

## Penalties Assessed for Late Form 5471 Filers



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Form 5471 filers beware- the IRS will automatically assess penalties for those who file Form 5471- *Information Return of U.S. Persons With Respect to Certain Foreign Corporations*- after the deadline.

The new automatic penalty assessment replaces the past procedures of filing penalties being assessed at the discretion of an examiner when a return is selected for audit.

penalties will be assessed on late filings by the examiner who later forwards the forms to the Service Center.

### **What you can do:**

Taxpayers should determine if there are reporting requirements for Form 5471 with respect to foreign corporations of which they have certain levels of control and ownership. Note that the change in procedure does not prevent the IRS from currently assessing late filing penalties for Forms 5471 under existing procedures.

If you have questions about preparing and filing Form 5471, contact me at lle@bvccpa.com or at 713.667.9147.

Form 5471 is used by U.S. citizens and residents, including U.S. corporations, partnerships, and trusts, who are officers, directors, or shareholders in certain foreign corporations to satisfy reporting requirements of Internal Revenue Code Section.

**A penalty of \$10,000 can now be automatically assessed for each Form 5471 that is filed after the due date of the income tax return, including extensions, and also on forms that do not include the complete and accurate information. In addition, the penalty can increase up to \$50,000 per form per year in the event of failure to comply upon notice by the IRS. The penalty will be assessed even if no income tax is due on the income tax return.**

Automatic fine assessment will apply where a filing is late; however, penalties for incomplete or inaccurate Form 5471s will be controlled by the examining agents reviewing these returns. The IRS is placing significant emphasis and scrutiny on these forms upon examination.

Generally, taxpayers can file penalty abatement requests based on reasonable cause after the penalty has been assessed. But, the Service Center will not consider reasonable cause letters or statements before the automatic penalty assessment. It's likely that automatic

### **Introducing Lien Le**

Briggs & Veselka Co. is pleased to announce that Lien Le, CPA, has joined the firm as Director of International Tax.

Lien assists clients with US international tax planning and compliance, FAS 109, FIN 48 analysis, and other issues related to international operations. She has also served as an instructor in training others about US international compliance as well as developed national training programs.

She has more than 19 years of experience providing international tax services and leads large US International Compliance Tax practices. Prior to joining Briggs & Veselka, Lien worked with two Big-Four accounting firms, including managing a multi-million dollar US International Tax Compliance practice in Houston. She has also worked in private industry as an International Tax Manager focusing on US international compliance and planning for large oilfield services companies in Houston.

To talk with Lien about your U.S. International Tax needs, reach her at lle@bvccpa.com or 713-667-9147.



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