

# Foreign Asset Information Reporting Requirements: Filing Thresholds, Reconciling Forms, Entity Classifications

WEDNESDAY, JUNE 30, 2021, 1:00-2:50 pm Eastern

## IMPORTANT INFORMATION FOR THE LIVE PROGRAM

This program is approved for 2 CPE credit hours. To earn credit you must:

- **Participate in the program on your own computer connection (no sharing)** - if you need to register additional people, please call customer service at 1-800-926-7926 ext. 1 (or 404-881-1141 ext. 1). Strafford accepts American Express, Visa, MasterCard, Discover.
- Listen on-line via your computer speakers.
- Respond to five prompts during the program plus a single verification code.
- To earn full credit, you must remain connected for the entire program.

## WHO TO CONTACT DURING THE LIVE PROGRAM

For Additional Registrations:

-Call Strafford Customer Service 1-800-926-7926 x1 (or 404-881-1141 x1)

For Assistance During the Live Program:

-On the web, use the Chat function to send a message

If you get disconnected during the program, you can simply log in using your original instructions and PIN.

## *Tips for Optimal Quality*

FOR LIVE PROGRAM ONLY

---

### Sound Quality

When listening via your computer speakers, please note that the quality of your sound will vary depending on the speed and quality of your internet connection.

If the sound quality is not satisfactory, please e-mail [sound@straffordpub.com](mailto:sound@straffordpub.com) immediately so we can address the problem.

**Recording our programs is not permitted. However, today's participants can order a recorded version of this event at a special attendee price. Please call customer service at 800-926-7926 ext.1 or visit Strafford's web site at [www.straffordpub.com](http://www.straffordpub.com).**

# Foreign Asset Information Reporting Requirements: Filing Thresholds, Reconciling Forms, Entity Classifications

---

June 30, 2021

---

Alison N. Dougherty, J.D., LL.M., CPA Partner  
Aronson LLC  
[adougherty@aronsonllc.com](mailto:adougherty@aronsonllc.com)

C. Edward Kennedy, Jr., CPA, JD, Managing Director  
C Edward Kennedy Jr PC  
[ed@cekcpa.com](mailto:ed@cekcpa.com)

# Notice

---

ANY TAX ADVICE IN THIS COMMUNICATION IS NOT INTENDED OR WRITTEN BY THE SPEAKERS' FIRMS TO BE USED, AND CANNOT BE USED, BY A CLIENT OR ANY OTHER PERSON OR ENTITY FOR THE PURPOSE OF (i) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.

You (and your employees, representatives, or agents) may disclose to any and all persons, without limitation, the tax treatment or tax structure, or both, of any transaction described in the associated materials we provide to you, including, but not limited to, any tax opinions, memoranda, or other tax analyses contained in those materials.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

# Topics to be Covered

- Overview of U.S. information reporting requirements for offshore assets and activities
  - Foreign Bank Account Reporting
    - Foreign Financial Asset Reporting
    - U.S. information-sharing structures with other countries
    - Tax avoidance prevention - IRS Compliance Campaigns
- Required disclosures for cash assets and overlap in reporting
  - FBAR
  - FATCA Form 8938
  - Different reporting thresholds
  - Reporting Example
- Required disclosures of trust interests and other information: Forms 3520 and 3520-A
- Reconciling entity classification for U.S. tax purposes
- Forms used for reporting interests in foreign businesses
  - Corporate ownership: Form 5471
  - PFIC: Form 8621
  - Foreign partnerships: Form 8865
  - Disregarded entities: Form 8858
  - Asset transfers to a foreign business entity: Form 926
  - CBC reporting

# Overview of U.S. information reporting requirements for offshore assets and activities

# Foreign Bank Account Reporting

- Overseas financial accounts are maintained by U.S. persons for a variety of legitimate reasons, including convenience and access.
- Under the Bank Secrecy Act, U.S. persons must report certain foreign financial accounts, such as bank accounts, brokerage accounts and mutual funds, to the Treasury Department and keep certain records of those accounts.
- U.S. persons report their accounts by filing a Report of Foreign Bank and Financial Accounts (FBAR) on FinCEN Form 114.
- The FBAR is required because foreign financial institutions may not be subject to the same reporting requirements as domestic financial institutions.
- The FBAR is also a tool used by the United States government to identify persons who may be using foreign financial accounts to circumvent United States law.
- Information contained in FBARs can be used to identify or trace funds used for illicit purposes or to identify unreported income maintained or generated abroad.



# Foreign Financial Asset Reporting

- The Foreign Account Tax Compliance Act (FATCA) created Form 8938, an additional foreign account reporting requirement over and above the Report of Foreign Bank and Financial Accounts (FBAR) that needs to be filed with the U.S. Treasury every year.
- If a taxpayer has more than a certain amount of foreign assets, Form 8938 is included as part of their annual 1040 filing and requires reporting an expanded list of foreign assets not covered by FBAR.

# U.S. information-sharing structures with other countries

- FATCA was enacted in 2010 by Congress to target non-compliance by U.S. taxpayers using foreign accounts.
- FATCA requires foreign financial institutions (FFIs) to report to the IRS information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- FFIs are encouraged to either directly register with the IRS to comply with the FATCA regulations (and FFI agreement, if applicable) or comply with the FATCA Intergovernmental Agreements (IGA) treated as in effect in their jurisdictions.

# U.S. information-sharing structures with other countries

- From a U.S. perspective, FATCA requires all persons to certify their foreign or nonforeign status using Form W-8BEN (foreign individuals) or Form W-8BEN (foreign entities) or W-9 (U.S. persons)
  - Certain foreign entities have more specific W-8BEN forms
- Failure to certify results in Chapter 4 withholding at 30%

# Non-U.S. Information-Sharing Structures With Other Countries – The OECD Common Reporting Standards (CRS)

- FATCA is a U.S. response to international noncompliance.
- 13 February 13<sup>th</sup>, 2014, OECD released a model Competent Authority Agreement (CAA) and model Common Reporting Standard (CRS) designed to create a global standard for the automatic exchange of financial account information
- The CAA and CRS are closely based on the FATCA Model 1 Intergovernmental Agreement (Model 1 IGA) with certain amendments to remove US specificities and build on work already performed as a result of FATCA.
- The aim is to reduce tax evasion by taxpayers using offshore financial accounts held both directly and indirectly through enhanced information reporting.
- For foreign FFIs often the Form 8938 and CRS requests are combined
  - As a result, U.S. taxpayers with assets in FFIs may receive a more complex form

# Key Relevant Differences:

|               | FATCA   | CRS   |
|---------------|---|---|
| Registration  | Financial institutions (FIs) must register on the IRS portal to obtain a Global Intermediary Identification Number (GIIN).  | There is no requirement to register and receive a unique identifier of compliance under CRS.  |
| Due Diligence | FATCA aims to identify whether an account holder is a US person using citizenship and tax residency. Tax information is collected for US account holders ONLY.  | CRS aims to identify the tax residency of each of its account holders (most countries are adopting the 'wider approach' under CRS which allows Funds to collect tax information from all investors). Tax information is required for ALL account holders.   |
| Reporting     | FATCA requires FIs to report on US account holders ONLY. Reporting requirements: Name, Address, TIN, Account Number, Name and identifying Number of FI, Account Balance, Income & Sales Proceeds phased in from 2017 for all US account holders. Information must be reported on the US FATCA schema to the local Tax Authority for onward forwarding to the IRS. | CRS requires FIs to report on almost all foreign tax residents which will result in significantly higher volumes of reporting. The reporting requirements are the same as FATCA with the exception of: Tax residency, date and place of birth are also reported for ALL account holders. Information must be reported on the CRS schema to the local Tax Authority for onward forwarding to all countries complying with CRS. |

# Tax Avoidance Prevention - IRS Compliance Campaigns

# IRS LB&I Compliance Campaigns

- The IRS Large Business and International division (LB&I) is moving toward issue-based examinations and a compliance campaign process in which the organization decides which compliance issues that present risk require a response in the form of one or multiple treatment streams to achieve compliance objectives. This approach makes use of IRS knowledge and deploys the right resources to address those issues.
- The campaigns are the culmination of an extensive effort to redefine large business compliance work and build a supportive infrastructure inside LB&I. Campaign development requires strategic planning and deployment of resources, training and tools, metrics and feedback. LB&I is investing the time and resources necessary to build well-run and well-planned compliance campaigns.
- The following is a listing of the compliance campaigns affecting international taxpayers.

# IRS Compliance Campaigns

- **Captive Service Provider Campaign**

- The section 482 regulations and the OECD Transfer Pricing Guidelines provide rules for determining arm's length pricing for transactions between controlled entities, including transactions in which a foreign captive subsidiary performs services exclusively for the parent or other members of the multinational group. The arm's length price is determined by taking into consideration data available on companies performing functions, employing assets, and assuming risks that are comparable to those of the captive subsidiary.
- Excessive pricing for these services would inappropriately shift taxable income to these foreign entities and erode the U.S. tax base. The goal of this campaign is to ensure that U.S. multinational companies are paying their captive service providers no more than arm's length prices. The treatment streams for this campaign are issue-based examinations and soft letters.



# IRS Compliance Campaigns

- **Expatriation of Individuals**
- U.S. citizens and long-term residents (lawful permanent residents in eight out of the last 15 taxable years) who expatriated on or after June 17, 2008, may not have met their filing requirements or tax obligations.
- The Internal Revenue Service will address noncompliance through a variety of treatment streams, including outreach, soft letters, and examination.

# IRS Compliance Campaigns

- **FATCA Filing Accuracy**

- The Foreign Account Tax Compliance Act (FATCA) was enacted in 2010 as part of the HIRE Act. The overall purpose is to detect, deter and discourage offshore tax abuses through increased transparency, enhanced reporting and strong sanctions.
- Foreign Financial Institutions and certain Non-Financial Foreign Entities are generally required to report the foreign assets held by their U.S. account holders and substantial U.S. owners under the FATCA.
- This campaign addresses those entities that have FATCA reporting obligations but do not meet all their compliance responsibilities.
- The Service will address noncompliance through a variety of treatment streams, including termination of the FATCA status.

# IRS Compliance Campaigns

- **FIRPTA Reporting Compliance for NRAs**

- FIRPTA taxes foreign persons on the disposition of their U.S. real property interests. Generally, the buyer/transferee is the withholding agent and is required to withhold 15% of the amount realized on the sale, file the required forms, and remit the tax to IRS.
- This campaign is intended to increase FIRPTA voluntary compliance through issue-based examinations and external education and outreach.

# IRS Compliance Campaigns

- **Foreign Base Company Sales Income: Manufacturing Branch Rules**

- In general, foreign base company sales income (FBCSI) does not include income of a controlled foreign corporation (CFC) derived in connection with the sale of personal property manufactured by such corporation. However, if a CFC manufactures property through a branch outside its country of incorporation, the manufacturing branch may be treated as a separate, wholly owned subsidiary of the CFC for purposes of computing the CFC's FBCSI, which may result in a subpart F inclusion to the U.S. shareholder(s) of the CFC.
- The goal of this campaign is to identify and select for examination returns of U.S. shareholders of CFCs that may have underreported subpart F income based on certain interpretations of the manufacturing branch rules. The treatment stream for the campaign will be issue-based examinations.

# IRS Compliance Campaigns

- **Foreign Earned Income Exclusion Campaign**
  - Individuals who meet certain requirements may qualify for the foreign earned income exclusion and/or the foreign housing exclusion or deduction.
  - This campaign addresses taxpayers who have claimed these benefits but do not meet the requirements.
  - The Internal Revenue Service will address noncompliance through a variety of treatment streams, including examination.

# IRS Compliance Campaigns

- **Forms 1042/1042-S Compliance**

- Taxpayers who make payments of certain U.S.-source income to foreign persons must comply with the related withholding, deposit, and reporting requirements.
- This campaign addresses Withholding Agents who make such payments but do not meet all their compliance duties.
- The Internal Revenue Service will address noncompliance and errors through a variety of treatment streams, including examination.

# IRS Compliance Campaigns

- **Form 1120-F Chapter 3 and Chapter 4 Withholding Campaign**

- This campaign is designed to verify withholding at source for 1120-Fs claiming refunds. To make a claim for refund or credit to estimated tax with respect to any U.S. source income withheld under chapters 3 or 4, a foreign entity must file a Form 1120-F.
- Before a claim for credit (refund or credit elect) is paid, the IRS must verify that withholding agents have filed the required returns (Forms 1042, 1042-S, 8804, 8805, 8288 and 8288-A).
- This campaign focuses upon verification of the withholding credits before the claim for refund or credit is allowed.
- The campaign will address noncompliance through a variety of treatment streams including, but not limited to, examinations.

# IRS Compliance Campaigns

- **Form 1120-F Delinquent Returns Campaign**
  - The objective of the Delinquent Returns Campaign is to encourage foreign entities to timely file Form 1120-F returns and address the compliance risk for delinquent 1120-F returns.
  - This is accomplished by field examinations of compliance risk delinquent returns and external education outreach programs.
  - The campaign addresses delinquent-filed returns, Form 1120-F U.S. Income Tax Return of a Foreign Corporation.



# IRS Compliance Campaigns

- **Form 1120-F Delinquent Returns Campaign**

- Form 1120-F must be filed on a timely basis and in a true and accurate manner for a foreign corporation to claim deductions and credits against its effectively connected income. For these purposes,
- Form 1120-F is generally considered to be timely filed if it is filed no later than 18 months after the due date of the current year's return.
- The filing deadline may be waived, in situations based on the facts and circumstances, where the foreign corporation establishes to the satisfaction of the commissioner that the foreign corporation acted reasonably and in good faith in failing to file Form 1120-F per Treas. Reg. Section 1.882-4(a)(3)(ii).
- LB&I Industry Guidance 04-0118-007 dated 2/1/2018 established procedures to ensure waiver requests are applied in a fair, consistent and timely manner under the regulations.

# IRS Compliance Campaigns

- **Form 1120-F Interest Expense/Home Office Expense**

- This campaign addresses compliance on two of the largest deductions claimed on Form 1120-F U.S. Income Tax Return of a Foreign Corporation.
- Treasury Regulation Section 1.882-5 provides a formula to determine the interest expense of a foreign corporation that is allocable to their effectively connected income.
- The amount of interest expense deductions determined under Treasury Regulation Section 1.882-5 can be substantial.
- Treasury Regulation Section 1.861-8 governs the amount of Home Office expense deductions allocated to effectively connected income. Home Office Expense allocations have been observed to be material amounts compared to the total deductions taken by a foreign corporation.

# IRS Compliance Campaigns

- **Form 1120-F Interest Expense/Home Office Expense**

- The campaign compliance strategy includes the identification of aggressive positions in these areas, such as the use of apportionment factors that may not attribute the proper amount of expenses to the calculation of effectively connected income.
- The goal of this campaign is to increase taxpayer compliance with the interest expense rules of Treasury Regulation Section 1.882-5 and the Home Office expense allocation rules of Treasury Regulation Section 1.861-8.
- The treatment stream for this campaign is issue-based examinations.

# IRS Compliance Campaigns

- **Form 1120-F Non-Filer Campaign**

- Foreign companies doing business in the U.S. are often required to file Form 1120-F. LB&I has data suggesting that many of these companies are not meeting their filing obligations.
- In this campaign, LB&I will use various external data sources to identify these foreign companies and encourage them to file their required returns.
- The treatment stream for this campaign will involve soft letter outreach. If the companies do not take appropriate action, LB&I will conduct examinations to determine the correct tax liability.
- The goal is to increase voluntary compliance by foreign corporations with a U.S. business nexus.

# IRS Compliance Campaigns

- **Forms 3520 and 3520-A Noncompliance**

- This campaign will take a multifaceted approach to improving compliance with respect to the timely and accurate filing of information returns reporting ownership of and transactions with foreign trusts.
- The Service will address noncompliance through a variety of treatment streams including, but not limited to, examinations and penalties assessed by the campus when the forms are received late or are incomplete.

# IRS Compliance Campaigns

- **High Income Non-filer**

- U.S. citizens and resident aliens are subject to tax on worldwide income. This is true whether or not taxpayers receive a Form W-2 Wage and Tax Statement, a Form 1099 (Information Return) or its foreign equivalents.
- Through an examination treatment stream, this campaign will concentrate on bringing into compliance those taxpayers who have not filed tax returns.

# IRS Compliance Campaigns

- **Individuals Employed by Foreign Governments & International Organizations**
  - In some cases, individuals working at foreign embassies, foreign consular offices, and various international organizations may not be reporting compensation or may be reporting it incorrectly.
  - Foreign embassies, foreign consular offices and international organizations operating in the U.S. are not required to withhold federal income and social security taxes from their employees' compensation nor are they required to file information reports with the Internal Revenue Service.

# IRS Compliance Campaigns

- **Individuals Employed by Foreign Governments & International Organizations**
  - This lack of withholding and reporting results in unreported income, erroneous deductions and credits, and failure to pay income and Social Security taxes. Because this is a fluid population, there may be a lack of knowledge regarding tax obligations.
  - This campaign will focus on outreach and education by partnering with the Department of State's Office of Foreign Missions to inform employees of foreign embassies, consular offices and international organizations. The IRS will also address noncompliance in this area by issuing soft letters and conducting examinations.



# IRS Compliance Campaigns

- **Individual Foreign Tax Credit (Form 1116)**

- Individuals file Form 1116 to claim a credit that reduces their U.S. income tax liability for the amount of foreign taxes paid on foreign source income.
- This campaign addresses taxpayer compliance with the computation of the foreign tax credit limitation on Form 1116.
- Due to the complexity of computing the Foreign Tax Credit and challenges associated with third-party reporting information, some taxpayers face the risk of claiming an incorrect Foreign Tax Credit amount.
- The IRS will address noncompliance through a variety of treatment streams including examinations.

# IRS Compliance Campaigns

## • Individual Foreign Tax Credit Phase II

- Section 901 of the Internal Revenue Code alleviates double taxation through a dollar-for-dollar credit against U.S. tax on foreign-sourced income in the amount of foreign taxes paid on that income. Individuals who meet certain requirements may qualify for the foreign tax credit.
- This campaign addresses taxpayers who have claimed the credit but do not meet the requirements. The IRS will address noncompliance through a variety of treatment streams, including examination.

# IRS Compliance Campaigns

- **IRC Section 956 Avoidance**

- If a Controlled Foreign Corporation (CFC) makes a loan to its US parent, Section 956 generally requires an income inclusion equal to the amount of the loan.
- This campaign focuses on situations where a CFC loans funds to a US Parent (USP), but nevertheless does not include a Section 956 amount in income.
- The goal of this campaign is to determine to what extent taxpayers are utilizing cash pooling arrangements and other strategies to improperly avoid the tax consequences of Section 956.
- The treatment stream for this campaign is issue based examinations.

# IRS Compliance Campaigns

- **IRC Section 965 for Individuals**

- Pursuant to the changes to IRC §965 under the Tax Cuts and Jobs Act, U.S. shareholders, including individuals, that directly or indirectly own at least 10% of the stock of a specified foreign corporation (SFC) are required to include in gross income their share of the SFC's accumulated post-1986 deferred foreign income for the last taxable year of the SFC beginning before January 1, 2018, and report this amount on their returns for the taxable year in which or with which their SFC's taxable year ends (generally, 2017 and/or 2018).
- The Internal Revenue Service will address noncompliance through soft letters and examinations.

# IRS Compliance Campaigns

- **IRC Section 965 - Treatment of Deferred Foreign Income Upon Transition to Participation Exemption System of Taxation**
  - Internal Revenue Code (IRC) 965, Treatment of Deferred Foreign Income Upon Transition to Participation Exemption System of Taxation, was part of the Tax Cuts and Jobs Act (TCJA) enacted on December 22, 2017.
  - In general, IRC 965 requires United States shareholders, as defined under IRC 951(b), to pay a transition tax on the untaxed foreign earnings of certain specified foreign corporations as if those earnings had been repatriated to the United States.
  - IRC 965 applies with respect to the last taxable year of the relevant specified foreign corporation that begins before January 1, 2018, and the amount included in income under IRC 965 is includible in the United States shareholder's year in which or with which such a specified foreign corporation's year ends.

# IRS Compliance Campaigns

- **IRC Section 965 - Treatment of Deferred Foreign Income Upon Transition to Participation Exemption System of Taxation**
  - The vast majority of IRC 965 liability will arise on taxpayer returns for 2017 and 2018 tax years.
  - The goal of this campaign is to promote compliance with IRC 965.
  - The treatment stream will include conducting examinations as well as providing technical assistance to teams on 965, with a focus on identifying and addressing taxpayer populations with potential material compliance risk.
  - The campaign will start with 2017 returns and generally require looking at both the 2017 and 2018 tax returns. It is anticipated that returns selected as part of the 965 campaign will also be risked and, if appropriate, examined for other material issues, especially issues related to TCJA planning.

# IRS Compliance Campaigns

- **Nonresident Alien Individual (NRA) Tax Credits**

- This campaign is intended to increase compliance in nonresident alien individual (NRA) tax credits. NRAs who either have no qualifying earned income, do not provide substantiation/proper documentation, or do not have qualifying dependents may erroneously claim certain dependent related tax credits.
- In addition, some NRA taxpayers may also claim education credits (which are only available to U.S. persons) by improperly filing Form 1040 tax returns.
- This campaign will address noncompliance through a variety of treatment streams including outreach/education and traditional examinations.

# IRS Compliance Campaigns

- **Nonresident Alien Rental Income from U.S. Property**
  - Nonresident aliens who receive rental income from U.S. real property must comply with all tax reporting and filing requirements.
  - This campaign will address noncompliance through examinations, education, and outreach.



# IRS Compliance Campaigns

- **Nonresident Alien Schedule A and Other Deductions**
  - This campaign is intended to increase compliance in the proper deduction of eligible expenses by nonresident alien (NRA) individuals on Form 1040NR Schedule A.
  - NRA taxpayers may either misunderstand or misinterpret the rules for allowable deductions under the previous and new Internal Revenue Code provisions, do not meet all the qualifications for claiming the deduction and/or do not maintain proper records to substantiate the expenses claimed.
  - The campaign will address noncompliance through a variety of treatment streams including outreach/education and traditional examinations.

# IRS Compliance Campaigns

- **Nonresident Alien Tax Treaty Exemptions**

- This campaign is intended to increase compliance in nonresident alien (NRA) individual tax treaty exemption claims related to both effectively connected income and Fixed, Determinable, Annual Periodical income.
- Some NRA taxpayers may either misunderstand or misinterpret applicable treaty articles, provide incorrect or incomplete forms to the withholding agents or rely on incorrect information returns provided by U.S. payors to improperly claim treaty benefits and exempt U.S. source income from taxation.
- This campaign will address noncompliance through a variety of treatment streams including outreach/education and traditional examinations.

# IRS Compliance Campaigns

- **Offshore Service Providers**

- The focus of this campaign is to address U.S. taxpayers who engaged Offshore Service Providers that facilitated the creation of foreign entities and tiered structures to conceal the beneficial ownership of foreign financial accounts and assets, generally, for the purpose of tax avoidance or evasion.
- The treatment stream for this campaign will be issue-based examinations.

# IRS Compliance Campaigns

- **Offshore Voluntary Disclosure Program (OVDP) Declines-Withdrawals Campaign**
  - The Offshore Voluntary Disclosure Program (OVDP) allows U.S. taxpayers to voluntarily resolve past non-compliance related to unreported offshore income and failure to file foreign information returns.
  - This campaign addresses OVDP applicants who applied for pre-clearance into the program but were either denied access to OVDP or withdrew from the program of their own accord.
  - Taxpayers, who have yet to resolve their non-compliance and who meet the eligibility criteria, are encouraged to consider entering one of the offshore programs currently available.
  - The IRS will address continued noncompliance through a variety of treatment streams including examination and letters

# IRS Compliance Campaigns

- **Post Offshore Voluntary Disclosure Program (OVDP) Compliance**
  - U.S. persons are subject to tax on worldwide income.
  - This campaign addresses tax noncompliance related to former Offshore Voluntary Disclosure Program (OVDP) taxpayers' failure to remain compliant with their foreign income and asset reporting requirements.
  - The IRS will address tax noncompliance through soft letters and examinations.

