

Cross-Border Tax Reporting: When Risk Becomes Visible to the IRS in 2026

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By the Guillen Pujol CPA Group Editorial Team

Executive Summary

- **The Challenge:** In international structures, differences that accumulate over time across filings—such as Form 8938, FBAR, and Forms 5471, 5472, and 8865—make reporting consistency harder to maintain.
- **The 2026 Landscape:** The IRS no longer relies only on traditional audits. It now uses artificial intelligence, data matching, and anomaly detection to identify inconsistencies across filings.
- **Where the Risk Appears:** Risk emerges when what one entity reports does not align with what its counterparties, owners, or affiliates report, especially in complex, multi-tiered structures where money or information moves through several levels.
- **The Operational Response:** A consolidated ownership map, cross-form reconciliation, solid documentary support, and consistency across tax years.

Risk in cross-border tax reporting arises when the same economic reality—a transaction, a cash flow, an asset, or an equity interest—is treated inconsistently across different reporting systems. This includes discrepancies among IRS tax forms, calculations linked to [NCTI \(Net CFC Tested Income, the regime superseding GILTI under §951A effective 2026\)](#), and international mandates such as CbCR (Country-by-Country Reporting).

In 2026, data inconsistencies [can trigger IRS scrutiny into the economic substance of an operation](#). With analytical models and anomaly-detection tools now in place, the IRS can flag marginal discrepancies as risk signals—even when their origin is purely operational.

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Where Cross-Form Inconsistencies Emerge in Global Structures

A common scenario involves the distinction between reporting foreign assets and reporting foreign financial accounts. [Form 8938 does not supersede the FBAR](#) (FinCEN Form 114). The former is integrated into the federal tax return and covers a broad range of foreign financial assets, while the latter is a separate filing obligation, specific to foreign financial accounts. Assuming that filing one satisfies the other is a common mistake we see regularly in international structures.

This fragmentation can worsen in structures that combine holding companies and pass-through entities, where information is not always generated at the same time. One entity may file its disclosures, while another does so weeks later. The result: different parts of the structure can end up reflecting different versions of the same economic reality.

For example, a U.S. entity's accounting records may reflect material payments to a foreign related party, while the corresponding Form 5472 does not reflect the reportable transaction. Another signal: an individual reports an equity interest under one standard, while the related entity classifies the same interest using a different basis, classification, or fiscal period.

That kind of misalignment does not prove non-compliance on its own, but it can fit patterns that [data matching and anomaly detection systems](#) may prioritize.

Read more: [The Benefits of Outsourced Bookkeeping: Why Partnering with a CPA Firm Will Promote Business Success](#)

How to Review Your Cross-Border Tax Reporting Structure Before the IRS Detects Inconsistencies

Step 1: Build a consolidated ownership map. The process begins by reconstructing who owns what, through which entity, and which information reporting obligation applies.

Step 2: Reconcile the forms against each other. This is not only a best practice: the IRS explains that international information reporting penalties vary by return and that [continuation penalties](#) may apply after notice if a complete and correct return is not filed. For some forms, those continuation penalties are capped;

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for Form 5472, the IRS states that there is no maximum penalty amount.

Step 3: Strengthen documentary support and year-over-year consistency. The review should trace assets, equity interests, and reporting obligations across fiscal years. If an item is reported one year, receives different tax treatment the next, and is reclassified again—without documented support—it creates audit exposure.

Is Your Structure Exposed to Cross-Border Tax Reporting Risk?

Many international structures that come to us already meet their information reporting obligations. What is often missing is a consolidated view that connects ownership, forms, jurisdictions, and tax years into one defensible reporting position.

At Guillen Pujol CPA Group, we advise multinational enterprises, holding companies, and high-net-worth individuals operating across multiple jurisdictions. Our services include:

- **[International Tax Consulting & Compliance Services](#)**: Cross-referencing of international filings (Forms 5471, 5472, 8938, 8865, 8858, 8992), FBAR reconciliation, and consolidation of reporting position.
- **[Streamlined Foreign Offshore Disclosure \(SFOD\)](#)**: Strategy and execution to correct historical reporting omissions, backed by solid technical and documentary support.
- **[International Business Ownership Structuring & Compliance](#)**: Alignment between ownership structure, information reporting obligations, and documentary support across tax years.
- **[IRS Tax Representation & Dispute Resolution](#)**: Technical defense in response to IRS notices, penalty assessments, and review or examination processes.

If your structure operates at this level of complexity, the next step is an evaluation session with our senior team. We review your current ownership map, identify the areas with the highest exposure to cross-form inconsistencies, and define the scope of an advisory proposal designed for your case.

The session is exploratory and allows us to understand the context before preparing a technical proposal tailored to the case.

[\[Request Your Strategic Evaluation Session Now\]](#)

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Read more: [IRS Refunds After Paper Checks End in 2025: FAQs for Expats and Non-Residents](#)

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