her savings at a bank in Milan. She died in 2018 and I inherited the account. The money in it is money she saved and money she inherited from her own family. I did not open the account, I did not transfer money to it from the United States, and I have never used it to move money out of the United States.

Since 2018 I have had very little to do with the account. I have not made deposits into it and I have not taken money out of it in the years covered by this submission, other than [describe any withdrawals or transfers, or state that there were none]. The bank credits interest and dividends to the account and Italian tax is withheld on that income before it is credited. I received statements from the bank in Italian and I filed them away without reading them closely.

My Forms 1040 were prepared each year by a local preparer in New Jersey. He never asked me whether I had a foreign bank account and I never thought to raise it, because I assumed that an Italian account on which Italian tax had already been taken was an Italian matter and not something the United States taxed. No one told me

that I had to report the income on my Form 1040, and no one told me about the FBAR or about Form 8938. I did not seek advice about the account from anyone else, and I received no advice telling me that I did not have to report it.

I now understand that as a United States citizen I owe United States tax on this income wherever it is earned and that I was required to report the account. My failure to report the income, to pay the tax and to file the information returns was due to that misunderstanding and to my own carelessness in not asking the question. I did not hide the account from anyone, I did not ask the bank to withhold statements or to hold mail, and I did not take any step to conceal the account or the income from the Service.

I learned of my obligations in [month, year, and how the taxpayer learned], I came to this firm, and I am filing this submission and paying the tax, interest and the penalty as soon as I was able to assemble the records.

4. Omitted income, tax and foreign tax credit by year (the firm's computation)

The amended returns report the interest and dividends credited to the Milan account in each covered year, with Form 8938 attached. The income is gross income under 26 CFR § 1.1-1 and is reported in the year each item was received or credited. The figures below are the firm's computation from the bank statements for each year and are shown with the arithmetic; where a figure is not yet established by the records in hand it is shown as a bracketed placeholder and listed in the firm's notes.

The taxpayer claims the credit for the Italian income tax paid or accrued in each covered year by filing an amended return for that year with Form 1116 attached, which is the manner of claiming the credit stated in 26 CFR § 1.901-1.

The credit allowed in each year is limited by the section 904(a) proportion of foreign source taxable income to entire taxable income, computed in the passive category, and no deduction for the same foreign income taxes is taken in a year for which the credit is claimed, as 26 CFR § 1.901-1 provides.

If in any covered year the taxpayer's creditable foreign taxes do not exceed \$300 (\$600 on a joint return) and all of his foreign source gross income is qualified passive income shown on a payee statement, the firm will consider the election out of the section 904(a) limitation, which also bars any carryback or carryover to or from that year.

Year	Omitted interest and dividends	Additional tax before credit	Italian tax withheld	Foreign tax credit allowed	Net additional tax
2023	[\$]	[\$] (omitted income multiplied by the taxpayer's marginal rate for 2023, []%)	[\$]	[\$] (lesser of the Italian tax and the section 904(a) limitation)	[\$] (additional tax before credit minus credit allowed)
2024	[\$]	[\$] (omitted income multiplied by the taxpayer's marginal rate for 2024, []%)	[\$]	[\$] (lesser of the Italian tax and the section 904(a) limitation)	[\$] (additional tax before credit minus credit allowed)

2025	[\$]	[\$] (omitted income multiplied by the taxpayer's marginal rate for 2025, []%)	[\$]	[\$] (lesser of the Italian tax and the section 904(a) limitation)	[\$] (additional tax before credit minus credit allowed)
Total	[\$]	[\$]	[\$]	[\$]	[\$]

Year	Net additional tax	Interest runs from	Interest computed to	Interest	Tax plus interest
2023	[\$]	April 15, 2024	[date of remittance]	[\$] (firm's computation at the underpayment rates in effect for each quarter)	[\$]
2024	[\$]	April 15, 2025	[date of remittance]	[\$] (firm's computation at the underpayment rates in effect for each quarter)	[\$]
2025	[\$]	April 15, 2026	[date of remittance]	[\$] (firm's computation at the underpayment rates in effect for each quarter)	[\$]
Total	[\$]			[\$]	[\$]

The firm notes for completeness that the period for assessing tax on an omitted amount attributable to an asset with respect to which reporting is required under section 6038D, where the omitted amount exceeds \$5,000, is 6 years after the return was filed under 26 U.S.C. § 6501. The stated annual omission of about \$6,000 to \$9,000 exceeds the \$5,000 figure in the text of that section.

The three covered years are within that period in any event, and the firm takes no position here on years outside the covered tax return period.

5. Miscellaneous offshore penalty computation (the firm's computation)

The Title 26 miscellaneous offshore penalty is equal to 5 percent of the highest aggregate balance or value of the taxpayer's foreign financial assets that are subject to the penalty during the years in the covered tax return period and the covered FBAR period, per IRS, U.S. Taxpayers Residing in the United States (Streamlined Domestic Offshore Procedures) (irs.gov). The only asset subject to the penalty on the facts given is the Milan account.