# IRS Compliance Campaigns

- **Puerto Rico Act 22, Individual Investors Act**
  - This campaign addresses taxpayers who have claimed benefits through Puerto Rico Act 22, “Act to Promote the Relocation of Individual Investors to Puerto Rico”, without meeting the requirements of IRC Section 937, Residence and Source Rules Involving Possessions.
  - As a result, these individuals may be excluding income subject to US tax on a filed US income tax return or failing to file and report income subject to US tax.

# IRS Compliance Campaigns

- **Puerto Rico Act 22, Individual Investors Act**
  - This campaign will also address those individuals who have met the requirements of IRC Section 937 but may be erroneously reporting US source income as Puerto Rico source income in order to avoid US taxation.
  - The objective of this campaign is to address noncompliance in this area through a variety of treatment streams including examinations, outreach and soft letters.

# IRS Compliance Campaigns

- **Puerto Rico Act 22, Individual Investors Act**
  - This campaign will also address those individuals who have met the requirements of IRC Section 937 but may be erroneously reporting US source income as Puerto Rico source income in order to avoid US taxation.
  - The objective of this campaign is to address noncompliance in this area through a variety of treatment streams including examinations, outreach and soft letters.



# IRS Compliance Campaigns

- **Repatriation via Foreign Triangular Reorganizations**
  - In December 2016, the IRS issued Notice 2016-73 (“the Notice”), which curtails the claimed “tax-free” repatriation of basis and untaxed CFC earnings following the use of certain foreign triangular reorganization transactions.
  - The goal of the campaign is to identify and challenge these transactions by educating and assisting examination teams in audits of these repatriations.

# IRS Compliance Campaigns

- **Repatriation via Foreign Triangular Reorganizations**
  - In December 2016, the IRS issued Notice 2016-73 (“the Notice”), which curtails the claimed “tax-free” repatriation of basis and untaxed CFC earnings following the use of certain foreign triangular reorganization transactions.
  - The goal of the campaign is to identify and challenge these transactions by educating and assisting examination teams in audits of these repatriations.

# IRS Compliance Campaigns

- **Offshore Private Banking**

- On March 22, 2019, the Offshore Private Banking Campaign was announced. This campaign addresses tax noncompliance related to taxpayers' failure to report income generated and information reporting associated with offshore banking accounts. Treatment streams under this campaign will also address individual FATCA compliance.
- FATCA records, including those received under intergovernmental agreements (IGAs), will be reconciled with U.S. domestic reporting. As part of this process, we will review information exchanged under Model 1 and 2 IGAs. This includes but is not limited to:
  - identifying omissions (e.g., failure to disclose accounts);
  - identifying account holders from records received with missing information (e.g., taxpayer identification number); and
  - Identifying account holders from records received from pooled reporting under Model 2 IGAs.

# IRS Compliance Campaigns

- **Offshore Private Banking**

- U.S. persons are subject to tax on worldwide income from all sources including income generated outside of the United States.
- It is not illegal or improper for U.S. taxpayers to own offshore structures, accounts, or assets. However, taxpayers must comply with income tax and information reporting requirements associated with these offshore activities.
- The IRS is in possession of records that identify taxpayers with transactions or accounts at offshore private banks. This campaign addresses tax noncompliance and the information reporting associated with these offshore accounts.
- The IRS will initially address tax noncompliance through the examination and soft letter treatment streams. Additional treatment streams may be developed based on feedback received throughout the campaign.

# IRS Compliance Campaigns

- **Swiss Bank Program**

- In 2013, the U.S. Department of Justice announced the Swiss Bank Program as a path for Swiss financial institutions to resolve potential criminal liabilities. Banks that are participating in this program provide information on the U.S. persons with beneficial ownership of foreign financial accounts.
- This campaign will address noncompliance, involving taxpayers who are or may be beneficial owners of these accounts, through a variety of treatment streams including, but not limited to, examinations and letters.

# IRS Compliance Campaigns

- **U.S. Territories – Erroneous Refundable Credits**

- Some bona fide residents of U.S. territories are erroneously claiming refundable tax credits on Form 1040, U.S. Individual Income Tax Return.
- This campaign will address noncompliance through a variety of treatment streams including outreach and traditional examinations.

# IRS Compliance Campaigns

- **U.S. Territories – Self Employment Tax**

- This campaign addresses residents of U.S. territories—Puerto Rico, U.S. Virgin Islands (USVI), Guam, American Samoa and Commonwealth of Northern Mariana Islands (CNMI)—who either failed to pay, or underpaid, self-employment tax to the Internal Revenue Service (IRS).
- Residents of U.S. territories with net self-employment income of \$400 or more are subject to U.S. self-employment tax even if they have no income tax filing obligation with the United States.
- Such individuals should file Form 1040SS or 1040PR if they have not already done so; those who understated their self-employment tax should amend Form 1040SS or 1040PR to properly report and pay their self-employment tax.
- The IRS will address continued noncompliance through a variety of treatment streams, including examination.

# IRS Compliance Campaigns

- **Verification of Form 1042-S Credit Claimed on Form 1040NR**
  - This campaign is intended to ensure the amount of withholding credits or refund/credit elect claimed on Forms 1040NR, U.S. Nonresident Alien Tax Return, is verified and whether the taxpayer has properly reported the income reflected on Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.
  - Before a refund is issued or credit allowed, the Internal Revenue Service verifies the withholding credits reported on the Form 1042-S.
  - The campaign will address noncompliance through a variety of treatment streams including, but not limited to, examinations.



# IRS Compliance Campaigns

- **Virtual Currency**

- U.S. persons are subject to tax on worldwide income from all sources including transactions involving virtual currency. IRS Notice 2014-21 states that virtual currency is property for federal tax purposes and provides information on the U.S. federal tax implications of convertible virtual currency transactions.
- The Virtual Currency Compliance campaign will address noncompliance related to the use of virtual currency through multiple treatment streams including outreach and examinations.
- The compliance activities will follow the general tax principles applicable to all transactions in property, as outlined in Notice 2014-21. The IRS will continue to consider and solicit taxpayer and practitioner feedback in education efforts, future guidance, and development of Practice Units.
- Taxpayers with unreported virtual currency transactions are urged to correct their returns as soon as practical. The IRS is not contemplating a voluntary disclosure program specifically to address tax non-compliance involving virtual currency.

# IRS Compliance Campaigns

- A full list of the compliance campaigns can be found here:
  - <https://www.irs.gov/businesses/corporations/lbi-active-campaigns>

# Required Disclosures for Cash Assets and Overlap in Reporting

# FBAR (FinCEN 114) Filing and Reporting Considerations

# FBAR (FinCEN 114) Filing and Reporting Considerations

- Who must file?
  - The Bank Secrecy Act (BSA) gave the Department of Treasury authority to collect information from United States persons who have financial interests in or signature authority over financial accounts maintained with financial institutions located outside of the United States.
  - This provision of the BSA requires that a FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) be filed if the aggregate maximum values of the taxpayer's foreign financial accounts exceed \$10,000 at any time during the calendar year.

# What is a Financial Account?

- A financial account includes, but is not limited to, a securities, brokerage, savings, demand, checking, deposit, time deposit, or other account maintained with a financial institution (or other person performing the services of a financial institution).
- A financial account also includes a commodity futures or options account, an insurance policy with a cash value (such as a whole life insurance policy), an annuity policy with a cash value, and shares in a mutual fund or similar pooled fund (i.e., a fund that is available to the general public with a regular net asset value determination and regular redemptions).

# What is a Foreign Financial Account?

- A foreign financial account is a financial account located outside of the United States.
- For example, an account maintained with a branch of a United States bank that is physically located outside of the United States is a foreign financial account.
- An account maintained with a branch of a foreign bank that is physically located in the United States is not a foreign financial account.

# What is a Financial Account?

- Due to the expansive definition of financial account, it is recommended that any account which might be considered a foreign financial account be reported



# What is a Financial Interest?

A United States person has a financial interest in a foreign financial account for which:

- The United States person is the owner of record or holder of legal title, regardless of whether the account is maintained for the benefit of the United States person or for the benefit of another person; or

# What is a Financial Interest?

A United States person has a financial interest in a foreign financial account for which:

- The owner of record or holder of legal title is one of the following:
  - A trust of which the United States person: (i) is the trust grantor and (ii) has an ownership interest in the trust for United States federal tax purposes;
  - A trust in which the United States person has a greater than 50 percent present beneficial interest in the assets or income of the trust for the calendar year; or
  - Any other entity in which the United States person owns directly or indirectly more than 50 percent of the voting power, total value of equity interest or assets, or interest in profits.

# FBAR (FinCEN 114) Filing and Reporting Considerations

- FBAR reporting threshold = highest aggregate balance of all reportable foreign accounts is greater than \$10,000 USD at any time during the calendar year
- Penalties for the failure to file FBAR include:
  - \$10,000 civil penalty
  - Greater of \$100,000 or 50% of account balance for willful failure to file FBAR
  - Criminal penalties for willful failure to file FBAR

# Form 8938 Reporting Considerations

# Form 8938 Reporting Considerations

- Are the assets considered “Specified Foreign Financial Assets (SFFAs)”?
  - Specified foreign financial assets include the following:
    - Financial accounts maintained by a foreign financial institution.
    - Foreign financial assets which are personally held for investment - stocks, bonds, etc.

# Form 8938 Reporting Considerations

- Are the assets considered “Specified Foreign Financial Assets (SFFAs)”?
  - SFFAs are reported on Form 8938, unless required to be reported elsewhere
  - Form 8938 has a failure to file penalty of \$10,000 plus additional \$10,000 penalty up to a maximum of \$50,000 for each 30-day period that failure to file continues after 90 days following IRS notice

# Form 8938 Filing Thresholds

Form 8938 is required to be filed if all SFFAs (including SFFAs reported on other forms) exceed the following amounts:

| Filing Status   | Total Value of all FFAs at end of Year | Maximum value of all FFAs at any time during year |
|---|--|---|
| Single and Married Filing Separately (MFS) – living in U.S. | \$50,000                               | \$75,000  |
| Single and MFS – living outside the U.S.                    | \$200,000                              | \$300,000   |
| Married Filing Jointly (MFJ) – living in U.S.               | \$100,000                              | \$150,000   |
| MFJ – living outside the U.S.                               | \$400,000                              | \$600,000   |

# Comparison of Forms 8938 and FinCEN 114



# Comparison of Forms 8938 and FinCEN 114 Filing Requirements

|   | Form 8938, Statement of Specified Foreign Financial Assets   | FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)   |
|---|--|---|
| <b>Who Must File?</b>                                   | Specified individuals, which include U.S citizens, resident aliens, and certain non-resident aliens that have an interest in specified foreign financial assets and meet the reporting threshold | U.S. persons, which include U.S. citizens, resident aliens, trusts, estates, and domestic entities that have an interest in foreign financial accounts and meet the reporting threshold |
| <b>Does the United States include U.S. territories?</b> | No   | Yes, resident aliens of U.S territories and U.S. territory entities are subject to FBAR reporting   |

# Comparison of Forms 8938 and FinCEN 114 Filing Requirements

|                          | Form 8938, Statement of Specified Foreign Financial Assets   | FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)   |
|--------------------------|--|---|
| <b>Filing Thresholds</b> | <p><b>Taxpayers living in the US:</b><br/>           Unmarried taxpayer (or married filing separately): Total value of assets was more than \$50,000 on the last day of the tax year, or more than \$75,000 at any time during the year.<br/>           Married taxpayer filing jointly: Total value of assets was more than \$100,000 on the last day of the tax year, or more than \$150,000 at any time during the year.</p> <p><b>Taxpayers living outside the US:</b><br/>           Unmarried taxpayer (or married filing separately): Total value of assets was more than \$200,000 on the last day of the tax year, or more than \$300,000 at any time during the year.<br/>           Married taxpayer filing jointly: Total value of assets was more than \$400,000 on the last day of the tax year, or more than \$600,000 at any time during the year.</p> | <p>Aggregate value of financial accounts exceeds \$10,000 at any time during the calendar year. This is a cumulative balance, meaning if you have a combined account balance of \$10,000 at any one time (but divided between 2 accounts), both accounts would have to be reported.</p> |

# Comparison of Forms 8938 and FinCEN 114 Filing Requirements

|   | Form 8938, Statement of Specified Foreign Financial Assets  | FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)  |
|---|---|--|
| <b>When do you have an interest in an account or asset?</b> | If any income, gains, losses, deductions, credits, gross proceeds, or distributions from holding or disposing of the account or asset are or would be required to be reported, included, or otherwise reflected on your income tax return | <p><i>Financial interest:</i> you are the owner of record or holder of legal title; the owner of record or holder of legal title is your agent or representative; you have a sufficient interest in the entity that is the owner of record or holder of legal title.</p> <p><i>Signature authority:</i> you have authority to control the disposition of the assets in the account by direct communication with the financial institution maintaining the account.</p> |

# Comparison of Forms 8938 and FinCEN 114 Filing Requirements

|   | Form 8938, Statement of Specified Foreign Financial Assets   | FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)   |
|---|--|---|
| <b>What is Reported?</b>  | Maximum value of specified foreign financial assets, which include financial accounts with foreign financial institutions and certain other foreign non-account investment assets  | Maximum value of financial accounts maintained by a financial institution physically located in a foreign country   |
| <b>How are maximum account or asset values determined and reported?</b> | Fair market value in U.S. dollars in accord with the Form 8938 instructions for each account and asset reported.<br>Convert to U.S. dollars using the end of the taxable year exchange rate and report in U.S. dollars.    | Use periodic account statements to determine the maximum value in the currency of the account..<br>Convert to U.S. dollars using the end of the calendar year exchange rate and report in U.S. dollars. |
| <b>When Due?</b>  | Form is attached to your annual return and due on the date of that return, including any applicable extensions   | Received by April 15 (6-month automatic extension to Oct 15)  |
| <b>Where to File?</b>   | File with income tax return pursuant to instructions for filing the return. Form 8938 and Instructions can be found at <a href="http://www.irs.gov/form8938">www.irs.gov/form8938</a>                                      | File electronically through FinCEN's <a href="#">BSA E-Filing System</a> . The FBAR is not filed with a federal tax return.   |
| <b>Penalties</b>  | Up to \$10,000 for failure to disclose and an additional \$10,000 for each 30 days of non-filing after IRS notice of a failure to disclose, for a potential maximum penalty of \$60,000; criminal penalties may also apply | If non-willful, up to \$10,000; if willful, up to the greater of \$100,000 or 50 percent of account balances; criminal penalties may also apply   |

# Comparison of Forms 8938 and FinCEN 114 Reporting Requirements

| Types of Foreign Assets and Whether They are Reportable                           | Form 8938, Statement of Specified Foreign Financial Assets                  | FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) |
|---|---|---|
| Financial (deposit and custodial) accounts held at foreign financial institutions | Yes   | Yes   |
| Financial account held at a foreign branch of a U.S. financial institution        | No  | Yes   |
| Financial account held at a U.S. branch of a foreign financial institution        | No  | No  |
| Foreign financial account for which you have signature authority                  | No, unless you otherwise have an interest in the account as described above | Yes, subject to exceptions  |

# Comparison of Forms 8938 and FinCEN 114 Reporting Requirements

| Types of Foreign Assets and Whether They are Reportable//   | Form 8938, Statement of Specified Foreign Financial Assets  | FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)  |
|---|---|--|
| <b>Foreign stock or securities held in a financial account at a foreign financial institution</b> | The account itself is subject to reporting, but the contents of the account do not have to be separately reported | The account itself is subject to reporting, but the contents of the account do not have to be separately reported                                  |
| <b>Foreign stock or securities not held in a financial account</b>                                | Yes   | No   |
| <b>Foreign partnership interests</b>  | Yes   | No   |
| <b>Indirect interests in foreign financial assets through an entity</b>                           | No  | Yes, if sufficient ownership or beneficial interest (i.e., a greater than 50 percent interest) in the entity. See instructions for further detail. |

# Comparison of Forms 8938 and FinCEN 114 Reporting Requirements

| <b>Types of Foreign Assets and Whether They are Reportable</b>  | <b>Form 8938, Statement of Specified Foreign Financial Assets</b>          | <b>FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)</b> |
|---|--|--|
| <b>Foreign mutual funds</b>   | Yes  | Yes  |
| <b>Domestic mutual fund investing in foreign stocks and securities</b>  | No   | No   |
| <b>Foreign accounts and foreign non-account investment assets held by foreign or domestic grantor trust for which you are the grantor</b> | Yes, as to both foreign accounts and foreign non-account investment assets | Yes, as to foreign accounts  |
| <b>Foreign-issued life insurance or annuity contract with a cash-value</b>  | Yes  | Yes  |
| <b>Foreign hedge funds and foreign private equity funds</b>   | Yes  | No   |

# Comparison of Forms 8938 and FinCEN 114 Reporting Requirements

| Types of Foreign Assets and Whether They are Reportable                                       | Form 8938, Statement of Specified Foreign Financial Assets   | FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) |
|---|--|---|
| Foreign real estate held directly   | No   | No  |
| Foreign real estate held through a foreign entity   | No, but the foreign entity itself is a specified foreign financial asset and its maximum value includes the value of the real estate | No  |
| Foreign currency held directly  | No   | No  |
| Precious Metals held directly   | No   | No  |
| Personal property, held directly, such as art, antiques, jewelry, cars and other collectibles | No   | No  |
| 'Social Security'- type program benefits provided by a foreign government                     | No   | No  |





# FBAR and Form 8938 Reporting Example

# Form 8938 and FinCEN114 Reporting Example – Foreign Bank Accounts

## Part A - General Information

|   |                      |                      |
|---|----------------------|----------------------|
| Indicate Owner(s)                       | John and Mary Smith  | Mary Smith           |
| Name of Bank                            | BANK 1               | BANK 2               |
| Account Number                          | 123456789123         | 123456789987         |
| Address of bank:                        |                      |                      |
| Street                                  | 99 Whitehall Street  | 99 Whitehall Street  |
| City                                    | London               | London               |
| State/Province                          | England              | England              |
| Country/Currency                        | United Kingdom-Pound | United Kingdom-Pound |
| Postal Code                             | N17 8                | N17 8                |
| Maximum account value in local currency | £146,400             | £219,600             |
| Year-End Exchange Rate                  | 0.732                | 0.732                |
| USD Equivalent                          | \$200,000            | \$300,000            |
| Year-End Value in Local Currency        | 109,800              | 219,600              |
| Year-End Exchange Rate                  | 0.732                | 0.732                |
| USD Equivalent                          | \$150,000            | \$300,000            |
| Ownership Interest                      | Jointly Owned        | Separately Owned     |
| Type of account                         | Bank                 | Bank                 |
| If "Other" indicate Type                |                      |                      |
| Deposit or Custodial Account?           | Deposit              | Deposit              |

# Form 8938 and FinCEN114 Reporting Example – Foreign Bank Accounts

Part C: Form 8938 Information (only complete if maximum value of all assets exceeds the thresholds found in the Instructions)

| Description of account   | BANK 1               | BANK 2               |
|--|----------------------|----------------------|
| Identifying number or other designation                                      | 123456789123         | 123456789987         |
| Type of account  | Deposit              | Deposit              |
| Account opened during tax year?  | No                   | No                   |
| Date account opened acquired during tax year, if applicable                  | N/A                  | N/A                  |
| Account closed during tax year?  | No                   | No                   |
| Date account closed during tax year, if applicable                           | N/A                  | N/A                  |
| No tax item (income) reported in on tax return with respect to this asset?   | Yes                  | Yes                  |
| Maximum range in value of account during tax year                            | \$150,001-\$200,000  | Over \$200,000       |
| If maximum value was greater than \$200,000 list value                       |                      | \$300,000            |
| Financial Institution's GIIN Number (if applicable)                          |                      |                      |
| Did you used a foreign currency exchange rate to convert the asset into USD? | Yes                  | Yes                  |
| Foreign Currency   | United Kingdom-Pound | United Kingdom-Pound |
| Exchange Rate  | 0.732                | 0.758                |

# Form 8938 and FinCEN114 Reporting Example – Foreign Financial Assets

Please complete the following for each other foreign financial asset

|   |                               |
|---|-------------------------------|
| Description of asset  | 100,000 SHS River Flood, Ltd. |
| Identifying number or other designation                                     | 123456                        |
| Type of account   | Custodial                     |
| Account opened during tax year?   | No                            |
| Account closed during tax year?   | Select One                    |
| Asset jointly owned with spouse?  | No                            |
| No tax item (income) reported in on tax return with respect to this asset?  | Yes                           |
| Date asset acquired during tax year, if applicable                          | N/A                           |
| Date asset disposed of during tax year, if applicable                       | N/A                           |
| Maximum value of asset in local currency or USD                             | £585,600                      |
| Foreign Currency (if reporting in USD, select United States - Dollar)       | United Kingdom-Pound          |
| Exchange Rate   | 0.732                         |
| Maximum value of asset during year in USD                                   | \$800,000.00                  |
| Maximum value of asset during tax year(select range)                        | Over \$200,000                |
| Did you use a foreign currency exchange rate to convert the asset into USD? | Yes                           |

# Form 8938 and FinCEN114 Reporting Example – Foreign Financial Assets

If asset is stock or other interest in a foreign entity complete the following:

|                           |  |
|---------------------------|--|
| Name of foreign entity    | 100,000 SHS River Flood, Ltd.  |
| Type of entity            | Corporation  |
| Mailing address of entity |  |
| • Street                  | 99 Sparrows Lane   |
| • City                    | London   |
| • State/Province          | England  |
|                           | United Kingdom (England, Northern Ireland, Scotland, and Wales) - UK |
| • Country                 |  |
| • Postal Code             | SE9 2BU  |

# John's FinCEN Filings

|  |   |  |                        |   |  |
|--|---|--|------------------------|---|--|
| <b>Form 114a</b><br>Department of the Treasury<br>Financial Crimes Enforcement<br>Network (FinCEN)<br>May 2020   |   | <b>Record of Authorization to<br/>Electronically File FBARs</b><br>(See instructions below for completion) |                        | <b>FINANCIAL CRIMES<br/>ENFORCEMENT NETWORK</b> |  |
| <b>Do not send to FinCEN. Retain this form for your records.</b><br>The form 114a may be digitally signed  |   |  |                        |   |  |
| <b>Part I Persons who have an obligation to file a Report of Foreign Bank and Financial Account(s)</b>   |   |  |                        |   |  |
| 1. Owner last name or entity's legal name  |   | 2. Owner first name  |                        | 3. Owner M. I.                                  |  |
| Smith  |   | John   |                        |   |  |
| 4. Spouse last name (if jointly filing FBAR - see instructions below)  |   | 5. Spouse first name   |                        | 6. Spouse M. I.                                 |  |
|  |   |  |                        |   |  |
| I/we declare that I/we have provided information concerning <u>1</u> (enter number of accounts) foreign bank and financial account(s) for the filing year ending December 31, <u>2020</u> to the preparer listed in Part II; that this information is to the best of my/our knowledge true, correct, and complete; that I/we authorize the preparer listed in Part II to complete and submit to the Financial Crimes Enforcement Network (FinCEN) a Report of Foreign Bank and Financial Accounts (FBAR) based on the information that I/we have provided; and that I/we authorize the preparer listed in Part II to receive information from FinCEN, answer inquiries and resolve issues relating to this submission. I/we acknowledge that, notwithstanding this declaration, it is my/our legal responsibility, not that of the preparer listed in Part II, to timely file an FBAR if required by law to do so.   |   |  |                        |   |  |
| 7. Owner signature (Authorized representative if entity)   |   | 8. Date  | 9. Owner or entity TIN | 10. TIN type                                    | a <input type="checkbox"/> EIN<br>b <input checked="" type="checkbox"/> SSN/ITIN<br>c <input type="checkbox"/> Foreign |
|  |   | 05-26-2021   | 123-45-6789            |   |  |
| 11. Spouse signature   |   | 12. Date   | 13. Spouse TIN         | 14. TIN type                                    | a <input type="checkbox"/> EIN<br>b <input type="checkbox"/> SSN/ITIN<br>c <input type="checkbox"/> Foreign            |
|  |   |  |                        |   |  |
| <b>Part II Individual or Entity Authorized to File FBAR on behalf of Persons who have an obligation to file.</b>   |   |  |                        |   |  |
| 15. Preparer last name   |   | 16. Preparer first name  |                        | 17. Preparer M.I.                               |  |
| Edward Kennedy   |   | C  |                        |   |  |
| 19. Address  |   | 20. City   |                        | 21. State                                       | 22. ZIP/postal code  |
| 1510 Misty Oaks Drive  |   | Atlanta  |                        | GA  | 30350  |
| 23. Country code   | 24. Preparer's (item 15) employer's (Entity) name |  | 25. Employer EIN       |   | 26. Preparer's signature   |
| US   | C Edward Kennedy Jr PC                            |  |                        |   |  |
| <b>Instructions for completing the FBAR Signature Authorization Record</b><br><br>This record may be completed by the individual or entity granting such authorization (Part I) <u>OR</u> the individual/entity authorized to perform such services. The completed record <u>must</u> be signed by the individual(s)/entity granting the authorization (Part I) and the individual/entity that will file the FBAR. The Preparer/filing entity must be registered with FinCEN BSA E-File system. (See <a href="http://bsae filing.finccen.treas.gov/main.html">http://bsae filing.finccen.treas.gov/main.html</a> for registration).<br><br>Read and complete the account owner statement in Part I.<br><br>To authorize a third party to file the Foreign Bank and Financial Accounts Report (FBAR), the account owner should complete Part I, items 1 through 3 (as required), sign and date the document in Part I, items 7/8 and complete items 9 and 10. Item 7 may be digitally signed.<br><br><u>Accounts Jointly Owned by Spouses (see exceptions in the FBAR instructions)</u><br>If the account owner is filing an FBAR jointly with his/her spouse, the spouse must also complete Part I, items 4 through 6. The spouse must also sign and date the report in items 11/12, (item 11 may be digitally signed) and complete items 13 and 14. A third party preparer may be one of the spouses of the jointly owned foreign account. In this case, both spouses must complete Part I of form 114a in its entirety. The third party preparer (spouse) that will file the FBAR on behalf of both spouses will complete Part II in its entirety (do not use such terms as see above, or same as item number x).<br><br>Complete Part II, items 15 through 18 with the preparer's information. The address, items 19 through 23, is that of the preparer or the preparer's employer if the preparer is an employee. Record the employer's information (if any) in items 24 and 25. If the preparer does not have a PTIN, leave item 18 blank. The third party preparer <u>must</u> sign in item 26 (digital signature acceptable) of Part II indicating that the FBAR will be filed as directed by the authorizing authority.<br>The person(s) listed in Part I, and the person listed in Part II as authorized to file on behalf of the person(s) listed in Part I, should retain copies of this record of authorization and the filing itself, both for a period of 5 years. See 31 CFR 1010.430(d).<br><b>DO NOT SEND THIS RECORD TO FinCEN UNLESS REQUESTED TO DO SO.</b> |   |  |                        |   |  |

