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Bowman Offshore Bank Transfers: Is it Dangerous to Transfer Your Offshore Money into the U.S.?

This is a question we receive often. With the implementation and enforcement of FATCA (Foreign Account Tax Compliance Act), the United States is increasing enforcement priority of noncompliant US account holders.

More than 100 countries and tens of thousands of foreign financial institutions have agreed to report US account holder information to the United States.

But I am not a U.S. Citizen?

This is a common misconception. The requirement for FATCA reporting is for the individual to be a US account holder – not a US citizen. In other words, whether you are a US citizen, Legal Permanent Resident, Visa Holder who meets the substantial presence test, or a former green card holder who was considered a long-term resident – you are generally considered a US person.

As a US person, you are required to report your foreign accounts and global foreign income to the United States (the United States taxes individuals on their worldwide income). With that said, the question generally arises as to "whether a person can transfer their money from an offshore account into the United States" (http://infomapp.com/p/bowman-offshore-bank-transfers-is-it-dangerous-to-transfer-your-offshore-money-into-us/), without issue?

Transferring Your Money to the United States

The fact of the matter is, the money overseas is your money. The IRS is not seeking to penalize you for the mere fact that you are transferring your foreign money into the United States (presuming the money was received legally). Rather, the United States is penalizing you for failing to report the existence of this money to the US government while it was overseas in a foreign account.

There are many individuals who have a reporting requirement because the value of their foreign accounts/specified assets exceeds $10,000 in annual aggregate total on any given day — but do not have any taxable income. In this situation, there is a reporting requirement, but no taxation (since there was no foreign income earned). Nevertheless, they still must report the accounts properly. If the money was “earned” income and U.S. Taxes weren’t filed and/or paid to report the money, it can complicate the situation — but through voluntary disclosure a person can usually get into compliance relatively simply. Depending on the facts and circumstances of your case, you may be able to avoid penalties altogether.

The following is a summary of the basic requirements of individuals who were considered “US persons” and therefore may have a foreign account reporting and/or foreign income reporting requirement:

FATCA & Reporting Foreign Income – The Basics

Golding & Golding is a flat-fee, full-service firm; we are lawyers who assist international clients in reporting their offshore accounts to the IRS. Most recently, many of our clients learned about Foreign Bank Account reporting requirements when they received a FATCA Letter from their Bank, asking them to certify their U.S. Status by submitting either a W-9 or W-8 BEN.

Who Has to Report?

We have represented numerous clients worldwide with issues similar to yours:

– Expats who relocated overseas and did not know they had to report their foreign accounts.

– U.S. Citizens who live overseas and may or may not earn significant income, but have accounts in a foreign country.

– Legal Permanent Residents of the United States who relocate back to a foreign country but are unaware that they are still required to report the foreign accounts.

– Non-Residents who meet the substantial presence test and therefore are required to report foreign bank and other accounts to the US government.

The Basics

These are the most basic rules when it comes to foreign accounts and foreign income:

Foreign Income

If you are either a US Citizen, Legal Permanent Resident (aka Green Card holder or recently gave up your Green Card) or foreign resident who meets the substantial presence test, then you are required to report your worldwide income to the IRS. This means that even if you do not have any US-based income, you are still required to report your worldwide income (even if it is the type of income which is not taxed in your home country such as interest and dividend income in most Asian countries). And, if you have enough foreign income to meet the minimum threshold for having to file a US tax return, then you are required to do so even if it is based on your foreign income alone.

Foreign Accounts

If you meet the requirement for being a U.S. "Taxpayer" (even if you do not meet the threshold for having to file a US tax return), you are still required to file an annual FBAR (Report of Foreign Bank and Financial Accounts). The threshold is as follows: if at any time during the year, you have more than $10,000 in foreign accounts (whether the money is in one account or spread over numerous accounts), you are required to file an FBAR.

In addition, if you have significant amounts of money overseas, then you may also have to file additional forms such as an 8938 (FATCA Form) or 8621 (Passive Foreign Investment Company, which includes Foreign Mutual Funds along with as many other passive investments). There are many other forms you may have to file, but we determine those on a case-by-case basis.

Fines & Penalties

Unless you are criminal, chances are the IRS or Department of Justice will not be banging down your door to come drag you to jail. With that said, the fines and penalties can be very steep and depending on your particular circumstances, may include penalties upwards of 100% of the value of your foreign account. If the IRS believes you were willful (aka intentional), then they may launch a criminal investigation against you and the penalties and fines can get much worse from here, including Liens, Levies, Seizures…and worse.