The penalty base is therefore the highest year-end balance of that account across 2020 through 2025, and the facts given state only a range of \$240,000 to \$310,000, not the year-end balance for any single year.

Covered year	Year-end balance of the Milan account	Source
2020	[\$]	[Bank statement, December 31, 2020]
2021	[\$]	[Bank statement, December 31, 2021]
2022	[\$]	[Bank statement, December 31, 2022]
2023	[\$]	[Bank statement, December 31, 2023]
2024	[\$]	[Bank statement, December 31, 2024]
2025	[\$]	[Bank statement, December 31, 2025]

The computation is: highest year-end balance in the covered period, [\$], multiplied by 5 percent, equals [\$]. By way of illustration only, if the highest year-end balance in the covered period proves to be \$310,000, which is the top of the range stated in the facts, the penalty would be \$310,000 multiplied by 0.05, which is \$15,500. The final figure entered on the certification and remitted will be computed from the year-end statements once each year's balance is fixed, and is the firm's computation.

The taxpayer remits the full amount of tax, interest and the miscellaneous offshore penalty with this submission. The Service states that a taxpayer who complies with all of the instructions is subject only to the miscellaneous offshore penalty and not to accuracy-related, information return or FBAR penalties, per IRS, U.S. Taxpayers Residing in the United States (Streamlined Domestic Offshore Procedures) (irs.gov).

Nothing in this submission is a representation about how the Service will treat the package, and the taxpayer understands that returns may still be selected for examination under existing selection processes.

6. Filings enclosed and payment

The amended returns are each marked "Streamlined Domestic Offshore" in red at the top of the first page, as the Service's instructions for the procedures direct, and each carries the required international information returns. The FBARs for the six covered years have been filed electronically through the BSA E-Filing System, and the reason for the late filing stated on each is that the filings are made under the Streamlined Filing Compliance Procedures.

The certification of non-willful conduct accompanies the package; the firm will confirm the current form number and revision date the Service requires for that certification (the form commonly designated Form 14654) before the package is signed and sent, because the authority retrieved for this draft describes the certification requirement without naming the form.

Enclosures

- 1. Form 1040X for the taxable year ended December 31, 2023, marked "Streamlined Domestic Offshore", with Form 8938 and Form 1116
- 2. Form 1040X for the taxable year ended December 31, 2024, marked "Streamlined Domestic Offshore", with Form 8938 and Form 1116
- 3. Form 1040X for the taxable year ended December 31, 2025, marked "Streamlined Domestic Offshore", with Form 8938 and Form 1116

4. Signed certification of non-willful conduct for the streamlined domestic offshore procedures, with the narrative at section 3 above and the penalty computation at section 5 above
5. Confirmation of electronic filing of FinCEN Form 114 for calendar years 2020, 2021, 2022, 2023, 2024 and 2025
6. Form 2848, Power of Attorney and Declaration of Representative, for [Firm Name]
7. Bank statements for the Milan account for each covered year and the Italian withholding statements supporting the foreign tax credit
8. Payment of [\$] in total, being tax of [\$], interest of [\$] and the miscellaneous offshore penalty of [\$], by [check or electronic payment reference], with the taxpayer's SSN and the words "Streamlined Domestic Offshore" noted on the payment

7. Declaration of the taxpayer

The following declaration is to be signed by the taxpayer on the certification and is reproduced here for the Service's convenience.

"Under penalties of perjury, I declare that I have examined this submission, including the certification narrative and the computations of tax, interest and the miscellaneous offshore penalty, and to the best of my knowledge and belief it is true, correct and complete. I declare that my failure to report all income, pay all tax and submit all required information returns, including FBARs, was due to non-willful conduct."

Signed: _____ [Taxpayer Name] Date: _____

8. The firm's notes: what the firm must confirm

- The exact filing date of each Form 1040 for 2019 through 2025 and any extensions, which fixes the three years in the covered tax return period and the six years in the covered FBAR period, and which fixes each year's six year assessment period under 26 U.S.C. § 6501.
- The exact amount of interest and of dividends credited to the account in each covered year, separately stated, since the facts give only a range of about \$6,000 to \$9,000 a year.
- The December 31 balance of the account for each year 2020 through 2025, which is the base for the 5 percent miscellaneous offshore penalty; the facts give only a range of \$240,000 to \$310,000.
- Whether any other foreign financial account or asset exists, or any signature authority over an account of another person, since the penalty base is the aggregate of the assets subject to the penalty.
- The exact Italian tax withheld in each year, whether the withholding exceeded any rate available under the United States and Italy income tax treaty, and whether the taxpayer accounts for foreign taxes on the cash or accrual basis, each of which bears on the credit claimed under 26 CFR § 1.901-1.
- The taxpayer's filing status and marginal rate for each covered year and his foreign source and total taxable income, needed for the section 904(a) limitation and for the test of the \$300 and \$600 de minimis figures.
- Confirmation that no civil examination of any taxable year is in progress and that the taxpayer is not under criminal investigation, which the streamlined procedures require.
- The taxpayer's physical presence in the United States in each covered year, to document that the domestic rather than the foreign procedures apply.