Rev. 10.7 May 21, 2015

# FinCEN 114a – Signature Page

## FinCEN 114

Do NOT file with your Federal Tax Return

|   |                            |  |   |
|---|----------------------------|--|---|
| Name(s) shown on return<br><b>John Smith</b>  |                            | Identifying number<br><b>123-45-6789</b>   |   |
| <b>Part I Filer Information</b>   |                            |  |   |
| 1 This Report is for Calendar Year Ended 12/31 <b>2020</b>  |                            |  |   |
| <input type="checkbox"/> Amended BSA Identifier _____   |                            |  |   |
| 2 Type of Filer   |                            |  |   |
| a <input checked="" type="checkbox"/> Individual b <input type="checkbox"/> Partnership c <input type="checkbox"/> Corporation d <input type="checkbox"/> Consolidated e <input type="checkbox"/> Fiduciary or Other-Enter type _____ |                            |  |   |
| 3 U.S. Taxpayer Identification Number<br><b>123-45-6789</b><br>If filer has no U.S. Identification Number complete item 4.  |                            | 4 Foreign Identification (Complete only if item 3 is not applicable.)<br>a Type: <input type="checkbox"/> Passport <input type="checkbox"/> Foreign TIN <input type="checkbox"/> Other _____<br>b Number: _____ c Country of issue _____ |   |
| 6 Last Name or Organization Name<br><b>Smith</b>  |                            | 7 First Name<br><b>John</b>  | 8 M.I.<br>_____                                 |
| 9 Address (Number, Street, and Apt. or Suite No.)<br>_____  |                            |  |   |
| 10 City<br>_____  | 11 State/Province<br>_____ | 12 ZIP/Postal Code<br>_____  | 13 Country<br><b>United States</b>              |
| 14a Does the filer have a financial interest in 25 or more financial accounts?<br><input type="checkbox"/> Yes If "Yes" enter total number of accounts _____<br><input checked="" type="checkbox"/> No                                |                            |  |   |
| 14b Does the filer have signature authority over but no financial interest in 25 or more financial accounts?<br><input type="checkbox"/> Yes If "Yes" enter total number of accounts _____<br><input checked="" type="checkbox"/> No  |                            |  |   |
| <b>Signature</b> _____  |                            |  |   |
| 44a Check here <input checked="" type="checkbox"/> If this report is completed by a third party preparer and complete the third party preparer section.   |                            |  |   |
| 44 Filer Signature<br><b>FinCEN Form 114a</b>   |                            | 46 Filer Title, if not reporting a personal account<br>_____   |   |
| 47 Preparer's last name<br><b>Edward Kennedy</b>  |                            | 48 First name<br><b>C</b>  | 49 MI<br>_____                                  |
| 62 Contact phone no.<br><b>404-202-2186</b>   |                            | 63a Ext<br>_____   | 63 Firm's name<br><b>C Edward Kennedy Jr PC</b> |
| 64 Firm's TIN<br><b>92-2547839</b>  |                            | 54a <input checked="" type="checkbox"/> EIN  | Foreign <input type="checkbox"/>                |
| 66 Mailing address (number, street, apartment or suite number)<br><b>1510 Misty Oaks Drive</b>  |                            | 68 City<br><b>Atlanta</b>  | 67 State<br><b>GA</b>                           |
| 68 ZIP/Postal Code<br><b>30350</b>  |                            | 68 Country<br><b>US</b>  |   |

John's  
FinCEN  
FilingsFinCEN 114 –  
General  
Information



| Part III Information on Financial Account(s) Owned Jointly |  |     |                               |    |  |                |      |   |            |    |                     |  |
|--|--|-----|-------------------------------|----|--|----------------|------|---|------------|----|---------------------|--|
| <b>Account Information</b>                                 |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 16   | Maximum account value                                  | 16a | Maximum account value unknown | 18 | Type of account  | a              | Bank | b | Securities | c  | Other - Enter below | 1 of 1                                   |
|  | 200,000  |     |                               |    |  |                |      |   |            |    |                     |  |
| 17   | Name of Financial Institution in which account is held |     |                               |    |  |                |      |   |            |    |                     |  |
|  | BANK 1   |     |                               |    |  |                |      |   |            |    |                     |  |
| 18   | Account number or other designation                    |     |                               |    | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |      |   |            |    |                     |  |
|  | 123456789123   |     |                               |    | 99 Whitehall Street  |                |      |   |            |    |                     |  |
| 20   | City   | 21  | Province/State                | 22 | Postal Code  | 23 Country     |      |   |            |    |                     |  |
|  | London   |     |                               |    | N178   | United Kingdom |      |   |            |    |                     |  |
| <b>Principal Joint Owner Information</b>                   |  |     |                               |    |  |                |      |   |            | 24 |                     | Number of joint owners for this account: |
| 25   | TIN  | 26a |                               |    | TIN type   | a              | EIN  | b | SSN/ITIN   | c  | Foreign             |  |
|  | 987-65-4321  |     |                               |    |  |                |      |   |            |    |                     |  |
| 28   | Last Name or Organization Name                         |     |                               |    |  | 27             |      |   | First Name | 28 |                     | M.I.                                     |
|  | Smith  |     |                               |    |  |                |      |   | Mary       |    |                     |  |
| 29   | Address (Number, Street, and Apt. or Suite No.)        |     |                               |    |  |                |      |   |            |    |                     |  |
| 30   | City   | 31  | State/Province                | 32 | ZIP/Postal Code  | 33             |      |   |            |    |                     | Country                                  |
|  |  |     |                               |    |  | United States  |      |   |            |    |                     |  |
| <b>Account Information</b>                                 |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 16   | Maximum account value                                  | 16a | Maximum account value unknown | 18 | Type of account  | a              | Bank | b | Securities | c  | Other - Enter below | of                                       |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 17   | Name of Financial Institution in which account is held |     |                               |    |  |                |      |   |            |    |                     |  |
| 18   | Account number or other designation                    |     |                               |    | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |      |   |            |    |                     |  |
| 20   | City   | 21  | Province/State                | 22 | Postal Code  | 23 Country     |      |   |            |    |                     |  |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| <b>Principal Joint Owner Information</b>                   |  |     |                               |    |  |                |      |   |            | 24 |                     | Number of joint owners for this account: |
| 25   | TIN  | 26a |                               |    | TIN type   | a              | EIN  | b | SSN/ITIN   | c  | Foreign             |  |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 28   | Last Name or Organization Name                         |     |                               |    |  | 27             |      |   | First Name | 28 |                     | M.I.                                     |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 29   | Address (Number, Street, and Apt. or Suite No.)        |     |                               |    |  |                |      |   |            |    |                     |  |
| 30   | City   | 31  | State/Province                | 32 | ZIP/Postal Code  | 33             |      |   |            |    |                     | Country                                  |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| <b>Account Information</b>                                 |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 16   | Maximum account value                                  | 16a | Maximum account value unknown | 18 | Type of account  | a              | Bank | b | Securities | c  | Other - Enter below | of                                       |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 17   | Name of Financial Institution in which account is held |     |                               |    |  |                |      |   |            |    |                     |  |
| 18   | Account number or other designation                    |     |                               |    | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |      |   |            |    |                     |  |
| 20   | City   | 21  | Province/State                | 22 | Postal Code  | 23 Country     |      |   |            |    |                     |  |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| <b>Principal Joint Owner Information</b>                   |  |     |                               |    |  |                |      |   |            | 24 |                     | Number of joint owners for this account: |
| 25   | TIN  | 26a |                               |    | TIN type   | a              | EIN  | b | SSN/ITIN   | c  | Foreign             |  |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 28   | Last Name or Organization Name                         |     |                               |    |  | 27             |      |   | First Name | 28 |                     | M.I.                                     |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |
| 29   | Address (Number, Street, and Apt. or Suite No.)        |     |                               |    |  |                |      |   |            |    |                     |  |
| 30   | City   | 31  | State/Province                | 32 | ZIP/Postal Code  | 33             |      |   |            |    |                     | Country                                  |
|  |  |     |                               |    |  |                |      |   |            |    |                     |  |

John's  
FinCEN  
Filings

FinCEN 114 –  
Assets Owned  
Jointly

# Mary's FinCEN Filings

|   |   |  |
|---|---|--|
| <b>Form 114a</b><br>Department of the Treasury<br>Financial Crimes Enforcement<br>Network (FinCEN)<br>May 2020  | <b>Record of Authorization to<br/>Electronically File FBARs</b><br>(See instructions below for completion)<br><br><u>Do not send to FinCEN. Retain this form for your records.</u><br>The form 114a may be digitally signed | <b>FINANCIAL CRIMES<br/>ENFORCEMENT NETWORK</b>  |
| <b>Part I</b> Persons who have an obligation to file a Report of Foreign Bank and Financial Account(s)  |   |  |
| 1. Owner last name or entity's legal name<br><u>Smith</u>   | 2. Owner first name<br><u>Mary</u>  | 3. Owner M. I.   |
| 4. Spouse last name (if jointly filing FBAR - see instructions below)   | 5. Spouse first name  | 6. Spouse M. I.  |
| I/we declare that I/we have provided information concerning <u>2</u> (enter number of accounts) foreign bank and financial account(s) for the filing year ending December 31, <u>2020</u> , to the preparer listed in Part II; that this information is to the best of my/our knowledge true, correct, and complete; that I/we authorize the preparer listed in Part II to complete and submit to the Financial Crimes Enforcement Network (FinCEN) a Report of Foreign Bank and Financial Accounts (FBAR) based on the information that I/we have provided; and that I/we authorize the preparer listed in Part II to receive information from FinCEN, answer inquiries and resolve issues relating to this submission. I/we acknowledge that, notwithstanding this declaration, it is my/our legal responsibility, not that of the preparer listed in Part II, to timely file an FBAR if required by law to do so.  |   |  |
| 7. Owner signature (Authorized representative if entity)  | 8. Date   | 9. Owner or entity TIN   |
|   |   | 10. TIN type<br>a <input type="checkbox"/> EIN<br>b <input checked="" type="checkbox"/> SSN/ITIN<br>c <input type="checkbox"/> Foreign |
| 11. Spouse signature  | 12. Date  | 13. Spouse TIN   |
|   |   | 14. TIN type<br>a <input type="checkbox"/> EIN<br>b <input type="checkbox"/> SSN/ITIN<br>c <input type="checkbox"/> Foreign            |
| <b>Part II</b> Individual or Entity Authorized to File FBAR on behalf of Persons who have an obligation to file.  |   |  |
| 15. Preparer last name<br><u>Edward Kennedy</u>   | 16. Preparer first name<br><u>C</u>   | 17. Preparer M.I.  |
| 18. Preparer PTIN   |   |  |
| 19. Address<br><u>1510 Misty Oaks Drive</u>   | 20. City<br><u>Atlanta</u>  | 21. State<br><u>GA</u>   |
| 22. ZIP/postal code<br><u>30350</u>   |   |  |
| 23. Country code<br><u>US</u>   | 24. Preparer's (item 15) employer's (Entity) name<br><u>C Edward Kennedy Jr PC</u>  | 25. Employer EIN   |
| 26. Preparer's signature  |   |  |
| <b>Instructions for completing the FBAR Signature Authorization Record</b><br><br>This record may be completed by the individual or entity granting such authorization (Part I) OR the individual/entity authorized to perform such services. The completed record <u>must</u> be signed by the individual(s)/entity granting the authorization (Part I) and the individual/entity that will file the FBAR. The Preparer/filing entity must be registered with FinCEN BSA E-File system. (See <a href="http://bsaeifiling.fincen.treas.gov/main.html">http://bsaeifiling.fincen.treas.gov/main.html</a> for registration).<br><br>Read and complete the account owner statement in Part I.<br><br>To authorize a third party to file the Foreign Bank and Financial Accounts Report (FBAR), the account owner should complete Part I, items 1 through 3 (as required), sign and date the document in Part I, items 7/8 and complete items 9 and 10. Item 7 may be digitally signed.<br><br><u>Accounts Jointly Owned by Spouses (see exceptions in the FBAR instructions)</u><br>If the account owner is filing an FBAR jointly with his/her spouse, the spouse must also complete Part I, items 4 through 6. The spouse must also sign and date the report in items 11/12. (Item 11 may be digitally signed) and complete items 13 and 14. A third party preparer may be one of the spouses of the jointly owned foreign account. In this case, both spouses must complete Part I of form 114a in its entirety. The third party preparer (spouse) that will file the FBAR on behalf of both spouses will complete Part II in its entirety (do not use such terms as see above, or same as item number x).<br><br>Complete Part II, items 15 through 18 with the preparer's information. The address, items 19 through 23, is that of the preparer or the preparer's employer if the preparer is an employee. Record the employer's information (if any) in items 24 and 25. If the preparer does not have a PTIN, leave item 18 blank. The third party preparer <u>must</u> sign in item 26 (digital signature acceptable) of Part II indicating that the FBAR will be filed as directed by the authorizing authority.<br>The person(s) listed in Part I, and the person listed in Part II as authorized to file on behalf of the person(s) listed in Part I, should retain copies of this record of authorization and the filing itself, both for a period of 5 years. See 31 CFR 1010.430(d).<br><b>DO NOT SEND THIS RECORD TO FinCEN UNLESS REQUESTED TO DO SO.</b> |   |  |

# FinCEN 114a – Signature Page

Rev. 10.7 May 21, 2015



## FinCEN 114

Do NOT file with your Federal Tax Return

|  |  |
|--|--|
| Name(s) shown on return<br><b>Mary Smith</b> | Identifying number<br><b>987-65-4321</b> |
|--|--|

**Part I Filer Information**

|  |                   |  |   |
|--|-------------------|--|---|
| 1 This Report is for Calendar Year Ended 12/31 <b>2020</b>   |                   | 2 Type of Filer<br>a <input checked="" type="checkbox"/> Individual b <input type="checkbox"/> Partnership c <input type="checkbox"/> Corporation d <input type="checkbox"/> Consolidated e <input type="checkbox"/> Fiduciary or Other-Enter type |   |
| 3 U.S. Taxpayer Identification Number<br><b>987-65-4321</b><br>If filer has no U.S. Identification Number complete Item 4.   |                   | 4 Foreign identification (Complete only if item 3 is not applicable.)<br>a Type: <input type="checkbox"/> Passport <input type="checkbox"/> Foreign TIN <input type="checkbox"/> Other<br>b Number: Country of Issue 6 Individual's Date of Birth  |   |
| 5 Last Name or Organization Name<br><b>Smith</b>   |                   | 7 First Name<br><b>Mary</b>  | 8 M.I.  |
| 9 Address (Number, Street, and Apt. or Suite No.)  |                   |  |   |
| 10 City  | 11 State/Province | 12 ZIP/Postal Code   | 13 Country<br><b>United States</b>              |
| 14a Does the filer have a financial interest in 25 or more financial accounts?<br><input type="checkbox"/> Yes If "Yes" enter total number of accounts<br><input checked="" type="checkbox"/> No                               |                   |  |   |
| 14b Does the filer have signature authority over but no financial interest in 25 or more financial accounts?<br><input type="checkbox"/> Yes If "Yes" enter total number of accounts<br><input checked="" type="checkbox"/> No |                   |  |   |
| <b>Signature</b>   |                   |  |   |
| 44a Check here <input checked="" type="checkbox"/> if this report is completed by a third party preparer and complete the third party preparer section.  |                   |  |   |
| 44 Filer Signature<br><b>PinCEN Form 114a</b>  |                   | 46 Filer Title, if not reporting a personal account  |   |
| 47 Preparer's last name<br><b>Edward Kennedy</b>   |                   | 48 First name<br><b>C</b>  | 49 MI   |
| 62 Contact phone no.<br><b>404-202-2186</b>  |                   | 63a Ext  | 63 Firm's name<br><b>C Edward Kennedy Jr PC</b> |
| 64 Firms TIN   |                   | 54a <input checked="" type="checkbox"/> EIN  | 54b Foreign                                     |
| 66 Mailing address (number, street, apartment or suite number)<br><b>1510 Misty Oaks Drive</b>   |                   | 68 City<br><b>Atlanta</b>  | 67 State<br><b>GA</b>                           |
| 68 ZIP/Postal Code<br><b>30350</b>   |                   | 68 Country<br><b>US</b>  |   |

FinCEN 114 –  
General  
InformationMary's  
FinCEN  
Filings

| Part II Information on Financial Account(s) Owned Separately |                       |                   |  |                |   |
|--|-----------------------|-------------------|--|----------------|---|
| 15   | Maximum account value | 15a               | Maximum account value unknown                              | 16             | Type of account   |
|  | 300,000               |                   |  |                | a <input checked="" type="checkbox"/> Bank b <input type="checkbox"/> Securities c <input type="checkbox"/> Other - Enter below |
| 17 Name of Financial Institution in which account is held    |                       |                   |  |                |   |
| BANK2  |                       |                   |  |                |   |
| 18 Account number or other designation                       |                       |                   | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |   |
| 123456789987   |                       |                   | 99 Whitehall Street  |                |   |
| 20 City  |                       | 21 State/Province | 22 Postal Code   | 23 Country     |   |
| London   |                       |                   | N178   | United Kingdom |   |
| 15   | Maximum account value | 15a               | Maximum account value unknown                              | 16             | Type of account   |
|  |                       |                   |  |                | a <input type="checkbox"/> Bank b <input type="checkbox"/> Securities c <input type="checkbox"/> Other - Enter below            |
| 17 Name of Financial Institution in which account is held    |                       |                   |  |                |   |
| 18 Account number or other designation                       |                       |                   | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |   |
|  |                       |                   |  |                |   |
| 20 City  |                       | 21 State/Province | 22 Postal Code   | 23 Country     |   |
|  |                       |                   |  |                |   |
| 15   | Maximum account value | 15a               | Maximum account value unknown                              | 16             | Type of account   |
|  |                       |                   |  |                | a <input type="checkbox"/> Bank b <input type="checkbox"/> Securities c <input type="checkbox"/> Other - Enter below            |
| 17 Name of Financial Institution in which account is held    |                       |                   |  |                |   |
| 18 Account number or other designation                       |                       |                   | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |   |
|  |                       |                   |  |                |   |
| 20 City  |                       | 21 State/Province | 22 Postal Code   | 23 Country     |   |
|  |                       |                   |  |                |   |
| 15   | Maximum account value | 15a               | Maximum account value unknown                              | 16             | Type of account   |
|  |                       |                   |  |                | a <input type="checkbox"/> Bank b <input type="checkbox"/> Securities c <input type="checkbox"/> Other - Enter below            |
| 17 Name of Financial Institution in which account is held    |                       |                   |  |                |   |
| 18 Account number or other designation                       |                       |                   | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |   |
|  |                       |                   |  |                |   |
| 20 City  |                       | 21 State/Province | 22 Postal Code   | 23 Country     |   |
|  |                       |                   |  |                |   |
| 15   | Maximum account value | 15a               | Maximum account value unknown                              | 16             | Type of account   |
|  |                       |                   |  |                | a <input type="checkbox"/> Bank b <input type="checkbox"/> Securities c <input type="checkbox"/> Other - Enter below            |
| 17 Name of Financial Institution in which account is held    |                       |                   |  |                |   |
| 18 Account number or other designation                       |                       |                   | 19 Mailing Address (Number, Street, and Apt. or Suite No.) |                |   |
|  |                       |                   |  |                |   |
| 20 City  |                       | 21 State/Province | 22 Postal Code   | 23 Country     |   |
|  |                       |                   |  |                |   |
| 15   | Maximum account value | 15a               | Maximum account value unknown                              | 16             | Type of account   |
|  |                       |                   |  |                | a <input type="checkbox"/> Bank b <input type="checkbox"/> Securities c <input type="checkbox"/> Other - Enter below            |
| 17 Name of Financial Institution in which account is held    |                       |                   |  |                |   |