Customs Holds and Passport Revocation

With the implementation of FATCA (Foreign Account Tax Compliance Act), the United States is heavily cracking down on offshore tax evasion and unreported foreign accounts in general. The IRS and US government have the power to both revoke your passport as well as possibly hold you at the airport "customs hold" to question you on the spot (usually outside the presence of your attorney).

Getting Into Compliance

Getting into compliance should be mandatory on your "to-do" list. Even though our firm, Golding & Golding, is based in Newport Beach, we represent clients worldwide. A majority of our clients live overseas in over 40 countries. We have helped numerous clients get into compliance and are regarded as one of the top Offshore Disclosure Law Firms worldwide.

To that end, there are three main methods of compliance:

(1) Streamlined Compliance

This program is for individuals who were unaware of any requirement to file an FBAR and/or report their income on a US tax return. The penalties under the streamlined program are significantly reduced and may possibly be waived depending on whether a person qualifies under the strict definition of foreign resident for offshore disclosure purposes.

(2) OVDP

This program is mainly for individuals and businesses who were willful, aka were aware they were supposed to report their foreign accounts but intentionally hid or kept the account/income information secret.
(3) Reasonable Cause Statement
This is not a particular program; instead, it is a method for getting to compliance while attempting to avoid any penalty. There are many pros and cons to this method depending on your specific situation, which must be evaluated carefully with your attorney before making a decision.

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Bowman Offshore Bank Transfers on Top Tips on Securing an Overseas Mortgage
If you are thinking of purchasing a property abroad and require a mortgage, there are a number of aspects that need to be taken into account.
There are also added advantages of utilizing the services of an independent bank – rather than one connected to the developer or selling agent - as they will check the legalities and carry out a valuation of the property, although they will not carry out a full in-depth survey unless requested.
A lender will also ensure the property is good security for the mortgage that you require and to check the property has not been overpriced.
However, when applying for a mortgage abroad there are many different underwriting obstacles you may come up against, according to Simon Conn, the UK’s leading overseas property professional and financial advisor (www.simonconn.com). Below are some common issues.
Lenders tend to calculate how much an applicant can afford by only taking into account 30-35% of their total net personal income (after tax), to cover any existing liabilities plus the cost of the new monthly mortgage repayments. Liabilities include existing mortgages, bank and car loans, school fees, maintenance and alimony payments and credit card balances, which need to be cleared, even if it is a 0% interest deal.
Net income is normally calculated from employed, pension or, possibly, investment income. In most instances, rental income on the new property will not be taken into account as part of the calculation.
If an applicant has existing rentals, lenders may not take that income into account. However, if that rental income is from multiple properties and separate audited accounts are available, the net profit from that source may be taken into account. They are then likely to request a tax return to substantiate this additional income.
A lower loan-to-value or a higher deposit will not affect the maximum amount you can borrow, as, since the world economic crisis, it is primarily down to affordability, but you may benefit with enhanced lending terms – i.e. lower interest rates, reduced setting up costs etc.
If you are employed, it is ideal if you have been employed in that current job for at least 6-12 months. If it is shorter, a potential lender will need to know of any remaining probationary period, and you are likely to be asked for your latest CV showing your job experience/history.
If there is a bonus, overtime or commission to be included, it is only likely to be included if it is guaranteed, or proof of a long-term track record is available.
If you are self-employed, you will ideally have at least three years’ trading history with a minimum of two years’ profitable accounts (confirming both gross turnover and net profit for those years). There must be a

