

DEO, LAMANNA, DEO & CO., PC  
Certified Public Accountants  
[www.dldcpa.com](http://www.dldcpa.com)

Patrick J. Deo, CPA, Cr.FA  
[patd@dldcpa.com](mailto:patd@dldcpa.com)  
Anthony LaManna, CPA  
[tonyl@dldcpa.com](mailto:tonyl@dldcpa.com)  
Michael J. Deo, CPA  
[miked@dldcpa.com](mailto:miked@dldcpa.com)

## CLIENT ALERT

### FOREIGN ACCOUNT REPORTING

If you have a financial account in a foreign country, the Internal Revenue Service requires that you disclose this by indicating it on your 1040, Schedule B. If at any time during the year the balance in the account was \$10,000 or more, the Treasury Department requires a report to be electronically filed – FINCEN 114.

For tax years beginning after March 18, 2010, a United States citizen or a United States resident alien individual who has certain financial investment accounts in a foreign country is required to file a Form 8938, Statement of Specified Foreign Financial Assets, with their tax return, if the aggregate at the end of the year is greater than \$50,000 (\$100,000 if married filing a joint return) or if at any time during the year the balance in the account was \$75,000 (\$150,000 if married filing a joint return).

On February 22, 2016, the Internal Revenue Service issued final regulations with respect to foreign asset reporting for corporations, partnerships and trusts. Effective for tax years beginning after December 31, 2015, corporations or partnerships may be required to prepare and file Form 8938. The Form 8938 will generally be required if at least 50% of its gross income or assets is “passive,” such as interest, dividends, annuities, capital gains, etc.

Trusts holding the requisite value of the foreign assets must file Form 8938 if a current beneficiary is a United States citizen or United States resident alien. The trust is also required to file Form 8938 if it has the requisite value of foreign assets and a United States citizen or United States resident alien has an immediate, exercisable general power of appointment, even if such person is not technically a beneficiary.

The above is intended as an alert with respect to very elaborate regulations full of defined terms. If you think you may be obligated to file Form 8938 a discussion with your tax advisor is recommend.

February 24, 2016

**Disclaimer:** *This e-mail represents a general overview of tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to a specific situation.*

**One Indian Road, Suite 3, Denville, New Jersey 07834 • (973)983-8880 • Fax (973)983-8228**