FinCEN 114-  
Assets Owned  
Separately

Mary's  
FinCEN  
Filings

| Part III Information on Financial Account(s) Owned Jointly |  |                    |  |                                       |   |        |  |         |  |
|--|--|--------------------|--|---------------------------------------|---|--------|--|---------|--|
| <b>Account Information</b>                                 |  |                    |  |                                       |   |        |  |         |  |
| 16 Maximum account value                                   | 16a <input type="checkbox"/> Maximum account value unknown | 18 Type of account | a <input checked="" type="checkbox"/> Bank | b <input type="checkbox"/> Securities | c <input type="checkbox"/> Other - Enter below  | 2 of 2 |  |         |  |
| 200,000  |  |                    |  |                                       |   |        |  |         |  |
| 17 Name of Financial Institution in which account is held  |  |                    |  |                                       |   |        |  |         |  |
| BANK 1   |  |                    |  |                                       |   |        |  |         |  |
| 18 Account number or other designation                     |  |                    |  |                                       | 19 Mailing Address (Number, Street, and Apt. or Suite No.)  |        |  |         |  |
| 123456789123   |  |                    |  |                                       | 99 Whitehall Street   |        |  |         |  |
| 20 City  |  |                    | 21 Province/State                          | 22 Postal Code                        | 23 Country  |        |  |         |  |
| London   |  |                    |  | N178                                  | United Kingdom  |        |  |         |  |
| <b>Principal Joint Owner Information</b>                   |  |                    |  |                                       |   |        |  |         |  |
| 24 Number of joint owners for this account:                |  |                    |  |                                       |   |        |  |         |  |
| 25 TIN   |  |                    |  |                                       | 26a TIN type  |        |  |         |  |
| 123-45-6789  |  |                    |  |                                       | a <input type="checkbox"/> EIN b <input checked="" type="checkbox"/> SSN/TIN c <input type="checkbox"/> Foreign |        |  |         |  |
| 28 Last Name or Organization Name                          |  |                    |  |                                       | 27 First Name   |        |  | 28 M.I. |  |
| Smith  |  |                    |  |                                       | John  |        |  |         |  |
| 29 Address (Number, Street, and Apt. or Suite No.)         |  |                    |  |                                       |   |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 30 City  |  |                    | 31 State/Province                          | 32 ZIP/Postal Code                    | 33 Country  |        |  |         |  |
|  |  |                    |  |                                       | United States   |        |  |         |  |
| <b>Account Information</b>                                 |  |                    |  |                                       |   |        |  |         |  |
| 16 Maximum account value                                   | 16a <input type="checkbox"/> Maximum account value unknown | 18 Type of account | a <input type="checkbox"/> Bank            | b <input type="checkbox"/> Securities | c <input type="checkbox"/> Other - Enter below  | of     |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 17 Name of Financial Institution in which account is held  |  |                    |  |                                       |   |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 18 Account number or other designation                     |  |                    |  |                                       | 19 Mailing Address (Number, Street, and Apt. or Suite No.)  |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 20 City  |  |                    | 21 Province/State                          | 22 Postal Code                        | 23 Country  |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| <b>Principal Joint Owner Information</b>                   |  |                    |  |                                       |   |        |  |         |  |
| 24 Number of joint owners for this account:                |  |                    |  |                                       |   |        |  |         |  |
| 25 TIN   |  |                    |  |                                       | 26a TIN type  |        |  |         |  |
|  |  |                    |  |                                       | a <input type="checkbox"/> EIN b <input type="checkbox"/> SSN/TIN c <input type="checkbox"/> Foreign            |        |  |         |  |
| 28 Last Name or Organization Name                          |  |                    |  |                                       | 27 First Name   |        |  | 28 M.I. |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 29 Address (Number, Street, and Apt. or Suite No.)         |  |                    |  |                                       |   |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 30 City  |  |                    | 31 State/Province                          | 32 ZIP/Postal Code                    | 33 Country  |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| <b>Account Information</b>                                 |  |                    |  |                                       |   |        |  |         |  |
| 16 Maximum account value                                   | 16a <input type="checkbox"/> Maximum account value unknown | 18 Type of account | a <input type="checkbox"/> Bank            | b <input type="checkbox"/> Securities | c <input type="checkbox"/> Other - Enter below  | of     |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 17 Name of Financial Institution in which account is held  |  |                    |  |                                       |   |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 18 Account number or other designation                     |  |                    |  |                                       | 19 Mailing Address (Number, Street, and Apt. or Suite No.)  |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 20 City  |  |                    | 21 Province/State                          | 22 Postal Code                        | 23 Country  |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| <b>Principal Joint Owner Information</b>                   |  |                    |  |                                       |   |        |  |         |  |
| 24 Number of joint owners for this account:                |  |                    |  |                                       |   |        |  |         |  |
| 25 TIN   |  |                    |  |                                       | 26a TIN type  |        |  |         |  |
|  |  |                    |  |                                       | a <input type="checkbox"/> EIN b <input type="checkbox"/> SSN/TIN c <input type="checkbox"/> Foreign            |        |  |         |  |
| 28 Last Name or Organization Name                          |  |                    |  |                                       | 27 First Name   |        |  | 28 M.I. |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 29 Address (Number, Street, and Apt. or Suite No.)         |  |                    |  |                                       |   |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |
| 30 City  |  |                    | 31 State/Province                          | 32 ZIP/Postal Code                    | 33 Country  |        |  |         |  |
|  |  |                    |  |                                       |   |        |  |         |  |

Mary's  
FinCEN  
Filings

FinCEN 114-  
Assets Owned  
Separately

# Form 8938 – Reports both Jointly and separately held assets

| <b>Form 8938</b><br>Department of the Treasury<br>Internal Revenue Service  | <b>Statement of Specified Foreign Financial Assets</b><br>▶ Go to <a href="http://www.irs.gov/Form8938">www.irs.gov/Form8938</a> for instructions and the latest information.<br>▶ Attach to your tax return. | OMB No. 1545-2195<br><b>2020</b><br>Attachment<br>Sequence No. 338   |                                     |  |
|---|---|--|-------------------------------------|--|
| For calendar year 2020 <del>or</del> tax year beginning _____, 2020, and ending _____, 20____   |   | If you have attached continuation statements, check here <input checked="" type="checkbox"/> Number of continuation statements <u>1</u>                        |                                     |  |
| 1 Name(s) shown on return<br><b>John &amp; Mary Smith</b>   |   | 2 Taxpayer Identification Number (TIN)<br><b>123-45-6789</b>   |                                     |  |
| 3 Type of filer<br>a <input checked="" type="checkbox"/> Specified individual      b <input type="checkbox"/> Partnership      c <input type="checkbox"/> Corporation      d <input type="checkbox"/> Trust   |   |  |                                     |  |
| 4 If you checked box 3a, skip this line 4. If you checked box 3b or 3c, enter the name and TIN of the specified individual who closely holds the partnership or corporation. If you checked box 3d, enter the name and TIN of the specified person who is a current beneficiary of the trust. (See instructions for definitions and what to do if you have more than one specified individual or specified person to list.)<br>a Name _____ b TIN _____ |   |  |                                     |  |
| <b>Part I Foreign Deposit and Custodial Accounts Summary</b>  |   |  |                                     |  |
| 1 Number of deposit accounts (reported in Part V) _____   |   | 2  |                                     |  |
| 2 Maximum value of all deposit accounts _____   |   | \$ 500,000   |                                     |  |
| 3 Number of custodial accounts (reported in Part V) _____   |   | 2  |                                     |  |
| 4 Maximum value of all custodial accounts _____   |   | \$   |                                     |  |
| 5 Were any foreign deposit or custodial accounts closed during the tax year? _____  |   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |                                     |  |
| <b>Part II Other Foreign Assets Summary</b>   |   |  |                                     |  |
| 1 Number of foreign assets (reported in Part VI) _____  |   | 1  |                                     |  |
| 2 Maximum value of all assets (reported in Part VI) _____   |   | \$ 800,000   |                                     |  |
| 3 Were any foreign assets acquired or sold during the tax year? _____   |   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |                                     |  |
| <b>Part III Summary of Tax Items Attributable to Specified Foreign Financial Assets (see instructions)</b>  |   |  |                                     |  |
| (a) Asset category  | (b) Tax item  | (c) Amount reported on form or schedule  | Where reported<br>(d) Form and line | (e) Schedule and line  |
| 1 Foreign deposit and custodial accounts  | a Interest  | \$   |                                     |  |
|   | b Dividends   | \$   |                                     |  |
|   | c Royalties   | \$   |                                     |  |
|   | d Other income  | \$   |                                     |  |
|   | e Gains (losses)  | \$   |                                     |  |
|   | f Deductions  | \$   |                                     |  |
|   | g Credits   | \$   |                                     |  |
| 2 Other foreign assets  | a Interest  | \$   |                                     |  |
|   | b Dividends   | \$   |                                     |  |
|   | c Royalties   | \$   |                                     |  |
|   | d Other income  | \$   |                                     |  |
|   | e Gains (losses)  | \$   |                                     |  |
|   | f Deductions  | \$   |                                     |  |
|   | g Credits   | \$   |                                     |  |
| <b>Part IV Excepted Specified Foreign Financial Assets (see instructions)</b>   |   |  |                                     |  |
| If you reported specified foreign financial assets on one or more of the following forms, enter the number of such forms filed. You do not need to include these assets on Form 8938 for the tax year.  |   |  |                                     |  |
| 1. Number of Forms 3520 _____   |   | 2. Number of Forms 3520-A _____  |                                     | 3. Number of Forms 5471 _____  |
| 4. Number of Forms 8821 _____   |   | 5. Number of Forms 8865 _____  |                                     |  |
| <b>Part V Detailed Information for Each Foreign Deposit and Custodial Account Included in the Part I Summary (see instructions)</b>   |   |  |                                     |  |
| If you have more than one account to report in Part V, attach a continuation statement for each additional account. See instructions.   |   |  |                                     |  |
| 1 Type of account <input checked="" type="checkbox"/> Deposit <input type="checkbox"/> Custodial  |   | 2 Account number or other designation<br><b>123456789123</b>   |                                     |  |
| 3 Check all that apply<br>a <input type="checkbox"/> Account opened during tax year<br>c <input checked="" type="checkbox"/> Account jointly owned with spouse  |   | b <input type="checkbox"/> Account closed during tax year<br>d <input checked="" type="checkbox"/> No tax item reported in Part III with respect to this asset |                                     |  |
| 4 Maximum value of account during tax year _____  |   | \$ 200,000   |                                     |  |
| 5 Did you use a foreign currency exchange rate to convert the value of the account into U.S. dollars? _____   |   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |                                     |  |
| 6 If you answered "Yes" to line 5, complete all that apply.   |   |  |                                     |  |
| (a) Foreign currency in which account is maintained<br><b>GBP</b>   |   | (b) Foreign currency exchange rate used to convert to U.S. dollars<br><b>0.73</b>  |                                     | (c) Source of exchange rate used if not from U.S. Treasury Department's Bureau of the Fiscal Service |

For Paperwork Reduction Act Notice, see the separate instructions.  
EEA

Form 8938 (2020)

Part I – Deposit and  
Custodial Accounts

Part II – Other  
Foreign Assets

Part III – Tax  
Items attributable  
to SFFAs

Part IV –  
Excepted  
Foreign Assets

Part V –  
Foreign  
Deposit and  
Custodial  
Accounts



# Form 8938

Form 8938 (2020) Page 2

**Part V Detailed Information for Each Foreign Deposit and Custodial Account Included in the Part I Summary**  
(see instructions) (continued)

|   |  |
|---|--|
| <b>7a</b> Name of financial institution in which account is maintained<br><u>BANK 1</u>   | <b>b</b> Global Intermediary Identification Number (GIIN) (Optional)<br> |
| <b>8</b> Mailing address of financial institution in which account is maintained. Number, street, and room or suite no.<br><u>99 Whitehall Street</u> |  |
| <b>9</b> City or town, state or province, and country (including postal code)<br><u>London, England United Kingdom N17 8</u>                          |  |

**Part VI Detailed Information for Each "Other Foreign Asset" Included in the Part II Summary** (see instructions)  
If you have more than one asset to report in Part VI, attach a continuation statement for each additional asset. See instructions.

|   |   |   |
|---|---|---|
| <b>1</b> Description of asset<br><u>100,000 SHS River Flood, Ltd.</u>   | <b>2</b> Identifying number or other designation<br><u>123456</u>                         |   |
| <b>3</b> Complete all that apply. See instructions for reporting of multiple acquisition or disposition dates.<br><b>a</b> Date asset acquired during tax year, if applicable<br><b>b</b> Date asset disposed of during tax year, if applicable<br><b>c</b> <input type="checkbox"/> Check if asset jointly owned with spouse <b>d</b> <input checked="" type="checkbox"/> Check if no tax item reported in Part III with respect to this asset |   |   |
| <b>4</b> Maximum value of asset during tax year (check box that applies)<br><b>a</b> <input type="checkbox"/> \$0 - \$50,000 <b>b</b> <input type="checkbox"/> \$50,001 - \$100,000 <b>c</b> <input type="checkbox"/> \$100,001 - \$150,000 <b>d</b> <input type="checkbox"/> \$150,001 - \$200,000<br><b>e</b> If more than \$200,000, list value \$ <u>800,000</u>  |   |   |
| <b>5</b> Did you use a foreign currency exchange rate to convert the value of the asset into U.S. dollars? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |   |   |
| <b>(a)</b> Foreign currency in which asset is denominated<br><u>GBP</u>   | <b>(b)</b> Foreign currency exchange rate used to convert to U.S. dollars<br><u>0.732</u> | <b>(c)</b> Source of exchange rate used if not from U.S. Treasury Department's Bureau of the Fiscal Service |

**7** If asset reported on line 1 is stock of a foreign entity or an interest in a foreign entity, enter the following information for the asset.

|   |                          |
|---|--------------------------|
| <b>a</b> Name of foreign entity <u>100,000 SHS River Flood, Ltd.</u>  | <b>b</b> GIIN (Optional) |
| <b>c</b> Type of foreign entity (1) <input type="checkbox"/> Partnership (2) <input checked="" type="checkbox"/> Corporation (3) <input type="checkbox"/> Trust (4) <input type="checkbox"/> Estate |                          |
| <b>d</b> Mailing address of foreign entity. Number, street, and room or suite no.<br><u>99 Sparrows Lane</u>  |                          |
| <b>e</b> City or town, state or province, and country (including postal code)<br><u>London, England United Kingdom SE9 2BU</u>  |                          |

**8** If asset reported on line 1 is not stock of a foreign entity or an interest in a foreign entity, enter the following information for the asset.  
**Note:** If this asset has more than one issuer or counterparty, attach a continuation statement with the same information for each additional issuer or counterparty. See instructions.

|  |   |
|--|---|
| <b>a</b> Name of issuer or counterparty<br>Check if information is for <input type="checkbox"/> Issuer <input type="checkbox"/> Counterparty | <b>b</b> Type of issuer or counterparty<br>(1) <input type="checkbox"/> Individual (2) <input type="checkbox"/> Partnership (3) <input type="checkbox"/> Corporation (4) <input type="checkbox"/> Trust (5) <input type="checkbox"/> Estate |
| <b>c</b> Check if issuer or counterparty is a <input type="checkbox"/> U.S. person <input type="checkbox"/> Foreign person                   |   |
| <b>d</b> Mailing address of issuer or counterparty. Number, street, and room or suite no.  |   |
| <b>e</b> City or town, state or province, and country (including postal code)  |   |

EEA Form 8938 (2020)

Part V – Foreign Deposit and Custodial Accounts - Continued

Part VI – Other Foreign Assets



## (Continuation Statement)

|   |                           |
|---|---------------------------|
| Name(s) shown on return<br><b>John &amp; Mary Smith</b> | TIN<br><b>123-45-6789</b> |
|---|---------------------------|

Form 8938

**Part V Detailed Information for Each Foreign Deposit and Custodial Account Included in the Part I Summary** (see instructions)

|   |   |
|---|---|
| 1 Type of account <input checked="" type="checkbox"/> Deposit <input type="checkbox"/> Custodial  | 2 Account number or other designation<br><b>123456789987</b>                      |
| 3 Check all that apply<br>a <input type="checkbox"/> Account opened during tax year<br>b <input type="checkbox"/> Account closed during tax year<br>c <input type="checkbox"/> Account jointly owned with spouse<br>d <input checked="" type="checkbox"/> No tax item reported in Part III with respect to this asset |   |
| 4 Maximum value of account during tax year ..... \$ <b>300,000</b>  |   |
| 5 Did you use a foreign currency exchange rate to convert the value of the account into U.S. dollars? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |   |
| 6 If you answered "Yes" to line 5, complete all that apply.   |   |
| (a) Foreign currency in which account is maintained<br><b>GBP</b>   | (b) Foreign currency exchange rate used to convert to U.S. dollars<br><b>0.73</b> |
| (c) Source of exchange rate used if not from U.S. Treasury Department's Bureau of the Fiscal Service  |   |
| 7a Name of financial institution in which account is maintained<br><b>BANK2</b>   | b GIIN (Optional)   |
| 8 Mailing address of financial institution in which account is maintained. Number, street, and room or suite no.<br><b>99 Whitehall Street</b>  |   |
| 9 City or town, state or province, and country (including postal code)<br><b>London, England United Kingdom N17 8</b>   |   |

**Part VI Detailed Information for Each "Other Foreign Asset" Included in the Part II Summary** (see instructions)

|   |  |
|---|--|
| 1 Description of asset  | 2 Identifying number or other designation                          |
| 3 Complete all that apply. See instructions for reporting of multiple acquisition or disposition dates.   |  |
| a Date asset acquired during tax year, if applicable .....  |  |
| b Date asset disposed of during tax year, if applicable .....   |  |
| c <input type="checkbox"/> Check if asset jointly owned with spouse d <input type="checkbox"/> Check if no tax item reported in Part III with respect to this asset   |  |
| 4 Maximum value of asset during tax year (check box that applies)   |  |
| a <input type="checkbox"/> \$0 - \$50,000 b <input type="checkbox"/> \$50,001 - \$100,000 c <input type="checkbox"/> \$100,001 - \$150,000 d <input type="checkbox"/> \$150,001 - \$200,000                                       |  |
| e If more than \$200,000, list value ..... \$   |  |
| 5 Did you use a foreign currency exchange rate to convert the value of the asset into U.S. dollars? <input type="checkbox"/> Yes <input type="checkbox"/> No  |  |
| 6 If you answered "Yes" to line 5, complete all that apply.   |  |
| (a) Foreign currency in which asset is denominated  | (b) Foreign currency exchange rate used to convert to U.S. dollars |
| (c) Source of exchange rate used if not from U.S. Treasury Department's Bureau of the Fiscal Service  |  |
| 7 If asset reported on line 1 is stock of a foreign entity or an interest in a foreign entity, enter the following information for the asset.   |  |
| a Name of foreign entity  | b GIIN (Optional)  |
| c Type of foreign entity (1) <input type="checkbox"/> Partnership (2) <input type="checkbox"/> Corporation (3) <input type="checkbox"/> Trust (4) <input type="checkbox"/> Estate   |  |
| d Mailing address of foreign entity. Number, street, and room or suite no.  |  |
| e City or town, state or province, and country (including postal code)  |  |
| 8 If asset reported on line 1 is not stock of a foreign entity or an interest in a foreign entity, enter the following information for the asset.   |  |
| a Name of issuer or counterparty  |  |
| Check if information is for <input type="checkbox"/> Issuer <input type="checkbox"/> Counterparty   |  |
| b Type of issuer or counterparty (1) <input type="checkbox"/> Individual (2) <input type="checkbox"/> Partnership (3) <input type="checkbox"/> Corporation (4) <input type="checkbox"/> Trust (5) <input type="checkbox"/> Estate |  |
| c Check if issuer or counterparty is a <input type="checkbox"/> U.S. person <input type="checkbox"/> Foreign person   |  |
| d Mailing address of issuer or counterparty. Number, street, and room or suite no.  |  |
| e City or town, state or province, and country (including postal code)  |  |

Part V –  
Foreign  
Deposit and  
Custodial  
Accounts

Part VI –  
Other  
Foreign  
Assets





# Required disclosures of trust interests and other information: Forms 3520 and 3520-A

# Form 3520-A Annual Information Return of Foreign Trust with a U.S. Owner

## Form 3520-A Watch List

- Exceptions same as for Form 3520
- NEW - Electronic *signatures* (IR-2020-206)

# Form 3520 is Required in the Following Situations

- Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year
- A U.S. owner of all or any portion of a foreign trust at any time during the tax year
- A U.S. owner of all or any portion of a foreign trust at any time during the tax year who received a distribution from the trust or who received certain compensatory payments from a foreign trust
- A U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person

# Who must File Form 3520

- The responsible party for reporting a reportable event that occurred during the current tax year, or a U.S. person who transferred property (including cash) to a related foreign trust (or a person related to the trust) in exchange for an obligation.

# Form 3520 – General Information

|  |  |                                      |
|--|--|--------------------------------------|
| <b>Form 3520</b><br>Department of the Treasury<br>Internal Revenue Service | <b>Annual Return To Report Transactions With<br/>Foreign Trusts and Receipt of Certain Foreign Gifts</b><br><b>► Go to <a href="http://www.irs.gov/Form3520">www.irs.gov/Form3520</a> for instructions and the latest information.</b> | OMB No. 1545-0159<br><br><b>2020</b> |
|--|--|--------------------------------------|

**Note:** All information must be in English. Show all amounts in U.S. dollars. File a **separate** Form 3520 for **each** foreign trust.

For calendar year 2020, or tax year beginning \_\_\_\_\_, 2020, ending \_\_\_\_\_, 20

**A** Check appropriate boxes: ☐ Initial return ☐ Final return ☐ Amended return

**B** Check box that applies to person filing return: ☐ Individual ☐ Partnership ☐ Corporation ☐ Trust ☐ Executor

**C** Check if any excepted specified foreign financial assets are reported on this form. See instructions . . . . . ☐

**Check all applicable boxes.** See applicable instructions.

☐ You are **(a)** a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust; **(b)** a U.S. person who (1) during the current tax year, transferred property (including cash) to a related foreign trust (or a person related to the trust) in exchange for an obligation, or (2) holds a qualified obligation from the trust that is currently outstanding; or **(c)** the executor of the estate of a U.S. decedent and (1) the decedent made a transfer to a foreign trust by reason of death, (2) the decedent was treated as the owner of any portion of a foreign trust immediately prior to death, or (3) the decedent's estate included any portion of the assets of a foreign trust. **Complete all applicable identifying information requested below and Part I of the form.**

☐ You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. **Complete all applicable identifying information requested below and Part II of the form.**

☐ You are **(a)** a U.S. person (including a U.S. owner) or an executor of the estate of a U.S. person who, during the current tax year, received, directly or indirectly, a distribution from a foreign trust; **(b)** a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year, you or a U.S. person related to you received (1) a loan of cash or marketable securities, directly or indirectly, from such foreign trust, or (2) the uncompensated use of trust property; or **(c)** a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year such foreign trust holds an outstanding qualified obligation of yours or a U.S. person related to you. **Complete all applicable identifying information requested below and Part III of the form.**

☐ You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. **Complete all applicable identifying information requested below and Part IV of the form.**

# Form 3520 – General Information

|   |                            |                                     |   |                          |  |
|---|----------------------------|-------------------------------------|---|--------------------------|--|
| <b>1a</b> Name of U.S. person(s) with respect to whom this Form 3520 is being filed (see instructions)  |                            |                                     | <b>b</b> Taxpayer identification number (TIN)         |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |                            |                                     | <b>d</b> Spouse's TIN                                 |                          |  |
| <b>e</b> City or town   | <b>f</b> State or province | <b>g</b> ZIP or foreign postal code | <b>h</b> Country                                      |                          |  |
| <b>i</b> Check the box if you are married and filing a joint 2020 income tax return, and you are filing a joint Form 3520 with your spouse . . . <input type="checkbox"/>   |                            |                                     |   |                          |  |
| <b>j</b> If an automatic 2-month extension applies for the U.S. person's tax return, check this box and attach statement. See instructions . . . <input type="checkbox"/>   |                            |                                     |   |                          |  |
| <b>k</b> If an extension was requested for the tax return, check this box <input type="checkbox"/> and enter the form number of the tax return to be filed. ►   |                            |                                     |   |                          |  |
| <b>2a</b> Name of foreign trust (if applicable)   |                            |                                     | <b>b</b> Employer identification number (EIN), if any |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |                            |                                     | <b>d</b> Date foreign trust was created               |                          |  |
| <b>e</b> City or town   | <b>f</b> State or province | <b>g</b> ZIP or foreign postal code | <b>h</b> Country                                      |                          |  |
| <b>3</b> Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," complete lines 3a through 3g. If "No," and you are required to complete Part I, complete lines 15 through 18.  |                            |                                     |   |                          |  |
| <b>3a</b> Name of U.S. agent  |                            |                                     | <b>b</b> TIN, if any                                  |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |                            |                                     |   |                          |  |
| <b>d</b> City or town   | <b>e</b> State or province | <b>f</b> ZIP or postal code         | <b>g</b> Country                                      |                          |  |
| <b>4a</b> Name of U.S. decedent (see instructions)  |                            | <b>b</b> Address                    |   | <b>c</b> TIN of decedent |  |
| <b>d</b> Date of death  |                            |                                     |   | <b>e</b> EIN of estate   |  |
| <b>f</b> Check applicable box.<br><input type="checkbox"/> U.S. decedent made transfer to a foreign trust by reason of death.<br><input type="checkbox"/> U.S. decedent treated as owner of foreign trust immediately prior to death.<br><input type="checkbox"/> Assets of foreign trust were included in estate of U.S. decedent. |                            |                                     |   |                          |  |

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 19594V

Form **3520** (2020)



# Part I Filers: Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year

- A U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust,
- Persons holding an outstanding obligation of a related foreign trust (or a person related to the trust) issued during the current tax year, that you reported as a “qualified obligation” (defined in the instructions) during the current tax year, or
- Executors of the estate of a U.S. decedent and
  - The decedent made a transfer to a foreign trust by reason of death,
  - The decedent was treated as the owner of any portion of a foreign trust immediately prior to death, or
  - The decedent’s estate included any portion of the assets of a foreign trust.
- **Complete all applicable identifying information requested below and Part I of the form.**

# Form 3520 – Part I Filers Required Information and Schedule A - Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year and Obligations of a Related Trust Schedule A

Form 3520 (2020) Page **2**

**Part I Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year** (see instructions)

|   |  |                                 |
|---|--|---------------------------------|
| <b>5a</b> Name of trust creator                           | <b>b</b> Address   | <b>c</b> TIN, if any            |
| <b>6a</b> Country code of country where trust was created | <b>b</b> Country code of country whose law governs the trust | <b>c</b> Date trust was created |

**7a** Will any person (other than the foreign trust) be treated as the owner of the transferred assets after the transfer? . . . . ☐ **Yes** ☐ **No**

| (i)<br>Name of foreign trust owner | (ii)<br>Address | (iii)<br>Country of residence | (iv)<br>TIN, if any | (v)<br>Relevant Code section |
|------------------------------------|-----------------|-------------------------------|---------------------|------------------------------|
|                                    |                 |                               |                     |                              |
|                                    |                 |                               |                     |                              |
|                                    |                 |                               |                     |                              |

**8** Was the transfer a completed gift or bequest? If "Yes," see instructions . . . . ☐ **Yes** ☐ **No**

**9a** Now or at any time in the future, can any part of the income or corpus of the trust benefit any U.S. beneficiary? . . . ☐ **Yes** ☐ **No**

**b** If "No," could the trust be revised or amended to benefit a U.S. beneficiary? . . . . ☐ **Yes** ☐ **No**

**10** Reserved for future use . . . . ☐ **Yes** ☐ **No**

**Schedule A—Obligations of a Related Trust** (see instructions)

**11a** During the current tax year, did you transfer property (including cash) to a related foreign trust in exchange for an obligation of the trust or an obligation of a person related to the trust? See instructions . . . ☐ **Yes** ☐ **No**  
If "Yes," complete the rest of Schedule A, as applicable. If "No," go to Schedule B.