full explanation for any drop in turnover/profit and, of course, any losses incurred.
Please note, if an applicant has more than 20-25% shareholding, then they are normally deemed by a potential lender to be self-employed. If the self-employed applicant is based outside of the UK, their accounts must ideally be prepared by a recognized international firm of accountants to be accepted by a potential lender.
However, if a loan or other expense is paid for by a business, then any of these costs may not affect a personal mortgage application. In this case, you must show at least 3-6 months' history of the business account paying these expenses, but if you have any defaults, missed payments or CCJs, you are not likely to be accepted.
The maximum age a mortgage can finish differs from country to country, and this ranges from age 65 to 75. However, the majority of lenders will ask for any proof of income to be received after the normal state retirement age.
Please note, that by applying for a mortgage, it could slow down the sales process and it could be beneficial to apply for an "Agreement in Principle (AIP)" before finding a property, should the lender offer this option. With an AIP in place, it could be advantageous when negotiating with a seller.
There may also be additional bank, local taxes and legal costs applicable to the cost of raising a mortgage.
How much can I borrow?
Overseas banks generally promote repayment mortgages rather than interest only. The information below - as at January 2018 - is a general guide to what is available in some of the current most popular countries. These are available on a case-by-case basis and are subject to a client's "overall financial profile" (https://www.crunchbase.com/organization/bowman-offshore-bank-transfers) and property valuation.
Portugal
Portugal has always been a popular country with Brits looking to buy abroad, with many recognizing its good value for money, nice weather and ambience when compared to other Mediterranean countries. It is not as stiflingly hot as some places as it is mostly on the Atlantic coast rather than the Med and there is also the Golden Visa programme and other tax benefits which are available to retired people.
Mortgages are available up to 80% loan-to-value, although better lending terms are available for loans of 70% or less. The most popular areas include the Algarve and the Silver Coast north of Lisbon, but there has been more interest for Madeira and even the odd enquiry for The Azores. Interest rates are currently available from approximately 1.75%-2.00% above 12-month EURIBOR (the interest rate at which some European banks lend funds to one another, where the loans have a maturity of 12 months).
Spain
Spain continues to be popular with its great weather, Mediterranean coast and laid-back lifestyle, whilst holiday home and investment purchases seem to be increasing. Mortgages are available up to 70% loan-to-value (better lending terms are available for loans of 60% or less). Interest rates are currently available from approximately 1.50%-2.00% above 12-month EURIBOR.
France
As usual, France remains in the list of top countries. Transport links from the UK are excellent so it is easy to get to, and it offers a more relaxed lifestyle with fewer people and better weather. Mortgages are available up to 80%-85% loan-to-value (better lending terms are available for loans of 70% or less). Interest rates are currently available from approximately 1.50%-2.00% above 12-month EURIBOR.
Italy
Certain areas are still of interest – such as Umbria & Tuscany, whilst Puglia and Sardinia are becoming more popular. Mortgages are available up to 60% loan-to-value and lender underwriting can be more onerous than other European countries. Interest rates are currently available from approximately 1.50%-2.50% above 12-month EURIBOR.

The USA

Interest in the USA has waned a bit since the Brexit vote and the exchange rate between the US dollar and the pound has led to a reduction in the number of potential purchasers. Popular areas include Boston, Fort Lauderdale, Miami, Orlando, Tampa, New York and other parts of the East Coast. West Coast destinations are always of interest, including San Francisco, Los Angeles and Seattle. Maximum loan-to-value rates are 70% (up to 75% in Florida) and interest rates are from approximately 4.50% fixed for 3 years, or 4.875% fixed for 5 years.

Which currency?

Agents generally recommend that an overseas mortgage and the income used to service the mortgage repayments are in the same currency, thus avoiding exchange rate issues. This income received could come from rental received from the new property.

In the past buyers have come unstuck by being misadvised to take out mortgages on, for example, Cypriot properties with a Swiss franc mortgage, but then exchange rates swung disastrously against them.

Win on exchange rates

When buying property in another currency, exchange rate fluctuations will affect the purchase price and mortgage payments. Foreign currency exchange companies are usually a better option, according to Meyrick Green, an Account Manager at currency specialist Moneycorp (www.moneycorp.com).

“A specialist can provide guidance and support so that you then understand fluctuations in the market and what they mean for you. Together with rates that are often much more favorable to those offered by high street banks, this could save you a lot of money on your deposit payment,” he said.

Some currency firms also offer the opportunity to lock in exchange rates up to 18 months in advance. “The exchange rates are always changing, and that can make the cost of your foreign mortgage payments unpredictable. We have tools that can fix regular payments in a simple, cost-effective way,” Meyrick added. This suits those who like to take control of their budget as it offers protection from currency fluctuations.

Top tips

Ask questions about where a property has been built. For example, if it has been built on an area that should have been set aside for green belt or agricultural land, then the chances are there is a risk. Make sure you take advice from an independent, English speaking lawyer - preferably not from the same area as the property.

In some cases, there can be problems with properties that have been constructed with the wrong permits, granted as a result of corruption, or with no permits at all. An independent lawyer should be able to save you the heartache of seeing your newly purchased dream home demolished.

Consider planning permission and which licenses the property needs. Not having the correct licences could have an impact on what utilities you can obtain.

Poor construction is a common problem. Always obtain an independent valuation, ideally from a professional surveyor expert in that country, even if it is a new property, as this will highlight any problems. New properties can sometimes be built in poor soil and with insufficient foundations, substandard building materials, or in dubious locations such as floodplains.