- Whether the taxpayer made any withdrawal, deposit or transfer involving the account since 2018, and how and when he learned of the reporting obligations, both of which belong in the certification narrative.
- The current form number, revision date and mailing address the Service specifies for streamlined domestic offshore submissions and for the non-willful certification.

9. Authorities relied on

- IRS, U.S. Taxpayers Residing in the United States (Streamlined Domestic Offshore Procedures) (irs.gov) (procedure only: covered periods, certification, 5 percent miscellaneous offshore penalty, penalty relief)
- IRS, IRS Criminal Investigation Voluntary Disclosure Practice (irs.gov) (procedure only: the Practice is for willful failures; a non-willful taxpayer should consider other options including amended or past due returns)
- 26 CFR § 1.1-1 (United States citizens are liable for income tax on income from sources without the United States as well as within)
- 26 CFR § 1.901-1 (the credit for foreign income taxes is claimed on an original or amended return with Form 1116; no deduction for the same taxes in a year the credit is claimed)
- 26 U.S.C. § 6501 (six year assessment period where more than \$5,000 attributable to a section 6038D asset is omitted)
- 31 U.S.C. § 5321 (FBAR penalty maxima; cited here only to describe the exposure the procedures address, and not asserted against the taxpayer)

For the firm before sending (remove this section)

Positions that did not pass the citation gate, positions to confirm, and facts the filing still needs:

- Needed: Filing dates and extension status of the Forms 1040 for 2019 through 2025
- Needed: Exact interest and dividend amounts credited to the Milan account in each covered year
- Needed: December 31 account balances for 2020 through 2025
- Needed: Existence of any other foreign financial account, asset or signature authority
- Needed: Exact Italian tax withheld by year, treaty rate applicable, and cash or accrual treatment of foreign taxes
- Needed: Taxpayer's filing status, marginal rate, foreign source taxable income and total taxable income by year
- Needed: Confirmation that no civil examination or criminal investigation is in progress for any year
- Needed: Physical presence of the taxpayer in the United States in each covered year
- Needed: Any deposits, withdrawals or transfers involving the account since 2018
- Needed: Date and circumstances in which the taxpayer learned of the reporting obligations
- Needed: Bank name, account number, and the taxpayer's name and SSN
- Needed: Current Service address, form number and revision date for the streamlined domestic offshore submission and the non-willful certification

Sincerely,

[Name], [Credential]

Authorities cited in this letter

IRS, U.S. Taxpayers Residing in the United States (Streamlined Domestic Offshore Procedures) (irs.gov)

• PROCEDURAL

Agency web guidance

"The Title 26 miscellaneous offshore penalty is equal to 5 percent of the highest aggregate balance/value of the taxpayer's foreign financial assets that are subject to the miscellaneous offshore penalty during the years in the covered tax return period and the covered FBAR period."

IRS, Streamlined Filing Compliance Procedures (irs.gov)

Agency web guidance

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

IRM 201.9.24.2 Internal Revenue Manual

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

IRS, IRS Criminal Investigation Voluntary Disclosure Practice (irs.gov)

Agency web guidance

"If your failure to comply with tax or tax related obligations or violation of the law was not willful, in other words, you feel you made an error or mistake, you should consider other options including correcting past mistakes by filing amended or past due returns."

• PROCEDURAL

IRM 9.511.9 Internal Revenue Manual

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

IRM 4.63.3 Internal Revenue Manual

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

26 U.S.C. § 6501 Statute

• VERIFIED

"(II) is in excess of \$5,000, the tax may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time within 6 years after the return was filed."

IRM 251.4 Internal Revenue Manual

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

IRM 4.811.4.2.4.1.1 Internal Revenue Manual

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

31 U.S.C. § 5321 Statute

• VERIFIED

"In the case of any person willfully violating, or willfully causing any violation of, any provision of section 5314 - (i) the maximum penalty under subparagraph (B)(i) shall be increased to the greater of - (I) \$100,000, or (II) 50 percent of the amount determined under subparagraph (D)"

IRM 4.26.16 Internal Revenue Manual

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

26 U.S.C. § 6662 Statute

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

26 CFR § 11-1 Regulation

• VERIFIED

"In general, all citizens of the United States, wherever resident, and all resident alien individuals are liable to the income taxes imposed by the Code whether the income is received from sources within or without the United States."

26 CFR § 1.61-1 Regulation

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

26 CFR § 1.61-7 Regulation

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

26 CFR § 1.901-1 Regulation

• VERIFIED

"A taxpayer claims a deduction or a credit for foreign income taxes paid or accrued in a particular taxable year by filing an original or amended return for that taxable year within the relevant period specified in paragraph (d)(1) of this section."

26 U.S.C. § 901 Statute

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

26 U.S.C. § 904 Statute

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

IRM 4.63.4.9.4 Internal Revenue Manual

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

Mehrdad Rafizadeh v. Commissioner, 150 T.C. No. 1 Court decision

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

Draft prepared for the signing professional's review. Verify every fact and figure, complete the placeholders, attach the enclosures listed, and remove the section headed "For the firm" before filing.