**b** Were any of the obligations you received (with respect to a transfer described in line 11a above) qualified obligations? . . ☐ **Yes** ☐ **No**  
If "Yes," complete the rest of Schedule A and attach a copy of each loan document entered into with respect to each qualified obligation reported on line 11b. If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.  
If "No," go to Schedule B.

| (i)<br>Date of transfer giving rise to obligation | (ii)<br>Maximum term | (iii)<br>Yield to maturity | (iv)<br>FMV of obligation |
|---|----------------------|----------------------------|---------------------------|
|   |                      |                            |                           |
|   |                      |                            |                           |
|   |                      |                            |                           |

**12** With respect to each qualified obligation you reported on line 11b, do you agree to extend the period of assessment of any income or transfer tax attributable to the transfer, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation? . . . ☐ **Yes** ☐ **No**

**Note:** You have the right to refuse to extend the period of limitations or limit this extension to a mutually agreed-upon issue(s) or mutually agreed-upon period of time. Generally, if you refuse to extend the period of limitations with respect to each qualified obligation you reported on line 11b, then such obligation is not a qualified obligation and you cannot check "Yes" to the question on line 11b.



# Form 3520 – Part I Filers Required Information – Schedule B – Gratuitous Transfers

## Schedule B—Gratuitous Transfers (see instructions)

- 13** During the current tax year, did you make any transfers (directly or indirectly) to the trust and receive less than FMV, or no consideration at all, for the property transferred? ☐ Yes ☐ No

If "Yes," complete columns (a) through (i) below and the rest of Schedule B, as applicable. When completing columns (a) through (i) with respect to each nonqualified obligation, enter "-0-" in column (h).

If "No," go to Schedule C.

| (a)<br>Date of transfer | (b)<br>Description of property transferred | (c)<br>FMV of property transferred | (d)<br>U.S. adjusted basis of property transferred | (e)<br>Gain recognized at time of transfer, if any | (f)<br>Excess, if any, of column (c) over the sum of columns (d) and (e) | (g)<br>Description of property received, if any | (h)<br>FMV of property received | (i)<br>Excess of column (c) over column (h) |
|-------------------------|--|------------------------------------|--|--|--|---|---------------------------------|---|
|                         |  |                                    |  |  |  |   |                                 |   |
|                         |  |                                    |  |  |  |   |                                 |   |
|                         |  |                                    |  |  |  |   |                                 |   |
|                         |  |                                    |  |  |  |   |                                 |   |
| <b>Totals ▶</b>         |  |                                    |  |  | \$   |   |                                 | \$  |

- 14** You are required to attach a copy of each sale or loan document entered into in connection with a transfer reported on line 13. If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.

| Are you attaching a copy of any of the following? |   | Yes                      | No                       | Attached Previously      | Year Attached |
|---|---|--------------------------|--------------------------|--------------------------|---------------|
| <b>a</b>  | Sale document   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |
| <b>b</b>  | Loan document   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |
| <b>c</b>  | Subsequent variances to original sale or loan documents | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |

Form **3520** (2020)

# Form 3520 – Part I Filers Required Information – Schedule B – Gratuitous Transfers - Continued

Form 3520 (2020)

Page **3**

## **Part I** Schedule B—Gratuitous Transfers *(continued)*

**Note:** Complete lines 15 through 18 only if you answered "No" to line 3, acknowledging that the foreign trust did not appoint a U.S. agent to provide the IRS with all relevant trust information.

| 15 | (a)<br>Name of beneficiary | (b)<br>Address of beneficiary | (c)<br>U.S. beneficiary? |                          | (d)<br>TIN, if any |
|----|----------------------------|-------------------------------|--------------------------|--------------------------|--------------------|
|    |                            |                               | Yes                      | No                       |                    |
|    |                            |                               | <input type="checkbox"/> | <input type="checkbox"/> |                    |
|    |                            |                               | <input type="checkbox"/> | <input type="checkbox"/> |                    |
|    |                            |                               | <input type="checkbox"/> | <input type="checkbox"/> |                    |
|    |                            |                               | <input type="checkbox"/> | <input type="checkbox"/> |                    |

  

| 16 | (a)<br>Name of trustee | (b)<br>Address of trustee | (c)<br>TIN, if any |
|----|------------------------|---------------------------|--------------------|
|    |                        |                           |                    |
|    |                        |                           |                    |
|    |                        |                           |                    |

  

| 17 | (a)<br>Name of other person with trust powers | (b)<br>Address of other person with trust powers | (c)<br>Description of powers | (d)<br>TIN, if any |
|----|---|--|------------------------------|--------------------|
|    |   |  |                              |                    |
|    |   |  |                              |                    |
|    |   |  |                              |                    |

**18** If you checked "No" on line 3, you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A or Form 3520 filed within the previous 3 years, attach only relevant updates.

| Are you attaching a copy of any of the following? |   | Yes                      | No                       | Attached Previously      | Year Attached |
|---|---|--------------------------|--------------------------|--------------------------|---------------|
| <b>a</b>  | Summary of all written and oral agreements and understandings relating to the trust . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |
| <b>b</b>  | Trust instrument . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |
| <b>c</b>  | Memoranda or letters of wishes . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |
| <b>d</b>  | Subsequent variances to original trust documents . . . . .                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |
| <b>e</b>  | Trust financial statements . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |
| <b>f</b>  | Organizational chart and other trust documents . . . . .                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |               |

# Form 3520 – Part I Filers Required Information – Schedule C – Qualified Obligations Outstanding in the Current Tax Year

**Schedule C—Qualified Obligations Outstanding in the Current Tax Year** (see instructions)

**19** Did you, at any time during your tax year, hold an outstanding obligation of a related foreign trust (or a person related to the trust) that you reported as a qualified obligation in the current tax year? ☐ Yes ☐ No

If "Yes," complete columns (a) through (f) below for each obligation.

| (a)<br>Date of original<br>obligation | (b)<br>Tax year qualified<br>obligation first reported | (c)<br>Amount of principal<br>payments made during<br>your tax year | (d)<br>Amount of interest<br>payments made during<br>your tax year | (e)<br>Balance of the outstanding<br>obligation at the end<br>of the tax year | (f)<br>Does the obligation<br>still meet the<br>criteria for a<br>qualified obligation? |                          |
|---------------------------------------|--|---|--|---|---|--------------------------|
|                                       |  |   |  |   | Yes   | No                       |
|                                       |  |   |  |   | <input type="checkbox"/>  | <input type="checkbox"/> |
|                                       |  |   |  |   | <input type="checkbox"/>  | <input type="checkbox"/> |
|                                       |  |   |  |   | <input type="checkbox"/>  | <input type="checkbox"/> |

Form **3520** (2020)

# Part II Filers: Owners of Grantor Trusts

- A U.S. person who, during the current tax year, is treated as the owner of any part of the assets of a foreign trust under the rules of sections 671 through 679.
- Form 3520 filing is required to complete even if there have been no transactions involving the trust during the tax year.
- **Complete all applicable identifying information requested and Part II**

# Part II Filers: Owners of Grantor Trusts

Form 3520 (2020)

Page **4**

## **Part II** U.S. Owner of a Foreign Trust (see instructions)

| 20 | (a)<br>Name of foreign<br>trust owner | (b)<br>Address | (c)<br>Country of tax residence | (d)<br>TIN, if any | (e)<br>Relevant Code<br>section |
|----|---------------------------------------|----------------|---------------------------------|--------------------|---------------------------------|
|    |                                       |                |                                 |                    |                                 |
|    |                                       |                |                                 |                    |                                 |
|    |                                       |                |                                 |                    |                                 |

  

|     |   |   |   |   |                                |
|-----|---|---|---|---|--------------------------------|
| 21a | Country code of country where foreign trust was created | b | Country code of country whose law governs the trust | c | Date foreign trust was created |
|     |   |   |   |   |                                |

  

22 Did the foreign trust file Form 3520-A for the current year? . . . . . ☐ Yes ☐ No  
 If "Yes," attach the Foreign Grantor Trust Owner Statement you received from the foreign trust.  
 If "No," to the best of your ability, complete and attach a substitute Form 3520-A for the foreign trust.  
 See instructions for information on penalties for failing to complete and attach a substitute Form 3520-A.

23 Enter the gross value of the portion of the foreign trust that you are treated as owning at the end of your tax year . ▶ \$

# Part III Filers : Individuals Who Had Certain Transactions with a Foreign Trust

- A U.S. person (including a U.S. owner) who, during the current tax year, received a distribution from a foreign trust, or
- A U.S. person who is a U.S. owner or beneficiary of a foreign trust and such foreign trust
  - made a loan of cash or marketable securities, directly or indirectly, to you or a U.S. person related to you during the current tax year, or
  - provided you or a U.S. person related to you with the uncompensated use of trust property.
- **Complete all applicable identifying information and Part III of the form**

# Part III Filers : Individuals Who Had Certain Transactions with a Foreign Trust

| Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year (see instructions)   |   |  |   |   |   |                                       |   |
|---|---|--|---|---|---|---------------------------------------|---|
| <b>Note:</b> If you received an amount from a portion of a foreign trust of which you are treated as the owner, only complete lines 24 and 27.<br><b>24</b> Enter cash amounts or FMV of property received, directly or indirectly, during your current tax year, from the foreign trust (exclude loans and uncompensated use of trust property included on line 25).   |   |  |   |   |   |                                       |   |
| (a)<br>Date of distribution   | (b)<br>Description of property received                   | (c)<br>FMV of property received<br>(determined on date<br>of distribution) | (d)<br>Description of property<br>transferred, if any           | (e)<br>FMV of property<br>transferred   | (f)<br>Excess of column (c)<br>over column (e)                                |                                       |   |
|   |   |  |   |   |   |                                       |   |
|   |   |  |   |   |   |                                       |   |
|   |   |  |   |   |   |                                       |   |
|   |   |  |   |   |   |                                       |   |
|   |   |  |   |   |   |                                       |   |
|   |   |  |   |   |   |                                       |   |
| <b>Total</b>  |   |  |   |   | \$  |                                       |   |
| <b>25</b> During your current tax year, did you (or a person related to you) receive a loan or uncompensated use of trust property from a related foreign trust (including an extension of credit upon the purchase of property from the trust)? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," complete columns (a) through (g) below for each such loan or use of trust property.<br><b>Note:</b> See instructions for additional information, including how to complete columns (a) through (g) for use of trust property.  |   |  |   |   |   |                                       |   |
| (a)<br>FMV of loan proceeds<br>or property  | (b)<br>Date of original<br>transaction                    | (c)<br>Maximum term of<br>repayment of<br>obligation                       | (d)<br>Interest rate of<br>obligation                           | (e)<br>Is the obligation a<br>qualified obligation?                           |   | (f)<br>FMV of qualified<br>obligation | (g)<br>Amount treated as<br>distribution from the trust<br>(subtract column (f)<br>from column (a)) |
|   |   |  |   | Yes   | No  |                                       |   |
|   |   |  |   | <input type="checkbox"/>  | <input type="checkbox"/>  |                                       |   |
|   |   |  |   | <input type="checkbox"/>  | <input type="checkbox"/>  |                                       |   |
|   |   |  |   | <input type="checkbox"/>  | <input type="checkbox"/>  |                                       |   |
| <b>Total</b>  |   |  |   |   |   | \$                                    |   |
| <b>26</b> With respect to each obligation you reported as a qualified obligation on line 25, do you agree to extend the period of assessment of any income or transfer tax attributable to the transaction, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation? <input type="checkbox"/> Yes <input type="checkbox"/> No<br><b>Note:</b> You have the right to refuse to extend the period of limitations or limit this extension to a mutually agreed-upon issue(s) or mutually agreed-upon period of time. Generally, if you refuse to extend the period of limitations with respect to an obligation that you reported as a qualified obligation on line 25, then such obligation is not a qualified obligation and you cannot check "Yes" in column (e) of line 25. |   |  |   |   |   |                                       |   |
| <b>27</b> Total distributions received during your current tax year. Add line 24, column (f), and line 25, column (g)   |   |  |   |   |   | \$                                    |   |
| <b>28</b> Did the trust, at any time during the current tax year, hold an outstanding obligation of yours (or a person related to you) that you reported as a qualified obligation? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," complete columns (a) through (f) below for each obligation.   |   |  |   |   |   |                                       |   |
| (a)<br>Date of original<br>loan transaction   | (b)<br>Tax year qualified<br>obligation first<br>reported | (c)<br>Amount of principal payments<br>made during your tax year           | (d)<br>Amount of interest payments<br>made during your tax year | (e)<br>Balance of the outstanding<br>obligation at the end<br>of the tax year | (f)<br>Does the loan still<br>meet the criteria of a<br>qualified obligation? |                                       |   |
|   |   |  |   |   | Yes   | No                                    |   |
|   |   |  |   |   | <input type="checkbox"/>  | <input type="checkbox"/>              |   |
|   |   |  |   |   | <input type="checkbox"/>  | <input type="checkbox"/>              |   |
|   |   |  |   |   | <input type="checkbox"/>  | <input type="checkbox"/>              |   |
|   |   |  |   |   | <input type="checkbox"/>  | <input type="checkbox"/>              |   |

Form 3520 (2020)

# Part III Filers : Individuals Who Had Certain Transactions with a Foreign Trust - Continued

Form 3520 (2020)

Page **5**

## **Part III** Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year *(continued)*

- 29** Did you receive a Foreign Grantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? ☐ **Yes** ☐ **No** ☐ **N/A**  
If "Yes," attach the statement and do not complete the remainder of Part III with respect to that distribution.  
If "No," complete Schedule A with respect to that distribution. Also, complete Schedule C if you enter an amount greater than zero on line 37.
- 30** Did you receive a Foreign Nongrantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? ☐ **Yes** ☐ **No** ☐ **N/A**  
If "Yes," attach the statement and complete either Schedule A or Schedule B below. See instructions. Also, complete Schedule C if you enter an amount greater than zero on line 37 or line 41a.  
If "No," complete Schedule A with respect to that distribution. Also, complete Schedule C if you enter an amount greater than zero on line 37.



# Part III Filers : Individuals Who Had Certain Transactions with a Foreign Trust – Continued – Calculation of Trust Distributions and Interest Charge

| Schedule A—Default Calculation of Trust Distributions (see instructions) |  |     |
|--|--|-----|
| 31   | Enter amount from line 27  | 31  |
| 32   | Number of years the trust has been a foreign trust (see instructions)  | 32  |
| 33   | Enter total distributions received from the foreign trust during the 3 preceding tax years (or during the number of years the trust has been a foreign trust, if fewer than 3 years) | 33  |
| 34   | Multiply line 33 by 1.25   | 34  |
| 35   | Average distribution. Divide line 34 by 3.0 (or the number of years the trust has been a foreign trust, if fewer than 3 years) and enter the result                                  | 35  |
| 36   | Amount treated as ordinary income earned in the current year. Enter the smaller of line 31 or line 35  | 36  |
| 37   | Amount treated as accumulation distribution. Subtract line 36 from line 31. If zero, do not complete the rest of Part III  | 37  |
| 38   | Applicable number of years of trust. Divide line 32 by 2.0 and enter the result here   | 38  |
| Schedule B—Actual Calculation of Trust Distributions (see instructions)  |  |     |
| 39   | Enter amount from line 27  | 39  |
| 40a  | Amount treated as ordinary income in the current tax year  | 40a |
| b  | Qualified dividends  | 40b |
| 41a  | Amount treated as accumulation distribution. If zero, do not complete Schedule C, Part III   | 41a |
| b  | Amount of line 41a that is tax exempt  | 41b |
| 42a  | Amount treated as net short-term capital gain in the current tax year  | 42a |
| b  | Amount treated as net long-term capital gain in the current tax year   | 42b |
| c  | 28% rate gain  | 42c |
| d  | Unrecaptured section 1250 gain   | 42d |
| 43   | Amount treated as distribution from trust corpus   | 43  |
| 44   | Enter any other distributed amount received from the foreign trust not included on lines 40a, 41a, 42a, 42b, and 43. (Attach explanation.)   | 44  |
| 45   | Amount of foreign trust's aggregate undistributed net income   | 45  |
| 46   | Amount of foreign trust's weighted undistributed net income  | 46  |
| 47   | Applicable number of years of trust. Divide line 46 by line 45 and enter the result here   | 47  |
| Schedule C—Calculation of Interest Charge (see instructions)             |  |     |
| 48   | Enter accumulation distribution from line 37 or line 41a, as applicable  | 48  |
| 49   | Enter tax on total accumulation distribution from line 28 of Form 4970. (Attach Form 4970—see instructions.)   | 49  |
| 50   | Enter applicable number of years of foreign trust from line 38 or line 47, as applicable (round to nearest half year)  | 50  |
| 51   | Combined interest rate imposed on the total accumulation distribution (see instructions)   | 51  |
| 52   | Interest charge. Multiply the amount on line 49 by the combined interest rate on line 51   | 52  |
| 53   | Tax attributable to accumulation distributions. Add lines 49 and 52. Enter here and as "additional tax" on your income tax return  | 53  |

Form 3520 (2020)

# Part IV Filers : Individuals Who Received Certain Gifts from Foreign Individuals or Corporations

- A U.S. person who, during the current tax year, received either:
  - More than \$100,000 from a nonresident alien individual or a foreign estate (including foreign persons related to that nonresident alien individual or foreign estate) that you treated as gifts or bequests; or
  - More than \$16,076 from foreign corporations or foreign partnerships (including foreign persons related to such foreign corporations or foreign partnerships) that the taxpayer treated as gifts.
- **Complete all applicable identifying information and Part IV of the form**

# Part IV Filers : Individuals Who Received Certain Gifts from Foreign Individuals or Corporations

Form 3520 (2020) Page **6**

**Part IV U.S. Recipients of Gifts or Bequests Received During the Current Tax Year From Foreign Persons** (see instructions)

**54** During your current tax year, did you receive more than \$100,000 that you treated as gifts or bequests from a nonresident alien (including a distribution received from a domestic trust treated as owned by a foreign person) or a foreign estate? See instructions for special rules regarding related donors ☐ Yes ☐ No  
If "Yes," complete columns (a) through (c) with respect to each such gift or bequest in excess of \$5,000. If more space is needed, attach a statement.

| (a)<br>Date of gift or bequest | (b)<br>Description of property received | (c)<br>FMV of property received |
|--------------------------------|---|---------------------------------|
|                                |   |                                 |
|                                |   |                                 |
|                                |   |                                 |
| <b>Total</b>                   |   | \$                              |

**55** During your current tax year, did you receive more than \$16,649 that you treated as gifts from a foreign corporation or a foreign partnership (including a distribution received from a domestic trust treated as owned by a foreign person)? See instructions regarding related donors ☐ Yes ☐ No  
If "Yes," complete columns (a) through (g) with respect to each such gift. If more space is needed, attach a statement.

| (a)<br>Date of gift | (b)<br>Name of foreign donor | (c)<br>Address of foreign donor | (d)<br>TIN, if any |
|---------------------|------------------------------|---------------------------------|--------------------|
|                     |                              |                                 |                    |
|                     |                              |                                 |                    |
|                     |                              |                                 |                    |

| (e)<br>Check the box that applies to the foreign donor |                          | (f)<br>Description of property received | (g)<br>FMV of property received |
|--|--------------------------|---|---------------------------------|
| Corporation  | Partnership              |   |                                 |
| <input type="checkbox"/>                               | <input type="checkbox"/> |   |                                 |
| <input type="checkbox"/>                               | <input type="checkbox"/> |   |                                 |
| <input type="checkbox"/>                               | <input type="checkbox"/> |   |                                 |
| <input type="checkbox"/>                               | <input type="checkbox"/> |   |                                 |

**56** Do you have any reason to believe that the foreign donor, in making any gift or bequest described in lines 54 and 55, was acting as a nominee or intermediary for any other person? If "Yes," see instructions ☐ Yes ☐ No  
Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

**Sign Here**

|           |       |      |
|-----------|-------|------|
| Signature | Title | Date |
|-----------|-------|------|

**Paid Preparer Use Only**

|                            |                      |      |   |           |
|----------------------------|----------------------|------|---|-----------|
| Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN      |
| Firm's name                | Firm's EIN           |      |   | Phone no. |
| Firm's address             |                      |      |   |           |

Form **3520** (2020)

# Filing Exceptions

- Transfers to foreign trusts described in sections 402(b), 404(a)(4), or 404A.
- Most fair market value (FMV) transfers by a U.S. person to a foreign trust. However, some FMV transfers must nevertheless be reported on Form 3520 (for example, transfers in exchange for obligations that are treated as qualified obligations, transfers of appreciated property to a foreign trust for which the U.S. transferor does not immediately recognize all of the gain on the property transferred, transfers involving a U.S. transferor that is related to the foreign trust).
- Transfers to foreign trusts that have a current determination letter from the IRS recognizing their status as exempt from income taxation under section 501(c)(3).
- Transfers to, ownership of, and distributions from a Canadian registered retirement savings plan (RRSP), a Canadian registered retirement income fund (RRIF), or any other Canadian retirement plan that is within the meaning of section 3 of Rev. Proc. 2014-55.

# Filing Exceptions

- Deemed transfers from domestic trusts that become foreign trusts to the extent the trust is treated as owned by a foreign person, after application of section 672(f).
- Distributions from foreign trusts that are taxable as compensation for services rendered (within the meaning of section 672(f)(2)(B) and its regulations), so long as the recipient reports the distribution as compensation income on its applicable federal income tax return.
- Distributions from foreign trusts to domestic trusts that have a current determination letter from the IRS recognizing their status as exempt from income taxation under section 501(c)(3).

# Inconsistent Treatment of Items

- The U.S. beneficiary and U.S. owner's tax return must be consistent with the Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner, filed by the foreign trust unless you report the inconsistency to the IRS.
- If you are treating items on your tax return differently from the way the foreign trust treated them on its return, file Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR).

# When and Where to File

- In general, a U.S. person's Form 3520 is due on the 15th day of the 4th month following the end of such person's tax year.
  - If, however, on the due date of your income tax return, you are a U.S. citizen or resident who qualifies for one of the following conditions, then your Form 3520 is due on the 15th day of the 6th month following the end of your tax year. You must include a statement on the Form 3520 showing that you are a U.S. citizen or resident who meets one of these conditions.
  - You live outside of the United States and Puerto Rico and your place of business or post of duty is outside the United States and Puerto Rico.
  - You are in the military or naval service on duty outside the United States and Puerto Rico.

# When and Where to File

- In the case of a Form 3520 filed with respect to a U.S. decedent, the due date to file a Form 3520 is the 15th day of the 4th month following the end of the decedent's last tax year. If the U.S. person's estate is also required to file a Form 3520, the estate will have to file by the 15th day of the 4th month following the end of the estate's tax year, just like any other U.S. person.
- If a U.S. person is granted an extension of time to file an income tax return, the due date for filing Form 3520 is the 15th day of the 10th month following the end of the U.S. person's tax year.
- Send Form 3520 to the Internal Revenue Service Center, P.O. Box 409101, Ogden, UT 84409.



