

Charles Ruchelman Comments on Americans in Israel Targeted by IRS Tax Audits

03.03.2014

The Jewish Daily Forward

Caplin & Drysdale's Charles M. Ruchelman spoke with *The Jewish Daily Forward* about the heightened scrutiny by the IRS of Americans either living in Israel and claiming the child tax credit or who hold bank accounts there. It is expected that many American expatriates living in Israel and filing for a child tax credit on their annual return can expect an audit. And those U.S. citizens and residents with accounts in Israel over \$10,000 will face IRS scrutiny. For the full article, please visit *The Jewish Daily Forward's* website.

Excerpt taken from the article.

As the claims mounted, suspicion grew at the IRS, which eventually set up an "Israel project" for dealing with suspected tax returns from Israel, said Charles Ruchelman, a former government tax lawyer who now represents clients in tax controversies and litigation. "When they identify a trend, they start a project, and that's what happened here," he said. Eventually, almost all tax returns from Americans living in Israel that included a request for child tax credit were put under extra scrutiny and many have been audited.

This focus has led to an increase in the enforcement of the requirement that Americans and American residents file a Foreign Bank Account Report on every account held abroad that is worth more than \$10,000. "They have become more aggressive, they are less forgiving, but they are not targeting [specifically] Israel," said Ruchelman.

"Many people say it is too big a headache to keep an account there," Ruchelman said. But he added that tax reporting requirements will be the same in any country. "The days of Swiss bank accounts and of anonymity are no longer available to anyone."

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