One of the most important warnings when purchasing abroad is when it comes to contracts. It is common to only receive one contract in the local language, in which case, you must get a professional translation completed. If you are given two copies of a contract which include the original and a supposed translation, get the translation checked by a professional.

If you are buying a property to rent out make sure you check what licenses are needed in the area as you may not even be allowed to rent your property out. Also, consider the cost of maintaining the property. Decide if it is worth employing a managing agent to look after it for you but do not forget to factor in their costs as it will reduce your profit.

How often do you intend to visit the property yourself to ensure it is kept up to date? If it is a long-term let, think about the wear and tear on furniture and other fixed goods.
Distance away – if the property is a long way from your main home, you may need to get there to sort out any major problems.
Who is going to vet your tenants? If they damage your property, you must have suitable cover and a deposit in place.
“Re-locating overseas permanently or just buying a holiday home abroad does not need to be a headache. Go through the proper channels and take advice from an independent lawyer and surveyor and your dream could be turned into a reality,” Simon Conn said.

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All you ever wanted to know about offshore companies by Bowman Offshore Bank Transfers
Why set up a company in a tax haven?
If you ask someone what an offshore company is, they’ll often reply that it’s a company set up in a tax haven (so far, so good), but also that only traffickers, terrorists, and the mafia use them, and that they’re obviously immoral and illegal. Even the most well-informed people will tell you that it’s an expensive and complicated kind of company that isn’t worth the effort.
(I assume something similar happens when you ask about investing on the stock exchange.)
As you can guess, none of these statements are true, however widespread they may be. It’s no surprise; neither the State nor the media will go to great lengths to demystify the system.
The truth is that neither the State, nor the people who use it to make profits and live off others, have any right over your money or your property. In fact, however much they try, they can’t even prevent you from quitting the system, because you always have offshore companies at your disposal.
In today’s article, you can read about what an offshore company is and why creating one may be worthwhile. We’ll talk about the reality of tax havens and why taking advantage of them isn’t illegal, immoral, or even that complicated.
Note: tax haven and offshore are used as synonyms; onshore is the opposite of offshore.
Why you shouldn’t be afraid of registering companies in tax havens
Setting up an offshore company in any tax haven doesn’t constitute tax evasion or money laundering.
Setting up an offshore company is:
completely legal
common practice among most of the big companies you know
much cheaper than you may think
simpler and quicker than you can imagine
a piece of cake if you have the necessary contacts and knowledge
Transferring your company to a tax haven is just a decision: an intelligent decision to help you benefit from the opportunities of the global market (similar to transferring your residence). It simply means putting the maxim “go where they treat you best” into practice (which we talked about in Flag theory).
States don’t have the right or the capacity to control what you do. In fact, there’s great competition between them for you to become a citizen of their country (so you can pay taxes there, obviously).

"And if you aren't convinced by the services and treatment offered by your State, then get out."
Of course, States try to create cartels to take away your freedom of movement, resulting in associations like the Organization for Economic Co-operation and Development (OECD), which promotes blacklists of tax havens in order to brush aside any country whose conditions are "too good" for their clients (i.e. citizens).
But this doesn't matter to those States that depend on the income they earn as tax havens, and whose function only they truly understand:
"Serving our citizens, instead of milking them for every penny they have."
Reasons to transfer your company to a tax haven
What factors lead business owners to transfer their companies to tax havens?
They want to protect their assets from possible lawsuits and legal problems.
They want to protect their companies from political and economic instability.
They want to avoid their useless and costly duty to inform the government about the state of their companies' finances (audits, forms, balance sheets, etc.).
They want to escape the heavy tax burden that endangers their survival.
As you can see, it's not a question of money laundering or tax evasion; the only thing they want is to increase their capital and save on taxes.
Taking advantage of the benefits of the offshore world is a simple option for any intelligent entrepreneurs who have decided to stop working for others, want to protect their shareholders, and are looking to maximize their profits. It's a 100% legal method that lets them follow the rules imposed by their country of origin to the letter.
Wherever you're from, you have nothing to fear, as long as you comply with the law.
Who should consider transferring their company to a tax haven?
At Tax Free Today, we have all kinds of readers. There are managers and students, young people and the elderly, people with international experience and people without… For many of you, it doesn't make sense to set up an offshore company or transfer your existing one to a tax haven. In fact, you first have to focus on creating a business model that generates money.
To maintain an offshore company in a cost-effective jurisdiction, you have to bring in at least €500 a year.
Logically, it doesn't make sense to set up a company in a tax haven until you can save more in taxes than the costs of maintaining your company (in fact, you should think carefully about establishing any kind of company, whether onshore or offshore, before you have sufficient income to do so).
Besides these limitations, anyone can register their company in a tax haven, but some people will find it easier and more appropriate than others.
In particular, it's simpler and more advantageous for digital nomads and entrepreneurs who aren't tied down to any one place. If your business, project, or situation is one of the following, you have it easy:
e-commerce and internet-based companies
international companies
succession and inheritance within companies
investors and traders
owners of mobile assets (like yachts, for example)
beneficiaries of intellectual property
consultants
1. E-commerce and internet-based companies
For many people, this is the simplest gateway; in fact, it's the most common kind of business for digital nomads. Tax Free Today itself is defined as an internet-based company.
And why not? These are globalized businesses that don't require more than a laptop with access to the internet.