# Importance of Filing a Complete and Timely Form 3520

- Form 3520 must have all required attachments to be considered complete.
- If a complete Form 3520 is not filed by the due date, including extensions, the time for assessment of any tax imposed with respect to any event or period to which the information required to be reported in Parts I through III of such Form 3520 relates, will not expire before the date that is 3 years after the date on which the required information is reported

# Penalties – Section 6677

- A penalty applies if Form 3520 is not timely filed or if the information is incomplete or incorrect (see below for an exception if there is reasonable cause). Generally, the initial penalty is equal to the greater of \$10,000 or the following (as applicable).
  - 35% of the gross value of any property transferred to a foreign trust for failure by a U.S. transferor to report the creation of or transfer to a foreign trust in Part I.
  - 35% of the gross value of the distributions received from a foreign trust for failure by a U.S. person to report receipt of the distribution in Part III.

# Penalties – Section 6677

- 5% of the gross value of the portion of the foreign trust's assets treated as owned by a U.S. person under the grantor trust rules (sections 671 through 679) for failure by the U.S. person to report the U.S. owner information in Part II.
  - Such U.S. person is subject to an additional separate 5% penalty (or \$10,000 if greater), if such person
  - Fails to ensure that the foreign trust files a timely Form 3520-A and furnishes the required annual statements to its U.S. owners and U.S. beneficiaries, or
  - Does not furnish all of the information required by section 6048(b) or includes incorrect information.
  - If a foreign trust fails to file Form 3520-A, the U.S. owner must complete and attach a substitute Form 3520-A to the U.S. owner's Form 3520.

# Penalties – Section 6677

- Additional penalties will be imposed if the noncompliance continues for more than 90 days after the IRS mails a notice of failure to comply with the required reporting.
- Reasonable cause.
  - No penalties will be imposed if the taxpayer can demonstrate that the failure to comply was due to reasonable cause and not willful neglect.
  - The fact that a foreign country would impose penalties for disclosing the required information is not reasonable cause.
  - Similarly, reluctance on the part of a foreign fiduciary or provisions in the trust instrument that prevent the disclosure of required information is not reasonable cause

# Penalties – Section 6039F

- In the case of a failure to report foreign gifts described in section 6039F, a penalty equal to 5% of the amount of such foreign gifts applies for each month for which the failure to report continues (not to exceed a total of 25%).
- No penalty will be imposed if the taxpayer can demonstrate that the failure to comply was due to reasonable cause and not willful neglect.

# Penalties – Section 6662(j)

- In the case of an underpayment of tax required to be shown on a return, a penalty equal to 20% of the portion of the underpayment may apply if such portion of the underpayment is attributable to any undisclosed foreign financial asset.
- No penalty will be imposed with respect to any portion of an underpayment if the taxpayer can demonstrate that the failure to comply was due to reasonable cause with respect to such portion of the underpayment and the taxpayer acted in good faith with respect to such portion of the underpayment

# Form 3520-A

# Purpose of Form 3520-A

- Form 3520-A is the annual information return of a foreign trust with at least one U.S. owner.
- The form provides information about the foreign trust, its U.S. beneficiaries, and any U.S. person who is treated as an owner of any portion of the foreign trust under the grantor trust rules (sections 671 through 679).



# Who Must File

- A foreign trust with a U.S. owner must file Form 3520-A in order for the U.S. owner to satisfy its annual information reporting requirements under section 6048(b).
- Each U.S. person treated as an owner of any portion of a foreign trust under the grantor trust rules (sections 671 through 679) is responsible for ensuring that the foreign trust files Form 3520-A and furnishes the required annual statements to its U.S. owners and U.S. beneficiaries.
- If a foreign trust fails to file Form 3520-A, the U.S. owner must complete and attach a substitute Form 3520-A for the foreign trust to the U.S. owner's Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. Otherwise, the U.S. owner may be liable for a penalty.

# Filing Exceptions

- Custodians of Canadian registered retirement savings plans (RRSPs) and Canadian registered retirement income funds (RRIFs) are not required to file Form 3520-A with respect to a U.S. citizen or resident alien who holds an interest in an RRSP or RRIF.
- In addition, custodians of any other Canadian retirement plan within the meaning of section 3 of Rev. Proc. 2014-55 are not required to file Form 3520-A for a U.S. citizen or resident alien owner or beneficiary.

# When and Where to File

- File a complete Form 3520-A (including the statements on pages 3 through 5) with the Internal Revenue Service Center, P.O. Box 409101, Ogden, UT 84409, by the 15th day of the 3rd month after the end of the trust's tax year.
- Give copies of the Foreign Grantor Trust Owner Statement (pages 3 and 4 of Form 3520-A) and the Foreign Grantor Trust Beneficiary Statement (page 5 of Form 3520-A) to the U.S. owners and U.S. beneficiaries by the 15th day of the 3rd month after the end of the trust's tax year.
- An extension of time to file Form 3520-A (including the statements on pages 3 through 5) may be granted by filing Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns. For details, see Form 7004.
  - Note. An extension of time to file an income tax return will not provide an extension of time to file Form 3520-A. Form 7004 must be filed in order to request an extension of time to file Form 3520-A.

# Penalties

- The U.S. owner is subject to an initial penalty equal to the greater of \$10,000 or 5% of the gross value of the portion of the trust's assets treated as owned by the U.S. person at the close of that tax year, if the foreign trust (a) fails to file a timely Form 3520-A, or (b) does not furnish all of the information required by section 6048(b) or includes incorrect information. See section 6677(a) through (c).
- The U.S. owner is subject to an additional separate penalty equal to the greater of \$10,000 or 5% of the gross value of the portion of the trust's assets treated as owned by the U.S. person at the close of that tax year, if the U.S. owner (a) fails to file a timely Form 3520 (Part II), or (b) fails to furnish all of the information required by section 6048(b) or includes incorrect information. See section 6677(a) through (c) and the Instructions for Form 3520.

# Penalties

- Additional penalties will be imposed if the noncompliance continues for more than 90 days after the IRS mails a notice of failure to comply with the required reporting. For more information, see section 6677.
- Criminal penalties may be imposed under sections 7203, 7206, and 7207 for failure to file on time and for filing a false or fraudulent return.
- Penalties also may be imposed under section 6662(j) for undisclosed foreign financial asset understatements.

# Penalties – Reasonable Cause Exception

- No penalties will be imposed if the taxpayer can demonstrate that the failure to comply was due to reasonable cause and not willful neglect.
- The fact that a foreign country would impose penalties for disclosing the required information is not reasonable cause.
- Similarly, reluctance on the part of a foreign fiduciary or provisions in the trust instrument that prevent the disclosure of required information is not reasonable cause.

# Form 3520-A – Part I - General Information

|   |  |   |
|---|--|---|
| <b>Form 3520-A</b><br>Department of the Treasury<br>Internal Revenue Service  | <b>Annual Information Return of Foreign Trust With a U.S. Owner</b><br>(Under section 6048(b))<br><small>► Go to <a href="http://www.irs.gov/Form3520A">www.irs.gov/Form3520A</a> for instructions and the latest information.</small> | OMB No. 1545-0159<br><div style="font-size: 24pt; font-weight: bold;">2020</div>    |
| <small><b>Note:</b> All information must be in English. Show all amounts in U.S. dollars.</small>   |  |   |
| <small>For calendar year 2020, or tax year beginning . . . 2020, ending . . . 20 . . .</small>  |  |   |
| <small>Check appropriate boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Extension filed <input type="checkbox"/> Substitute Form 3520-A</small>  |  |   |
| <small>Check if any excepted specified foreign financial assets are reported on this form. See instructions . . . . . <input type="checkbox"/></small>  |  |   |
| <b>Part I General Information</b> (see instructions)  |  |   |
| <b>1a</b> Name of foreign trust   |  | <b>b</b> Employer identification number (EIN)                                       |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |  | <b>d</b> Date foreign trust was created   |
| <b>e</b> City or town   | <b>f</b> State or province   | <b>g</b> ZIP or foreign postal code   |
|   |  | <b>h</b> Country  |
| <b>2</b> Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all the relevant trust information? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No<br><small>If "Yes," skip lines 2a through 2e and go to line 3.<br/>         If "No," you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A filed within the previous 3 years, attach only relevant updates.</small> |  |   |
| <small>Are you attaching a copy of any of the following?</small>  |  |   |
| <b>a</b> Summary of all written and oral agreements and understandings relating to the trust . . . . .  | <input type="checkbox"/> Yes <input type="checkbox"/> No   | <input type="checkbox"/> Attached Previously <input type="checkbox"/> Year Attached |
| <b>b</b> The trust instrument . . . . .   | <input type="checkbox"/> Yes <input type="checkbox"/> No   | <input type="checkbox"/> Attached Previously <input type="checkbox"/> Year Attached |
| <b>c</b> Memoranda or letters of wishes . . . . .   | <input type="checkbox"/> Yes <input type="checkbox"/> No   | <input type="checkbox"/> Attached Previously <input type="checkbox"/> Year Attached |
| <b>d</b> Subsequent variances to original trust documents . . . . .   | <input type="checkbox"/> Yes <input type="checkbox"/> No   | <input type="checkbox"/> Attached Previously <input type="checkbox"/> Year Attached |
| <b>e</b> Organizational chart and other trust documents . . . . .   | <input type="checkbox"/> Yes <input type="checkbox"/> No   | <input type="checkbox"/> Attached Previously <input type="checkbox"/> Year Attached |
| <b>3a</b> Name of U.S. agent  |  | <b>b</b> Taxpayer identification number (TIN)                                       |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |  |   |
| <b>d</b> City or town   | <b>e</b> State or province   | <b>f</b> ZIP or postal code   |
|   |  | <b>g</b> Country  |
| <b>4a</b> Name of trustee   |  | <b>b</b> TIN, if any  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |  |   |
| <b>d</b> City or town   | <b>e</b> State or province   | <b>f</b> ZIP or postal code   |
|   |  | <b>g</b> Country  |
| <b>5</b> Enter the number of <b>Foreign Grantor Trust Owner Statements</b> (pages 3 and 4) included with this Form 3520-A . . . ►   |  |   |
| <b>6</b> Enter the number of <b>Foreign Grantor Trust Beneficiary Statements</b> (page 5) included with this Form 3520-A . . . ►  |  |   |

# Form 3520-A – Part II - Foreign Trust Income Statement

Form 3520-A (2020)

Page **2**

## **Part II** Foreign Trust Income Statement

Enter totals from books and records of foreign trust. See instructions.

|   |  |   |                            |                                  |  |
|---|--|---|----------------------------|----------------------------------|--|
| Income  | <b>1</b>   | Interest . . . . .  | <b>1</b>                   |                                  |  |
|   | <b>2</b>   | Dividends . . . . .                                       | <b>2</b>                   |                                  |  |
|   | <b>3</b>   | Gross rents and royalties . . . . .                       | <b>3</b>                   |                                  |  |
|   | <b>4</b>   | Income (loss) from partnerships and fiduciaries . . . . . | <b>4</b>                   |                                  |  |
|   | <b>5</b>   | Capital gains:  |                            |                                  |  |
|   | <b>a</b>   | Net short-term capital gain (loss) . . . . .              | <b>5a</b>                  |                                  |  |
|   | <b>b</b>   | Net long-term capital gain (loss) . . . . .               | <b>5b</b>                  |                                  |  |
|   | <b>6</b>   | Ordinary gains (losses) . . . . .                         | <b>6</b>                   |                                  |  |
| <b>7</b>                                      | Other income (attach statement) . . . . .  | <b>7</b>  |                            |                                  |  |
| <b>8</b>                                      | Total income (add lines 1 through 7) . . . . .   | <b>8</b>  |                            |                                  |  |
| Expenses                                      | <b>9</b>   | Interest expense . . . . .                                | <b>9</b>                   |                                  |  |
|   | <b>10a</b>   | Foreign taxes (attach statement) . . . . .                | <b>10a</b>                 |                                  |  |
|   | <b>b</b>   | State and local taxes . . . . .                           | <b>10b</b>                 |                                  |  |
|   | <b>11</b>  | Amortization and depreciation (depletion) . . . . .       | <b>11</b>                  |                                  |  |
|   | <b>12</b>  | Trustee and advisor fees . . . . .                        | <b>12</b>                  |                                  |  |
|   | <b>13</b>  | Charitable contributions . . . . .                        | <b>13</b>                  |                                  |  |
|   | <b>14</b>  | Other expenses (attach statement) . . . . .               | <b>14</b>                  |                                  |  |
|   | <b>15</b>  | Total expenses (add lines 9 through 14) . . . . .         | <b>15</b>                  |                                  |  |
| <b>16</b>                                     | Net income (loss) (subtract line 15 from line 8) . . . . .   | <b>16</b>   |                            |                                  |  |
| <b>17a</b>                                    | Enter the fair market value (FMV) of total distributions (directly or indirectly) from the trust to all persons, whether U.S. or foreign. Attach statement. See instructions ▶ |   |                            | <b>17a</b>                       |  |
| <b>b</b> Distributions to U.S. owners:        |  |   |                            |                                  |  |
| (i) Name of owner                             |  | (ii) TIN  | (iii) Date of distribution | (iv) FMV on date of distribution |  |
|   |  |   |                            |                                  |  |
|   |  |   |                            |                                  |  |
| <b>c</b> Distributions to U.S. beneficiaries: |  |   |                            |                                  |  |
| (i) Name of beneficiary                       |  | (ii) TIN  | (iii) Date of distribution | (iv) FMV on date of distribution |  |
|   |  |   |                            |                                  |  |
|   |  |   |                            |                                  |  |
|   |  |   |                            |                                  |  |



# Form 3520-A – Part III - Foreign Trust Balance Sheet

| <b>Part III Foreign Trust Balance Sheet</b> |  | <b>Beginning of Tax Year</b> |            | <b>End of Tax Year</b> |            |
|---|--|------------------------------|------------|------------------------|------------|
|   |  | <b>(a)</b>                   | <b>(b)</b> | <b>(c)</b>             | <b>(d)</b> |
| <b>Assets</b>                               |  |                              |            |                        |            |
| <b>1</b>                                    | Cash . . . . .   |                              |            |                        |            |
| <b>2</b>                                    | Accounts receivable . . . . .                                |                              |            |                        |            |
| <b>3</b>                                    | Mortgages and notes receivable . . . . .                     |                              |            |                        |            |
| <b>4</b>                                    | Inventories . . . . .  |                              |            |                        |            |
| <b>5</b>                                    | Government obligations . . . . .                             |                              |            |                        |            |
| <b>6</b>                                    | Other marketable securities . . . . .                        |                              |            |                        |            |
| <b>7</b>                                    | Other nonmarketable securities . . . . .                     |                              |            |                        |            |
| <b>8a</b>                                   | Depreciable (depletable) assets . . . . .                    |                              |            |                        |            |
| <b>b</b>                                    | Less: accumulated depreciation (depletion) . . . . .         |                              |            |                        |            |
| <b>9</b>                                    | Real property . . . . .                                      |                              |            |                        |            |
| <b>10</b>                                   | Other assets (attach statement) . . . . .                    |                              |            |                        |            |
| <b>11</b>                                   | <b>Total assets</b> . . . . .                                |                              |            |                        |            |
| <b>Liabilities</b>                          |  |                              |            |                        |            |
| <b>12</b>                                   | Accounts payable . . . . .                                   |                              |            |                        |            |
| <b>13</b>                                   | Contributions, gifts, grants, etc., payable . . . . .        |                              |            |                        |            |
| <b>14</b>                                   | Mortgages and notes payable . . . . .                        |                              |            |                        |            |
| <b>15</b>                                   | Other liabilities (attach statement) . . . . .               |                              |            |                        |            |
| <b>16</b>                                   | <b>Total liabilities</b> . . . . .                           |                              |            |                        |            |
| <b>Net Worth</b>                            |  |                              |            |                        |            |
| <b>17</b>                                   | Contributions to trust corpus . . . . .                      |                              |            |                        |            |
| <b>18</b>                                   | Accumulated trust income . . . . .                           |                              |            |                        |            |
| <b>19</b>                                   | Other (attach statement) . . . . .                           |                              |            |                        |            |
| <b>20</b>                                   | <b>Total net worth (add lines 17 through 19)</b> . . . . .   |                              |            |                        |            |
| <b>21</b>                                   | <b>Total liabilities and net worth (add lines 16 and 20)</b> |                              |            |                        |            |

Form **3520-A** (2020)

# Form 3520-A –Foreign Grantor Trust Owner Statement

Form 3520-A (2020)

Page **3**

## 2020 Foreign Grantor Trust Owner Statement (see instructions)

**Important:** *Trustee (or U.S. owner if a substitute Form 3520-A) must prepare a separate statement for each U.S. owner and include a copy of each statement with Form 3520-A. Trustee is also required to send to each U.S. owner a copy of the owner's statement. U.S. owner must attach a copy of its statement to Form 3520.*

|  |                            |                                     |   |  |
|--|----------------------------|-------------------------------------|---|--|
| <b>1a</b> Name of foreign trust  |                            |                                     | <b>b</b> EIN                            |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |                            |                                     | <b>d</b> Date foreign trust was created |  |
| <b>e</b> City or town  | <b>f</b> State or province | <b>g</b> ZIP or foreign postal code | <b>h</b> Country                        |  |
| <b>2</b> Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," complete lines 3a through 3g. |                            |                                     |   |  |
| <b>3a</b> Name of U.S. agent   |                            |                                     | <b>b</b> TIN                            |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |                            |                                     |   |  |
| <b>d</b> City or town  | <b>e</b> State or province | <b>f</b> ZIP or postal code         | <b>g</b> Country                        |  |
| <b>4a</b> Name of trustee  |                            |                                     | <b>b</b> TIN                            |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |                            |                                     |   |  |
| <b>d</b> City or town  | <b>e</b> State or province | <b>f</b> ZIP or postal code         | <b>g</b> Country                        |  |
| <b>5</b> The first and last day of the tax year of the foreign trust to which this statement relates ▶   |                            |                                     |   |  |

# Form 3520-A –Foreign Grantor Trust Owner Statement (Continued)

|  |   |   |  |  |   |
|--|---|---|--|--|---|
| <b>6a</b> Name of U.S. owner   |   |   |  | <b>b</b> TIN                                 |   |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |   |   |  |  |   |
| <b>d</b> City or town  |   | <b>e</b> State or province  |  | <b>f</b> ZIP or postal code                  | <b>g</b> Country                                      |
| <b>7</b> Attach an explanation of the facts and law (including the section of the Internal Revenue Code) that establishes that the foreign trust (or portion of the foreign trust) is treated for U.S. tax principles as owned by the U.S. person. |   |   |  |  |   |
| <b>8</b> If the trust did not appoint a U.S. agent, list the trust documents attached to Form 3520-A. See instructions.  |   |   |  |  |   |
| <b>9</b> Gross value of the portion of the trust treated as owned by the U.S. owner . . . . . \$   |   |   |  |  |   |
| <b>10</b> Cash amounts or FMV of property distributed, directly or indirectly, during the foreign trust's tax year, from the foreign trust (exclude loans) to the U.S. owner.  |   |   |  |  |   |
| <b>(a)</b><br>Date of distribution   | <b>(b)</b><br>Description of property distributed | <b>(c)</b><br>FMV of property distributed<br>(determined on date of distribution) | <b>(d)</b><br>Description of property<br>transferred, if any | <b>(e)</b><br>FMV of property<br>transferred | <b>(f)</b><br>Excess of column (c)<br>over column (e) |
|  |   |   |  |  |   |
|  |   |   |  |  |   |
|  |   |   |  |  |   |
|  |   |   |  |  |   |
|  |   |   |  |  |   |
|  |   |   |  |  |   |
|  |   |   |  |  |   |
|  |   |   |  |  |   |
| <b>Total</b> . . . . .   |   |   |  | ▶ \$   |   |

# Form 3520-A – 2020 Statement of Foreign Trust Income Attributable to U.S. Owner

Form 3520-A (2020)

Page **4**

## 2020 Statement of Foreign Trust Income Attributable to U.S. Owner (see instructions)

Report each item on the proper form or schedule of your tax return.

|           |   |  |            |  |
|-----------|---|--|------------|--|
| Income    | <b>1a</b>   | Taxable interest . . . . .                             | <b>1a</b>  |  |
|           | <b>b</b>  | Tax-exempt interest ▶                                  |            |  |
|           | <b>2a</b>   | Total ordinary dividends . . . . .                     | <b>2a</b>  |  |
|           | <b>b</b>  | Qualified dividends ▶                                  |            |  |
|           | <b>3</b>  | Gross rents and royalties . . . . .                    | <b>3</b>   |  |
|           | <b>4</b>  | Income from partnerships and fiduciaries . . . . .     | <b>4</b>   |  |
|           | <b>5</b>  | Capital gains (losses) . . . . .                       | <b>5</b>   |  |
|           | <b>6</b>  | Ordinary gains (losses) . . . . .                      | <b>6</b>   |  |
| Expenses  | <b>7</b>  | Other income (attach statement) . . . . .              | <b>7</b>   |  |
|           | <b>8</b>  | <b>Total income.</b> Add lines 1 through 7 . . . . . ▶ | <b>8</b>   |  |
|           | <b>9</b>  | Interest expense . . . . .                             | <b>9</b>   |  |
|           | <b>10a</b>  | Foreign taxes (attach statement) . . . . .             | <b>10a</b> |  |
|           | <b>b</b>  | State and local taxes . . . . .                        | <b>10b</b> |  |
|           | <b>11</b>   | Amortization and depreciation (depletion) . . . . .    | <b>11</b>  |  |
|           | <b>12</b>   | Trustee and advisor fees . . . . .                     | <b>12</b>  |  |
|           | <b>13</b>   | Charitable contributions . . . . .                     | <b>13</b>  |  |
|           | <b>14</b>   | Other expenses (attach statement) . . . . .            | <b>14</b>  |  |
| <b>15</b> | <b>Total expenses.</b> Add lines 9 through 14 . . . . . ▶ | <b>15</b>  |            |  |

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Trustee's (or  
U.S. owner's)  
signature ▶

Title ▶

Date ▶

Form **3520-A** (2020)

# Form 3520-A – Foreign Grantor Trust Beneficiary Statement

Form 3520-A (2020)

Page **5**

## 2020 Foreign Grantor Trust Beneficiary Statement

**Important:** Trustee (or U.S. owner if a substitute Form 3520-A) must prepare a separate statement for each U.S. beneficiary that received a distribution from the trust during the tax year and include a copy of each statement with Form 3520-A. Trustee is also required to send to each such beneficiary a copy of the beneficiary's statement. Each U.S. beneficiary must attach a copy of its statement to its Form 3520.

|  |                            |                                     |   |  |
|--|----------------------------|-------------------------------------|---|--|
| <b>1a</b> Name of foreign trust  |                            |                                     | <b>b</b> EIN                            |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |                            |                                     | <b>d</b> Date foreign trust was created |  |
| <b>e</b> City or town  | <b>f</b> State or province | <b>g</b> ZIP or foreign postal code | <b>h</b> Country                        |  |
| <b>2</b> Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," complete lines 3a through 3g.<br>If "No," do you agree that either the IRS or the U.S. beneficiary can inspect and copy the trust's permanent books of account, records, and such other documents that are necessary to establish that the trust should be treated for U.S. tax purposes as owned by another person? <input type="checkbox"/> Yes <input type="checkbox"/> No |                            |                                     |   |  |
| <b>3a</b> Name of U.S. agent   |                            |                                     | <b>b</b> TIN                            |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |                            |                                     |   |  |
| <b>d</b> City or town  | <b>e</b> State or province | <b>f</b> ZIP or postal code         | <b>g</b> Country                        |  |
| <b>4a</b> Name of trustee  |                            |                                     | <b>b</b> TIN                            |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |                            |                                     |   |  |
| <b>d</b> City or town  | <b>e</b> State or province | <b>f</b> ZIP or postal code         | <b>g</b> Country                        |  |
| <b>5</b> The first and last day of the tax year of the foreign trust to which Form 3520-A applies ►  |                            |                                     |   |  |
| <b>6a</b> Name of U.S. beneficiary   |                            |                                     | <b>b</b> TIN                            |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.  |                            |                                     |   |  |
| <b>d</b> City or town  | <b>e</b> State or province | <b>f</b> ZIP or postal code         | <b>g</b> Country                        |  |

# Form 3520-A – Foreign Grantor Trust Beneficiary Statement (Continued)

- 7** Cash amounts or FMV of property that during the current tax year was (1) distributed directly or indirectly to a U.S. person whether or not the U.S. person is designated as a beneficiary of the trust, (2) loaned (exclude loans treated as qualified obligations) directly or indirectly to the U.S. person who is a beneficiary of the trust or a U.S. person related to that U.S. person, or (3) used by the U.S. person who is a beneficiary of the trust or a U.S. person related to that U.S. person without compensating the trust for the FMV of the use of the property within a reasonable period of time. (See the instructions for Part III of Form 3520 for U.S. tax treatment of these amounts.)

| (a)<br>Date of distribution | (b)<br>Description of property distributed | (c)<br>FMV of property distributed<br>(determined on date of distribution) | (d)<br>Description of property<br>transferred, if any | (e)<br>FMV of property<br>transferred | (f)<br>Excess of column (c)<br>over column (e) |
|-----------------------------|--|--|---|---------------------------------------|--|
|                             |  |  |   |                                       |  |
|                             |  |  |   |                                       |  |
|                             |  |  |   |                                       |  |
|                             |  |  |   |                                       |  |
|                             |  |  |   |                                       |  |
|                             |  |  |   |                                       |  |
|                             |  |  |   |                                       |  |
| <b>Total</b>                |  |  |   |                                       | \$   |

- 8** Attach an explanation of the facts and law (including the section of the Internal Revenue Code) that establishes that the foreign trust (or portion of the foreign trust) is treated for U.S. tax principles as owned by another person.

