

IRS ANNOUNCES INTENTION TO ENFORCE WITHHOLDING REQUIREMENTS

On Thursday, June 17th, Michael Danilack, IRS Deputy Commissioner (International), announced that the period of "leniency" in IRS enforcement of international withholding requirements must come to an end. This intention was reiterated during an NYU tax seminar on Friday, June 18th. During the seminar, IRS representatives stated that the IRS will be focusing extensively on enforcing (1) international withholding obligations and (2) information reporting requirements. Additionally, the IRS will seek to assess penalties related to both withholding and information reporting requirements. These penalties can be draconian.

This IRS initiative is consistent with the government's recent efforts over the past several years to increase collection efforts. This change may have an impact on a large number of practice areas (including, but not limited to, any practice area involving cross-border transactions or structured settlements that transfer money or other property to foreign persons).



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