If your clients are spread out around the world and your company works in different countries, it makes sense to create an international business, doesn't it?
Together with an "offshore account" (https://www.smallteaser.com/@michaelrummel/bowman-offshore-bank-transfers-ten-thing), you can protect your company from the ever-present risk of inflation in your company, avoid capital controls like those in Greece, and bypass highly possible laws against keeping large sums of money in cash.

2. International companies

There are all kinds of international companies. Everyone knows Google, Amazon, and Facebook, and we often read about their fiscal practices in the news.
Anyone can do what their armies of lawyers and consultants do, no matter how small your company.
Giving your company an international vocation lets you make purchases and sales according to the laws of the offshore jurisdiction, often reflected in lower taxes.
Ireland, a country we've already discussed on this blog (the advantages of setting up a company in Ireland), is a place known for catering to the many technology companies that have established their European subsidiaries there. The 12.5% corporate tax burden is much more affordable than the 40% they pay in California.
Given the levels of income of these companies, they've gone above and beyond to find this method, which often lets them pay less than 5% tax. The "Double Irish with a Dutch Sandwich" model is especially notorious for reducing the tax burden in Europe, but now has an expiration date.
Without a doubt, the big multinationals will keep searching for ways to legally avoid taxes (and for the sake of their company and investors, it's their duty to do so). These companies include Adobe, Amazon, Apple, Facebook, Google, IBM, IKEA, Microsoft, Oracle, Starbucks, and Yahoo.
Many people think it's unfair for these companies to pay so little tax, when in reality, the injustice is that smaller companies don't have the money for specialist services to help them build the necessary structures. This is where the Tax Free Today blog can help. We offer free information (you can sign up for free so you don't miss a thing) and direct support for a fraction of the price usually found on the market (if you want, you can hire our services).

3. Succession and inheritance within companies

You can combine your company with other companies in tax havens to optimize your taxes in succession cases, thereby avoiding the heavy tax burden on inheritance of property. Many medium-sized companies have to confront the serious burden of inheritance tax when the founder of a company dies and leaves everything to their successor. This tax can make a theoretically profitable company quickly cease to be so.
Going offshore in these cases is an especially attractive option when the inheritance is transferred from one country to another.
As a successful business owner who has built your company from the ground up, surely you'd rather support your family than leave a large portion of your property in the hands of the current heads of State, wouldn't you?
At the end of the day, you've already given the State enough money over the course of your career.

4. Investors and traders

As with the other cases, if you're an investor or trader, you'll have no problem managing your profits with your company in a tax haven; you just have to observe the law.

5. Owners of mobile assets

There's a good reason why so many boats sail under the Liberian or Maltan flag. These countries offer certain advantages for people who register their vessels there.
In fact, it's possible to legally transfer anything up to houses from one country to another. This doesn't mean you have to physically uproot it from its country of origin, obviously. The conditions to do so vary

considerably from country to country; indeed; it’s a fairly complex process that requires very specialized knowledge.
6. Beneficiaries of intellectual property
If you have patents or branding rights, an "offshore company" (https://www.polarsteps.com/reihmclaine16/635738-bowman-offshore-bank-transfers) will let you easily sell your rights and acquire new ones. It’s also much simpler to cede your rights to third parties in this way.
7. Consultants
For consultants, the advantages of having a company in a tax haven are fairly clear. On the one hand, you save a lot on taxes, and on the other, you can manage your company in the simplest way possible, without having to worry about piles of paperwork and useless rules.
Why? Because in offshore jurisdictions, the requirements to keep company accounts and update the authorities are small to non-existent.
Just imagine: no more monthly or tri-monthly forms, no more audits, and no more tax returns!

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