

**Certification by U.S. Person Residing in the United States for  
Streamlined Domestic Offshore Procedures**  
Attached Explanation

Taxpayers hereby make the following statement under penalties of perjury:

**Personal Background**

Jane Smith, born in India, came to the U.S. as a student (F-1 visa) in 1983, obtained an H-1 visa in 1986, received a green card in 1989, and became a US citizen in 1995. Her husband, John Jones, born the Netherlands, arrived as a student (F-1 visa) in 1976, acquired an H-1 visa in 1987, received his green card in 1993 and became a US citizen in 2000. Presently, Jane is currently Vice President of Marketing at Acme Advertising, San Jose, California and John is Chief Technology Officer at ABV Software in San Francisco, California.

**Foreign Accounts and Reporting**

Taxpayers reported their foreign income from two investment funds<sup>1</sup> and paid U.S. taxes thereon, but failed to file FBARS and Form 8938s with respect to the funds. Taxpayers, failed to file FBARS and Form 3520 on stock gifted to Jane in tax year 2010 from her non-resident alien mother. Taxpayers erroneously thought the stock was owned directly, but upon further investigation, discovered the stock was actually held in a foreign financial account, thus causing an FBAR reporting requirement.

As noted below, even though taxpayers reported foreign income on their 2012-2014 tax returns, their professional tax advisor failed to inquire about foreign bank accounts or foreign financial assets and negligently failed to include Form 8938 with their returns. Their tax advisor was, and continues to be:

Homer Jones, CPA  
1234 5<sup>th</sup> Street  
Los Angeles, CA 91232  
Tel: 805-444-3322

**Non-Willful Conduct**

Taxpayers were non-willful in their conduct because they:

- (i) were never informed by a tax professional or anyone else about the FBAR, Form 8938 and foreign income tax filing requirements;
- (ii) filed tax returns and paid taxes in the country where the income was earned;

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<sup>1</sup>These "IBMCS" funds were originally U.S. funds, but converted to foreign funds taxpayers did not discover the conversion until 2016, although they continued to receive K-1 Forms duly reported and paid taxes on all their earnings.

(iii) furnished their CPA with the foreign income statements and reported the income on their U.S. tax returns;

(iv) completed the tax preparer's questionnaire each year truthfully and accurately;

(v) did not file Schedule B with respect to foreign accounts (in addition to failing to file Form 8938), thus were not alerted to the FBAR requirement;

(vi) later realized that their tax preparer negligently failed to inquire about their foreign financial assets on his questionnaire, even though the preparer had knowledge that taxpayers owned substantial foreign stock; and

(vii) thought the foreign stock was owned outright because of the gift from her mother and did not understand the reporting impact of holding the stock in a foreign bank account, i.e. the triggering of an FBAR obligation.

Dated: \_\_\_\_\_, 2017

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John Jones – Taxpayer

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Jane Smith - Taxpayer