- 9** Owner of the foreign trust is (check one): ☐ Individual ☐ Partnership ☐ Corporation

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Trustee's (or  
U.S. owner's)  
signature ►

Title ►

Date ►

Form **3520-A** (2020)

# Form 3520-A – Part III - Foreign Trust Balance Sheet

| <b>Part III Foreign Trust Balance Sheet</b> |  | <b>Beginning of Tax Year</b> |            | <b>End of Tax Year</b> |            |
|---|--|------------------------------|------------|------------------------|------------|
|   |  | <b>(a)</b>                   | <b>(b)</b> | <b>(c)</b>             | <b>(d)</b> |
| <b>Assets</b>                               |  |                              |            |                        |            |
| <b>1</b>                                    | Cash . . . . .   |                              |            |                        |            |
| <b>2</b>                                    | Accounts receivable . . . . .                                |                              |            |                        |            |
| <b>3</b>                                    | Mortgages and notes receivable . . . . .                     |                              |            |                        |            |
| <b>4</b>                                    | Inventories . . . . .  |                              |            |                        |            |
| <b>5</b>                                    | Government obligations . . . . .                             |                              |            |                        |            |
| <b>6</b>                                    | Other marketable securities . . . . .                        |                              |            |                        |            |
| <b>7</b>                                    | Other nonmarketable securities . . . . .                     |                              |            |                        |            |
| <b>8a</b>                                   | Depreciable (depletable) assets . . . . .                    |                              |            |                        |            |
| <b>b</b>                                    | Less: accumulated depreciation (depletion) . . . . .         |                              |            |                        |            |
| <b>9</b>                                    | Real property . . . . .                                      |                              |            |                        |            |
| <b>10</b>                                   | Other assets (attach statement) . . . . .                    |                              |            |                        |            |
| <b>11</b>                                   | <b>Total assets</b> . . . . .                                |                              |            |                        |            |
| <b>Liabilities</b>                          |  |                              |            |                        |            |
| <b>12</b>                                   | Accounts payable . . . . .                                   |                              |            |                        |            |
| <b>13</b>                                   | Contributions, gifts, grants, etc., payable . . . . .        |                              |            |                        |            |
| <b>14</b>                                   | Mortgages and notes payable . . . . .                        |                              |            |                        |            |
| <b>15</b>                                   | Other liabilities (attach statement) . . . . .               |                              |            |                        |            |
| <b>16</b>                                   | <b>Total liabilities</b> . . . . .                           |                              |            |                        |            |
| <b>Net Worth</b>                            |  |                              |            |                        |            |
| <b>17</b>                                   | Contributions to trust corpus . . . . .                      |                              |            |                        |            |
| <b>18</b>                                   | Accumulated trust income . . . . .                           |                              |            |                        |            |
| <b>19</b>                                   | Other (attach statement) . . . . .                           |                              |            |                        |            |
| <b>20</b>                                   | <b>Total net worth (add lines 17 through 19)</b> . . . . .   |                              |            |                        |            |
| <b>21</b>                                   | <b>Total liabilities and net worth (add lines 16 and 20)</b> |                              |            |                        |            |

Form **3520-A** (2020)

# Rev. Proc. 2020-17

June 30, 2021



# Rev. Proc. 2020-17

## Exemption for Certain Tax-Favored Foreign Retirement Trusts and Nonretirement Savings Trusts

- Rev. Proc. 2020-17 is limited and narrow in scope.
- The exemption is from information reporting under Code Sec. 6048.
- The exemption does not extend to other information reporting, such as the FBAR or Form 8938.
- The exemption does not extend to income recognition and reporting.
- The effective date is March 16, 2020, and applies to all prior open taxable years, subject to the limitations of Code Sec. 6511.

# Rev. Proc. 2020-17

## Exemption for Certain Tax-Favored Foreign Retirement Trusts and Nonretirement Savings Trusts

- There is no other guidance or FAQs from IRS on the exemption.
- Treasury and IRS intend to issue proposed regulations that would modify the requirements under Code Sec. 6048.
- Treasury and IRS request comments about these and other similar types of foreign trusts that should be considered for an exemption from Code Sec. 6048 reporting.

# Rev. Proc. 2020-17

## Exemption for Certain Tax-Favored Foreign Retirement Trusts and Non-Retirement Savings Trusts

- The draft instructions for 2020 Form 3520 include a reference to the Rev. Proc. and exemption.
- There are no IRS procedures for transitioning from information reporting under Code Sec. 6048 to filing under Rev. Proc. 2020-17.

# Rev. Proc. 2020-17

Applies in general to an eligible individual with respect to tax-favored foreign retirement trusts and non-retirement savings trusts subject to the following:

- Created under jurisdiction's law to operate exclusively or almost exclusively to provide, or to earn income for the provision of, certain specified benefits
- Conditions for withdrawal
- Host country information reporting
- Written restrictions, such as contribution limitations

# Rev. Proc. 2020-17

## Eligible individual

- An individual who is, or at any time was, a U.S. citizen or resident;
- Is compliant (or comes into compliance) with all requirements for filing a U.S. federal income tax return (or returns) covering the period such individual was a U.S. citizen or resident; and
- To the extent required under U.S. tax law, has reported as income any contributions to, earnings of, or distributions from, an applicable tax-favored foreign trust on the applicable return (including on an amended return).
- Business entities and trusts are not eligible individuals.

# Rev. Proc. 2020-17

## Tax-Favored Foreign Retirement Trust

- A foreign trust for U.S. tax purposes that is created, organized, or otherwise established under the laws of a foreign jurisdiction (the trust's jurisdiction) as a trust, plan, fund, scheme, or other arrangement (collectively, a trust) to operate exclusively or almost exclusively to provide, or to earn income for the provision of, pension or retirement benefits and ancillary or incidental benefits and meets the specific requirements on the following three slides:

# Rev. Proc. 2020-17

## Tax-Favored Foreign Retirement Trust Specific Requirements

- Withdrawals, distributions, or payments from the trust are conditioned upon reaching a specified retirement age, disability, or death, or penalties apply to withdrawals, distributions, or payments made before such conditions are met.
- Rollovers from other tax-favored retirement trusts are permitted.

# Rev. Proc. 2020-17

## Tax-Favored Foreign Retirement Trust Specific Requirements

- In the case of an employer-maintained trust, (i) the trust is nondiscriminatory insofar as a wide range of employees, including rank and file employees, must be eligible to make or receive contributions or accrue benefits under the terms of the trust (alone or in combination with other comparable plans), (ii) the trust (alone or in combination with other comparable plans) actually provides significant benefits for a substantial majority of eligible employees, and (iii) the benefits actually provided under the trust to eligible employees are nondiscriminatory.



# Rev. Proc. 2020-17

## Tax-Favored Foreign Retirement Trust Specific Requirements

- The trust is generally exempt from income tax or is otherwise tax-favored under the laws of the trust's jurisdiction.
- Annual information reporting with respect to the trust (or of its participants or beneficiaries) is provided, or is otherwise available, to the relevant tax authorities in the trust's jurisdiction.
- Only contributions with respect to income earned from the performance of personal services are permitted.
- Contributions to the trust are limited by a percentage of earned income of the participant, are subject to an annual limit of \$50,000 or less to the trust or are subject to a lifetime limit of \$1,000,000 or less to the trust.

# Rev. Proc. 2020-17

## Tax-Favored Foreign Non-Retirement Savings Trust

- A tax-favored foreign non-retirement savings trust means a foreign trust for U.S. tax purposes that is created, organized, or otherwise established under the laws of a foreign jurisdiction (the trust's jurisdiction) as a trust, plan, fund, scheme, or other arrangement (collectively, a trust) to operate exclusively or almost exclusively to provide, or to earn income for the provision of, medical, disability, or educational benefits, and that meets the following requirements:
- Withdrawals, distributions, or payments from the trust are conditioned upon the provision of medical, disability, or educational benefits, or apply penalties to withdrawals, distributions, or payments made before such conditions are met.

# Rev. Proc. 2020-17

## Tax-Favored Foreign Non-Retirement Savings Trust

- Rollovers from other tax-favored non-retirement savings trusts are permitted.
- The trust is generally exempt from income tax or is otherwise tax-favored under the laws of the trust's jurisdiction.
- Annual information reporting with respect to the trust (or about the beneficiary or participant) is provided, or is otherwise available, to the relevant tax authorities in the trust's jurisdiction.
- Contributions to the trust are limited to \$10,000 or less annually or \$200,000 or less on a lifetime basis.

# Rev. Proc. 2020-17

## Penalty Abatement or Refund of Paid Penalty Under Rev. Proc. 2020-17

- Eligible individuals who have been assessed Code Sec. 6677, the penalty for not complying with Code Sec. 6048, can request penalty abatement or refund of paid penalty under this procedure.
- Eligible individuals are not precluded from requesting relief under any other applicable relief provisions.
- Abatements or refund relief are subject to the applicable period of statute of limitations

# Rev. Proc. 2020-17

## Form 843 Claim for Refund and Request for Abatement

- Section 6 of the Rev. Proc. includes procedures for requesting relief.
- Complete Form 843 and mail to address in Rev. Proc.
- Write the statement “Relief pursuant to Revenue Procedure 2020-17” on Line 7.
- Include an explanation of how the eligible individual meets each requirement under section 5.02 and how the foreign trust meets each requirement under section 5.03 or 5.04.

**C Edward “Ed” Kennedy Jr  
Managing Director  
C Edward Kennedy Jr PC**



**Ed has over 40 years of experience dealing with a variety of international tax matters. He specializes in tax consulting services to a wide variety of clients ranging from closely held companies to multi-national businesses. His expertise includes domestic and foreign income and social security tax planning, tax compliance for individuals and corporations, voluntary disclosure initiatives, tax treatment of incentive compensation plans, international assignment program administration and policy design. Ed has also served as the practice lead for a Big 4 CPA Firm’s international social security practice.**

**Ed earned a JD from Vanderbilt University School of Law, and a BA cum laude from Furman University. Ed is an attorney licensed to practice in Texas, and a CPA licensed to practice in Georgia and Texas. Ed has been a member of the State Bar College of Texas since 2019.**

**C Edward Kennedy Jr  
Managing Director  
C Edward Kennedy Jr PC  
1510 Misty Oaks Drive  
Atlanta, GA 30350  
Tel 404-202 2186  
[ed@cekcpa.com](mailto:ed@cekcpa.com)  
[www.cekcpa.com](http://www.cekcpa.com)**



***Foreign Asset Information Reporting Requirements:  
Filing Thresholds, Reconciling Forms,  
Entity Classifications  
Fundamentals of Offshore Ownership Disclosures:  
FATCA, FBAR, Business Holdings  
on Forms 5471 and 8858***

**Alison N. Dougherty, J.D., LL.M., CPA  
Partner**

**Aronson LLC**

**June 30, 2021**



# Outline and Agenda



# Outline and Agenda

---

## I. Overview of U.S. information reporting requirements for offshore assets and activities

- A. FBAR and FinCen structure
- B. U.S. information-sharing structures with other countries
- C. Tax avoidance prevention

## II. Required disclosures for cash assets and overlap in reporting

- A. FBAR
- B. FATCA Form 8938
- C. Different reporting thresholds

## III. Reconciling entity classification for U.S. tax purposes

## IV. Forms used for reporting interests in foreign businesses

- A. Corporate ownership: Form 5471
- B. Asset transfers to a foreign business entity: Form 926
- C. PFIC: Form 8621
- D. Foreign partnerships: Form 8865
- E. Disregarded entities: Form 8858

## V. Required disclosures of trust interests: Forms 3520, 3520-A

## III. Reconciling entity classification for U.S. tax purposes



# U.S. Federal Foreign Entity Classification

## Basic Terminology

---

- Limited liability - U.S. Treas. Reg. § 301.7701-3(b)(2)(ii)
  1. An owner does not have personal liability for any debts or claims against the entity
  2. Determination is based on the law under which the entity is organized and the organizational documents
  3. An owner has personal liability if the creditors of the entity can satisfy all or part of the debts or claims against the entity from the owner
  4. An owner has personal liability even if the owner makes an agreement where any person assumes the liability or agrees to indemnify the owner for the liability

# U.S. Federal Foreign Entity Classification

## Basic Terminology

---

- Foreign corporation
  1. Listed - foreign entity on the per se foreign corporation list
  2. By default - All owners of the foreign entity have limited liability
  3. By election – all owners of a foreign eligible entity do not have limited liability
- Foreign partnership
  1. By default – more than one owner of foreign entity and at least one owner does not have limited liability
  2. By election – more than one owner of foreign eligible entity and all owners have limited liability

# U.S. Federal Foreign Entity Classification

## Basic Terminology

---

- Foreign disregarded entity
  1. By default – foreign entity with one owner that does not have limited liability that is treated as an entity not separate from its single owner for U.S. Federal income tax purposes
  2. By election – foreign eligible entity with a single owner that does have limited liability that elects to be classified as an entity not separate from its single owner for U.S. Federal income tax purposes

# U.S. Federal Foreign Entity Classification

## Basic Rules

---

- Foreign eligible entity
  1. foreign entity not included on the per se foreign corporation list
  2. Foreign entity that is classified per default rule
  
- Foreign entity default rule - Classification unless election filed U.S. Treas. Reg. § 301.7701-3(b)(2)(i)
  1. A partnership if it has two or more members and at least one member does not have limited liability.
  2. An association taxable as a corporation if all members have limited liability.
  3. Disregarded as an entity separate from its owner if it has a single owner that does not have limited liability.

# Form 8832 Check-the-Box Entity Classification Election

|  |  |                                |
|--|--|--------------------------------|
| <b>Form 8832</b><br>(Rev. December 2013)<br>Department of the Treasury<br>Internal Revenue Service   | <b>Entity Classification Election</b><br><br>► Information about Form 8832 and its instructions is at <a href="http://www.irs.gov/form8832">www.irs.gov/form8832</a> .       | OMB No. 1545-1516              |
| <b>Type<br/>or<br/>Print</b>   | Name of eligible entity making election  | Employer identification number |
|  | Number, street, and room or suite no. If a P.O. box, see instructions.   |                                |
|  | City or town, state, and ZIP code. If a foreign address, enter city, province or state, postal code and country. Follow the country's practice for entering the postal code. |                                |
| <p>► Check if: <input type="checkbox"/> Address change    <input type="checkbox"/> Late classification relief sought under Revenue Procedure 2009-41<br/><input type="checkbox"/> Relief for a late change of entity classification election sought under Revenue Procedure 2010-32</p>  |  |                                |
| <b>Part I Election Information</b>   |  |                                |
| <p><b>1 Type of election</b> (see instructions):</p> <p><b>a</b> <input type="checkbox"/> Initial classification by a newly-formed entity. Skip lines 2a and 2b and go to line 3.<br/><b>b</b> <input type="checkbox"/> Change in current classification. Go to line 2a.</p> <p><b>2a</b> Has the eligible entity previously filed an entity election that had an effective date within the last 60 months?</p> <p><input type="checkbox"/> <b>Yes.</b> Go to line 2b.<br/><input type="checkbox"/> <b>No.</b> Skip line 2b and go to line 3.</p> <p><b>2b</b> Was the eligible entity's prior election an initial classification election by a newly formed entity that was effective on the date of formation?</p> <p><input type="checkbox"/> <b>Yes.</b> Go to line 3.<br/><input type="checkbox"/> <b>No.</b> Stop here. You generally are not currently eligible to make the election (see instructions).</p> <p><b>3</b> Does the eligible entity have more than one owner?</p> <p><input type="checkbox"/> <b>Yes.</b> You can elect to be classified as a partnership or an association taxable as a corporation. Skip line 4 and go to line 5.<br/><input type="checkbox"/> <b>No.</b> You can elect to be classified as an association taxable as a corporation or to be disregarded as a separate entity. Go to line 4.</p> <p><b>4</b> If the eligible entity has only one owner, provide the following information:</p> <p><b>a</b> Name of owner ► _____<br/><b>b</b> Identifying number of owner ► _____</p> <p><b>5</b> If the eligible entity is owned by one or more affiliated corporations that file a consolidated return, provide the name and employer identification number of the parent corporation:</p> <p><b>a</b> Name of parent corporation ► _____<br/><b>b</b> Employer identification number ► _____</p> |  |                                |
| <small>For Paperwork Reduction Act Notice, see instructions.      Cat. No. 22598R      Form 8832 (Rev. 12-2013)</small>  |  |                                |



# U.S. Tax Consequences of Income and Losses from Different Structures – Foreign Corporation

---

- Foreign corporation
  1. Not controlled by U.S. persons – Tax advantage of deferral
  2. Controlled by U.S. persons (CFC) – Limited deferral per Subpart F and GILTI
  3. 10% C corporation shareholder may claim U.S. tax exemption when dividends repatriated
  4. U.S. shareholders cannot claim losses
  5. Form 5471 filing requirement in some circumstances

# U.S. Tax Consequences of Income and Losses from Different Structures – Foreign Partnership

---

- Foreign partnership
  1. No deferral
  2. Current year inclusion of U.S. partner's distributive share of income, gain, loss, deduction, and credit from foreign partnership on U.S. partner's U.S. tax return
  3. Foreign income taxes paid by foreign partnership pass through and are creditable to U.S. partner against U.S. tax on foreign source taxable income but subject to limitation
  4. U.S. partner deducts foreign partnership losses only to the extent of basis, at risk, and passive activity loss rules
  5. Form 8865 filing requirement in some circumstances

# U.S. Tax Consequences of Income and Loss from Foreign Disregarded Entity or Foreign Branch

---

- Foreign Disregarded Entity and Foreign Branch
  1. No deferral
  2. Current year inclusion of 100% of FDE's or FB's income and loss on U.S. owner's U.S. tax return
  3. Foreign income taxes paid by the FDE or FB pass through and are creditable to U.S. owner against U.S. tax on FDE's or FB's foreign source taxable income
  4. I.R.C. § 987 FX gain or loss on branch remittances
  5. Form 8858 filing requirement
  6. Possible branch loss recapture if assets are contributed to a foreign corporation
  7. Subpart F CFC regime and GILTI generally not applicable (certain exceptions may apply if CFC owns the FDE or FB, e.g., foreign branch manufacturing)
  8. No 50% I.R.C. § 250 deduction for GILTI
  9. No Subpart F or GILTI high foreign tax exclusion
  10. No I.R.C. § 245A 100% dividends received deduction

## IV. Forms used for reporting interests in foreign businesses



| <b>Form 5471</b><br>(Rev. December 2020)   | <b>Information Return of U.S. Persons With Respect<br/>to Certain Foreign Corporations</b>                                 | OMB No. 1545-0123   |
|--|--|---|
| Department of the Treasury<br>Internal Revenue Service   | <b>► Go to <a href="http://www.irs.gov/Form5471">www.irs.gov/Form5471</a> for instructions and the latest information.</b> | Attachment<br>Sequence No. <b>121</b>   |
| Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning , 20 , and ending , 20                    |  |   |
| Name of person filing this return _____  |  |   |
| Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) _____  |  |   |
| City or town, state, and ZIP code _____  |  |   |
| Filer's tax year beginning , 20 , and ending , 20  |  |   |
| <input type="checkbox"/> D Check box if this is a final Form 5471 for the foreign corporation  |  |   |
| <input type="checkbox"/> E Check if any excepted specified foreign financial assets are reported on this form (see instructions)   |  |   |
| <input type="checkbox"/> F Check the box if this Form 5471 has been completed using "Alternative Information" under Rev. Proc. 2019-40   |  |   |
| <input type="checkbox"/> G If the box on line F is checked, enter the corresponding code for "Alternative Information" (see instructions)  |  |   |
| <input type="checkbox"/> H Person(s) on whose behalf this information return is filed:   |  |   |
| (1) Name   | (2) Address  | (3) Identifying number  |
|  |  | (4) Check applicable box(es)  |
|  |  | Shareholder    Officer    Director  |
|  |  |   |
|  |  |   |
|  |  |   |
|  |  |   |
|  |  |   |
|  |  |   |
| <b>Important:</b> Fill in all applicable lines and schedules. All information <b>must</b> be in English. All amounts <b>must</b> be stated in U.S. dollars unless otherwise indicated. |  |   |
| <input type="checkbox"/> 1a Name and address of foreign corporation  |  | <input type="checkbox"/> b(1) Employer identification number, if any  |
|  |  | <input type="checkbox"/> b(2) Reference ID number (see instructions)  |
|  |  | <input type="checkbox"/> c Country under whose laws incorporated  |
| <input type="checkbox"/> d Date of incorporation   | <input type="checkbox"/> e Principal place of business   | <input type="checkbox"/> f Principal business activity code number  |
|  |  | <input type="checkbox"/> g Principal business activity  |
|  |  | <input type="checkbox"/> h Functional currency code   |
| <b>2 Provide the following information for the foreign corporation's accounting period stated above.</b>   |  |   |
| <input type="checkbox"/> a Name, address, and identifying number of branch office or agent (if any) in the United States   |  | <input type="checkbox"/> b If a U.S. income tax return was filed, enter:<br>(i) Taxable income or (loss)<br>(ii) U.S. income tax paid (after all credits)   |
|  |  |   |
| <input type="checkbox"/> c Name and address of foreign corporation's statutory or resident agent in country of incorporation   |  | <input type="checkbox"/> d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different |
| <b>Schedule A Stock of the Foreign Corporation</b>   |  |   |
| <input type="checkbox"/> (a) Description of each class of stock  | <input type="checkbox"/> (b) Number of shares issued and outstanding   |   |
|  | <input type="checkbox"/> (i) Beginning of annual accounting period   | <input type="checkbox"/> (ii) End of annual accounting period   |
|  |  |   |
|  |  |   |
|  |  |   |
|  |  |   |
| <b>For Paperwork Reduction Act Notice, see instructions.</b>   |  |   |

# Form 5471 Information Return of U.S. Persons with Respect to Certain Foreign Corporations

---

- Filer categories 1, 2, 3, 4, 5
- Schedules A, A-1, B, C, E, E-1, F, G, H, I, I-1, J, M, O, P, Q, R
- Penalties
  - \$10,000 USD for failure to file or file complete and accurate Form 5471
  - Additional \$10,000 USD up to \$50,000 USD maximum if failure to file continues for more than 90 days after the IRS sends a notice
  - Statute of limitation stays open on entire U.S. federal tax return
  - Other penalties including foreign asset reporting penalties and criminal penalties

# Form 5471 Information Return of U.S. Persons with Respect to Certain Foreign Corporations

## Filing Requirements for Categories of Filers

Table of Required Information

| Required Information*   | Category of Filer |                |                |   |   |   |    |                |                |
|---|-------------------|----------------|----------------|---|---|---|----|----------------|----------------|
|   | 1a                | 1b             | 1c             | 2 | 3 | 4 | 5a | 5b             | 5c             |
| The identifying information on page 1 of Form 5471 above Schedule A; see <i>Specific Instructions</i> | ✓                 | ✓              | ✓              | ✓ | ✓ | ✓ | ✓  | ✓              | ✓              |
| Schedule A  |                   |                |                |   | ✓ | ✓ |    |                |                |
| Schedule B, Part I  |                   |                |                |   | ✓ | ✓ |    |                |                |
| Schedule B, Part II   | ✓                 |                | ✓              |   | ✓ | ✓ | ✓  |                | ✓              |
| Schedules C and F   |                   |                |                |   | ✓ | ✓ |    |                |                |
| Separate Schedule E   | ✓                 | ✓ <sub>1</sub> | ✓ <sub>2</sub> |   |   | ✓ | ✓  | ✓ <sub>1</sub> | ✓ <sub>2</sub> |
| Schedule E-1 (included with separate Schedule E)  | ✓                 | ✓ <sub>1</sub> |                |   |   | ✓ | ✓  | ✓ <sub>1</sub> |                |
| Schedule G  |                   |                | ✓              |   | ✓ | ✓ | ✓  |                | ✓              |
| Separate Schedule H   |                   |                |                |   |   | ✓ | ✓  |                |                |
| Schedule I  |                   |                |                |   |   | ✓ | ✓  | ✓              |                |
| Separate Schedule I-1   |                   |                |                |   |   | ✓ | ✓  | ✓              | ✓              |
| Separate Schedule J   | ✓                 |                |                |   |   | ✓ | ✓  |                |                |
| Separate Schedule M   |                   |                |                |   |   | ✓ |    |                |                |
| Separate Schedule O, Part I   |                   |                |                | ✓ |   |   |    |                |                |
| Separate Schedule O, Part II  |                   |                |                |   | ✓ |   |    |                |                |
| Separate Schedule P   | ✓                 | ✓              |                |   |   | ✓ | ✓  | ✓              |                |
| Separate Schedule Q   | ✓                 | ✓ <sub>1</sub> |                |   |   | ✓ | ✓  | ✓ <sub>1</sub> |                |
| Separate Schedule R   |                   |                |                |   |   | ✓ | ✓  |                |                |

# Form 926 Return by a U.S. Transferor of Property to a Foreign Corporation

|   |  |   |
|---|--|---|
| <b>Form 926</b><br>(Rev. November 2018)<br>Department of the Treasury<br>Internal Revenue Service   | <b>Return by a U.S. Transferor of Property to a Foreign Corporation</b><br>▶ Go to <a href="http://www.irs.gov/Form926">www.irs.gov/Form926</a> for instructions and the latest information.<br>▶ Attach to your income tax return for the year of the transfer or distribution. | OMB No. 1545-0026<br><br>Attachment Sequence No. <b>128</b> |
| <b>Part I U.S. Transferor Information</b> (see instructions)  |  |   |
| Name of transferor  |  | Identifying number (see instructions)                       |
| 1 Is the transferee a specified 10%-owned foreign corporation that is not a controlled foreign corporation? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span><br>2 If the transferor was a corporation, complete questions 2a through 2d.<br>a If the transfer was a section 361(a) or (b) transfer, was the transferor controlled (under section 368(c)) by five or fewer domestic corporations? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span><br>b Did the transferor remain in existence after the transfer? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span><br>If not, list the controlling shareholder(s) and their identifying number(s). |  |   |
| Controlling shareholder   | Identifying number   |   |
|   |  |   |
|   |  |   |
|   |  |   |
|   |  |   |
|   |  |   |
|   |  |   |
| c If the transferor was a member of an affiliated group filing a consolidated return, was it the parent corporation? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span><br>If not, list the name and employer identification number (EIN) of the parent corporation.   |  |   |
| Name of parent corporation  | EIN of parent corporation  |   |
|   |  |   |
| d Have basis adjustments under section 367(a)(4) been made? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>   |  |   |
| 3 If the transferor was a partner in a partnership that was the actual transferor (but is not treated as such under section 367), complete questions 3a through 3d.<br>a List the name and EIN of the transferor's partnership.   |  |   |
| Name of partnership   | EIN of partnership   |   |
|   |  |   |
| b Did the partner pick up its pro rata share of gain on the transfer of partnership assets? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span><br>c Is the partner disposing of its <b>entire</b> interest in the partnership? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span><br>d Is the partner disposing of an interest in a limited partnership that is regularly traded on an established securities market? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>   |  |   |
| <b>Part II Transferee Foreign Corporation Information</b> (see instructions)  |  |   |
| 4 Name of transferee (foreign corporation)  | 5a Identifying number, if any  |   |
| 6 Address (including country)   | 5b Reference ID number (see instructions)  |   |
| 7 Country code of country of incorporation or organization (see instructions)   |  |   |
| 8 Foreign law characterization (see instructions)   |  |   |
| 9 Is the transferee foreign corporation a controlled foreign corporation? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>   |  |   |

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 16982D

Form 926 (Rev. 11-2018)



# Form 926 Return by a U.S. Transferor of Property to a Foreign Corporation

---

- U.S. taxpayer filers that transfer cash or property to a foreign corporation
- Partners in a partnership file the Form 926 not the partnership but Form 1065 partnership tax return Schedule K-1 footnotes included (2021 Schedules K-2 and K-3)
- Filing threshold for cash transfers
  - Greater than \$100K USD transferred in a 12 month period ending on the date of the transfer
  - U.S. transferor owns 10% or more of the foreign corporation after the transfer
- Form 926 reporting targets transfers in nontaxable nonrecognition transactions (I.R.C. sections §§ 332, 351, 354, 355, 356, or 361)
  - Incorporation transactions – I.R.C. § 351
  - Liquidation of controlled subsidiary into parent corporation – I.R.C. § 332
  - Nontaxable corporate reorganizations – I.R.C. § 368 (§§ 354, 356, 361)
  - Spin off, split off, split up transactions – I.R.C. § 355

# Form 926 Return by a U.S. Transferor of Property to a Foreign Corporation

---

- Penalties

- 10% of the FMV of the property transferred limited to \$100K USD unless intentional disregard
- Otherwise nontaxable transfer could be treated as a taxable exchange

- Other issues

- I.R.C. § 367(d) taxable transfers of intangible assets
- Gain recognition agreements (GRAs) for transfers of stock or securities

# Form 8865 Return of U.S. Persons with Respect to Certain Foreign Partnerships

| <b>Form 8865</b><br>Department of the Treasury<br>Internal Revenue Service   | <b>Return of U.S. Persons With Respect to Certain Foreign Partnerships</b><br>▶ Attach to your tax return.<br>▶ Go to <a href="http://www.irs.gov/Form8865">www.irs.gov/Form8865</a> for instructions and the latest information.<br>Information furnished for the foreign partnership's tax year beginning , 2020, and ending , 20 | OMB No. 1545-1668<br><b>2020</b><br>Attachment Sequence No. 865 |  |                               |  |  |  |  |  |  |  |  |  |  |
|--|---|---|--|-------------------------------|--|--|--|--|--|--|--|--|--|--|
| Name of person filing this return _____ <b>Filer's identification number</b> _____   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| Filer's address (if you aren't filing this form with your tax return) _____  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>A</b> Category of filer (see <i>Categories of Filers</i> in the instructions and check applicable box(es)):<br>1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/>  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>B</b> Filer's tax year beginning , 20 , and ending , 20   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>C</b> Filer's share of liabilities: Nonrecourse \$ _____ Qualified nonrecourse financing \$ _____ Other \$ _____  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>D</b> If filer is a member of a consolidated group but not the parent, enter the following information about the parent:<br>Name _____ EIN _____<br>Address _____   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>E</b> Check if any excepted specified foreign financial assets are reported on this form. See instructions <input type="checkbox"/>   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>F</b> Information about certain other partners (see instructions)   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">(1) Name</th> <th style="width: 30%;">(2) Address</th> <th style="width: 20%;">(3) Identification number</th> <th style="width: 20%;">(4) Check applicable box(es)</th> </tr> <tr> <th></th> <th></th> <th></th> <th>Category 1 Category 2 Constructive owner</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> |   | (1) Name  | (2) Address  | (3) Identification number     | (4) Check applicable box(es)               |  |  |  | Category 1 Category 2 Constructive owner |  |  |  |  | <b>G1</b> Name and address of foreign partnership _____<br><b>2(a)</b> EIN (if any) _____<br><b>2(b)</b> Reference ID number (see instructions) _____<br><b>3</b> Country under whose laws organized _____ |
| (1) Name   | (2) Address   | (3) Identification number                                       | (4) Check applicable box(es)   |                               |  |  |  |  |  |  |  |  |  |  |
|  |   |   | Category 1 Category 2 Constructive owner   |                               |  |  |  |  |  |  |  |  |  |  |
|  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>4</b> Date of organization  | <b>5</b> Principal place of business  | <b>6</b> Principal business activity code number                | <b>7</b> Principal business activity   | <b>8a</b> Functional currency | <b>8b</b> Exchange rate (see instructions) |  |  |  |  |  |  |  |  |  |
| <b>H</b> Provide the following information for the foreign partnership's tax year:   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>1</b> Name, address, and identification number of agent (if any) in the United States _____   |   |   | <b>2</b> Check if the foreign partnership must file:<br><input type="checkbox"/> Form 1042 <input type="checkbox"/> Form 8804 <input type="checkbox"/> Form 1065<br>Service Center where Form 1065 is filed: _____ |                               |  |  |  |  |  |  |  |  |  |  |
| <b>3</b> Name and address of foreign partnership's agent in country of organization, if any _____  |   |   | <b>4</b> Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different _____  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>5</b> During the tax year, did the foreign partnership pay or accrue any interest or royalty for which one or more partners aren't allowed a deduction under section 267A? See instructions . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," enter the total amount of the disallowed deductions \$ _____  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>6</b> Is the partnership a section 721(c) partnership, as defined in Regulations section 1.721(c)-1(b)(14)? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>7</b> Were any special allocations made by the foreign partnership? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>8</b> Enter the number of Forms 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), attached to this return. See instructions _____  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>9</b> How is this partnership classified under the law of the country in which it's organized? ▶ _____  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>10a</b> Does the filer have an interest in the foreign partnership, or an interest indirectly through the foreign partnership, that's a separate unit under Reg. 1.1503(d)-1(b)(4) or part of a combined separate unit under Reg. 1.1503(d)-1(b)(4)(ii)? If "No," skip question 10b <input type="checkbox"/> Yes <input type="checkbox"/> No  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>b</b> If "Yes," does the separate unit or combined separate unit have a dual consolidated loss, as defined in Reg. 1.1503(d)-1(b)(5)(ii)? <input type="checkbox"/> Yes <input type="checkbox"/> No  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>11</b> Does this partnership meet <b>both</b> of the following requirements?  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| 1. The partnership's total receipts for the tax year were less than \$250,000.   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| 2. The value of the partnership's total assets at the end of the tax year was less than \$1 million.   |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| If "Yes," <b>don't</b> complete Schedules L, M-1, and M-2. <input type="checkbox"/> Yes <input type="checkbox"/> No  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |
| <b>For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.</b>  |   |   |  |                               |  |  |  |  |  |  |  |  |  |  |

# Form 8865 Return of U.S. Persons with Respect to Certain Foreign Partnerships

---

- Filer categories 1, 2, 3, 4
- Required Schedules A, A-1, A-2, A-3, B, G, H, K, L, M, M-1, M-2, N, D, K-1, 2021 K-2, 2021 K-3, O, P
- Penalties
  - \$10,000 USD for failure to file or file complete and accurate Form 8865
  - Additional \$10,000 USD up to \$50,000 USD maximum if failure to file continues for more than 90 days after the IRS sends a notice
  - Statute of limitation stays open on entire U.S. federal tax return
  - Other penalties including foreign asset reporting penalties and criminal penalties

# Form 8865 Return of U.S. Persons with Respect to Certain Foreign Partnerships

## Filing Requirements for Categories of Filers

| Filing Requirements   | Category of Filers |   |   |   |
|---|--------------------|---|---|---|
|   | 1                  | 2 | 3 | 4 |
| Identifying information—page 1 of Form 8865   | ✓                  | ✓ | ✓ | ✓ |
| Schedule A—Constructive Ownership of Partnership Interest   | ✓                  | ✓ | ✓ | ✓ |
| Schedule A-1—Certain Partners of Foreign Partnership  | ✓                  |   | ✓ |   |
| Schedule A-3—Affiliation Schedule   | ✓                  | ✓ | ✓ | ✓ |
| Schedule B—Income Statement—Trade or Business Income  | ✓                  |   |   |   |
| Schedule G—Statement of Application of the Gain Deferral Method Under Section 721                             | ✓                  |   | ✓ | ✓ |
| Schedule H—Acceleration Events and Exceptions Reporting Relating to Gain Deferral Method Under Section 721(c) | ✓                  |   | ✓ | ✓ |
| Schedule K—Partners' Distributive Share Items   | ✓                  |   |   |   |
| Schedule L—Balance Sheets per Books   | ✓                  |   |   |   |
| Schedule M—Balance Sheets for Interest Allocation   | ✓                  |   |   |   |
| Schedule M-1—Reconciliation of Income (Loss) per Books With Income (Loss) per Return                          | ✓                  |   |   |   |
| Schedule M-2—Analysis of Partners' Capital Accounts   | ✓                  |   |   |   |
| Schedule N—Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities         | ✓                  | ✓ |   |   |
| Schedule D—Schedule D (Form 1065), Capital Gains and Losses   | ✓                  |   |   |   |
| Schedule K-1—Partner's Share of Income, Deductions, Credits, etc. (direct partners only)                      | ✓                  | ✓ |   |   |
| Schedule O—Transfer of Property to a Foreign Partnership  |                    |   | ✓ |   |
| Schedule P—Acquisitions, Dispositions, and Changes of Interests in a Foreign Partnership                      |                    |   |   | ✓ |

# Form 8858 Information Return of U.S. Persons with Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FB)

|   |   |  |
|---|---|--|
| <b>Form 8858</b><br>(Rev. September 2020)<br>Department of the Treasury<br>Internal Revenue Service   | <b>Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs)</b><br>▶ Go to <a href="http://www.irs.gov/Form8858">www.irs.gov/Form8858</a> for instructions and the latest information.<br>Information furnished for the FDE's or FB's annual accounting period (see instructions) beginning . 20 . and ending . 20 . | OMB No. 1545-1910<br><br>Attachment Sequence No. <b>140</b>  |
| Name of person filing this return _____   |   | Filer's identifying number _____   |
| Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) _____   |   |  |
| City or town, state, and ZIP code _____   |   |  |
| Filer's tax year beginning . 20 . and ending . 20 .   |   |  |
| <b>Important:</b> Fill in all applicable lines and schedules. All information <b>must</b> be in English. All amounts <b>must</b> be stated in U.S. dollars unless otherwise indicated.  |   |  |
| Check here <input type="checkbox"/> FDE of a U.S. person <input type="checkbox"/> FDE of a controlled foreign corporation (CFC) <input type="checkbox"/> FDE of a controlled foreign partnership<br><input type="checkbox"/> FB of a U.S. person <input type="checkbox"/> FB of a CFC <input type="checkbox"/> FB of a controlled foreign partnership   |   |  |
| Check here <input type="checkbox"/> Initial 8858 <input type="checkbox"/> Final 8858  |   |  |
| <b>1a</b> Name and address of FDE or FB _____   |   | <b>b(1)</b> U.S. identifying number, if any _____<br><b>b(2)</b> Reference ID number (see instructions) _____  |
| <b>c</b> For FDE, country(ies) under whose laws organized and entity type under local tax law _____   |   | <b>d</b> Date(s) of organization _____<br><b>e</b> Effective date as FDE _____   |
| <b>f</b> If benefits under a U.S. tax treaty were claimed with respect to income of the FDE or FB, enter the treaty and article number _____  |   | <b>g</b> Country in which principal business activity is conducted _____<br><b>h</b> Principal business activity _____<br><b>i</b> Functional currency _____   |
| <b>2</b> Provide the following information for the FDE's or FB's accounting period stated above.  |   |  |
| <b>a</b> Name, address, and identifying number of branch office or agent (if any) in the United States _____  |   | <b>b</b> Name and address (including corporate department, if applicable) of person(s) with custody of the books and records of the FDE or FB, and the location of such books and records, if different _____  |
| <b>3</b> For the <b>tax owner</b> of the FDE or FB (if different from the filer), provide the following (see instructions):   |   |  |
| <b>a</b> Name and address _____   |   | <b>b</b> Annual accounting period covered by the return (see instructions) _____<br><b>c(1)</b> U.S. identifying number, if any _____<br><b>c(2)</b> Reference ID number (see instructions) _____<br><b>d</b> Country under whose laws organized _____<br><b>e</b> Functional currency _____ |
| <b>4</b> For the <b>direct owner</b> of the FDE or FB (if different from the tax owner), provide the following (see instructions):  |   |  |
| <b>a</b> Name and address _____   |   | <b>b</b> Country under whose laws organized _____<br><b>c</b> U.S. identifying number, if any _____<br><b>d</b> Functional currency _____  |
| <b>5</b> Attach an organizational chart that identifies the name, placement, percentage of ownership, tax classification, and country of organization of all entities in the chain of ownership between the tax owner and the FDE or FB, and the chain of ownership between the FDE or FB and each entity in which the FDE or FB has a 10% or more direct or indirect interest. See instructions. |   |  |
| <b>For Paperwork Reduction Act Notice, see the separate instructions.</b>   |   |  |

Cat. No. 21457L

Form **8858** (Rev. 9-2020)

# Form 8858 Information Return of U.S. Persons with Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FB)

---

- Who must file the Form 8858?
  - U.S. person that is a tax owner of a foreign disregarded entity (FDE) or a foreign branch (FB) at any time during the U.S. person's tax year
  - U.S. person is a direct tax owner (or indirect through tiers of FDEs or partnerships) of an FDE or a FB
  - U.S. person owns a controlled foreign corporation (CFC) or a controlled foreign partnership that is a tax owner of an FDE or a FB
    - ❑ Form 5471 Category 4 and 5 filers
    - ❑ Form 8865 Category 1 and 2 filers
  - U.S. partnership that is a direct tax owner (or indirect through tiers of FDEs or other partnerships) of a FDE or FB
  - U.S. corporation that is a partner in a partnership that is the tax owner of an FDE or a FB
- U.S. person = U.S. citizen or resident individual, corporation, partnership, trust, or estate
- Tax owner = the person that is treated as owning the assets and liabilities of the FDE or FB for U.S. tax purposes

# Form 8858 Reporting Requirement – Foreign Branch

---

- What is a foreign branch?

- Foreign branch definition in U.S. Temp. Treas. Reg. sec. 1.367(a)-6T(g)

## ***Definition of foreign branch -***

**(1) In general.** For purposes of this section, the term *foreign branch* means an integral business operation carried on by a U.S. person outside the United States. Whether the activities of a U.S. person outside the United States constitute a foreign branch operation must be determined under all the facts and circumstances. Evidence of the existence of a foreign branch includes, but is not limited to, the existence of a separate set of books and records, and the existence of an office or other fixed place of business used by employees or officers of the U.S. person in carrying out business activities outside the United States. Activities outside the United States shall be deemed to constitute a foreign branch for purposes of this section if the activities constitute a permanent establishment under the terms of a treaty between the United States and the country in which the activities are carried out. Any U.S. person may be treated as having a foreign branch for purposes of this section, whether that person is a corporation, partnership, trust, estate, or individual.



# Form 8858 Reporting Requirement – Foreign Branch

---

- What is a foreign branch?
  - Qualified business unit (QBU) definition in U.S. Treas. Reg. sec. 1.989(a)-1(b)(2)(ii)

## **(b) Definition of a qualified business unit -**

**(1) In general.** A QBU is any separate and clearly identified unit of a trade or business of a taxpayer provided that separate books and records are maintained.

## **(2) Application of the QBU definition -**

### **(i) Persons -**

**(A) Corporations.** A corporation is a QBU.

**(B) Individuals.** An individual is not a QBU.

**(C) Partnerships.** A partnership, other than a section 987 aggregate partnership as defined in sec. 1.987-1(b)(5), is a QBU.

**(D) Trusts and estates.** A trust or estate is a QBU of a beneficiary.

**(ii) Activities.** Activities of a corporation, partnership, trust, estate, or individual qualify as a QBU, if -

**(A)** The activities constitute a trade or business; and

**(B)** A separate set of books and records is maintained with respect to the activities.

# Form 8858 Reporting Requirement – Foreign Branch

---

- What is a foreign branch?
  - QBU definition refers to a trade or business
  - Trade or business definition in U.S. Treas. Reg. sec. 1.989(a)-1(c)
    - ☐ Facts and circumstances analysis to determine what is a trade or business
    - ☐ Specific unified group of activities that does or could constitute an independent economic enterprise carried on for profit where the related expenses are deductible under IRC sections 162 or 212
    - ☐ To be a trade or business, a group of activities must include every operation which forms a part of, or a step in, a process by which an enterprise may earn income or profit
    - ☐ Such group of activities ordinarily must include collection of income and payment of expenses

# Form 8621 Information Return by a U.S. Shareholder of Passive Foreign Investment Company (PFIC) or Qualified Electing Fund (QEF)

|   |  |  |
|---|--|--|
| <b>Form 8621</b><br>(Rev. December 2018)<br>Department of the Treasury<br>Internal Revenue Service<br>Name of shareholder   | <b>Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund</b><br>▶ Go to <a href="http://www.irs.gov/Form8621">www.irs.gov/Form8621</a> for instructions and the latest information. | OMB No. 1545-1002<br><br>Attachment<br>Sequence No. <b>69</b>  |
| Number, street, and room or suite no. If a P.O. box, see instructions.  |  | Identifying number (see instructions)  |
| City or town, state, and ZIP code or country  |  | Shareholder tax year: calendar year 20__ or other tax year beginning __, 20__ and ending __, 20__                          |
| Check type of shareholder filing the return: <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation <input type="checkbox"/> Nongrantor Trust <input type="checkbox"/> Estate                                       |  |  |
| Check if any Excepted Specified Foreign Financial Assets are reported on this form. See instructions <input type="checkbox"/>   |  |  |
| Qualifying Insurance Corporation Election—1, a shareholder of stock of a foreign corporation, elect to treat such stock as the stock of a Qualifying Insurance Corporation under the alternative facts and circumstances test within the meaning of section 1297(f)(2). See instructions <input type="checkbox"/> |  |  |
| Name of foreign corporation, passive foreign investment company (PFIC), or qualified electing fund (QEF)  |  | Employer identification number (if any)  |
| Address (Enter number, street, city or town, and country.)  |  | Reference ID number (see instructions)   |
|   |  | Tax year of foreign corporation, PFIC, or QEF: calendar year 20__ or other tax year beginning __, 20__ and ending __, 20__ |

**Part I Summary of Annual Information** (see instructions)

Provide the following information with respect to all shares of the PFIC held by the shareholder:

- 1 Description of each class of shares held by the shareholder:  
☐ Check if shares jointly owned with spouse.
- 2 Date shares acquired during the tax year, if applicable: \_\_\_\_\_
- 3 Number of shares held at the end of the tax year: \_\_\_\_\_
- 4 Value of shares held at the end of the tax year (check the appropriate box, if applicable):  
(a) ☐ \$0–50,000 (b) ☐ \$50,001–100,000 (c) ☐ \$100,001–150,000 (d) ☐ \$150,001–200,000  
(e) If more than \$200,000, list value: \_\_\_\_\_
- 5 Type of PFIC and amount of any excess distribution or gain treated as an excess distribution under section 1291, inclusion under section 1293, and inclusion or deduction under section 1296 (check all boxes that apply):  
(a) ☐ Section 1291 \$ \_\_\_\_\_  
(b) ☐ Section 1293 (Qualified Electing Fund) \$ \_\_\_\_\_  
(c) ☐ Section 1296 (Mark to Market) \$ \_\_\_\_\_

**Part II Elections** (see instructions)

**A** ☐ **Election To Treat the PFIC as a QEF.** I, a shareholder of a PFIC, elect to treat the PFIC as a QEF. Complete lines 6a through 7c of Part III.

**B** ☐ **Election To Extend Time For Payment of Tax.** I, a shareholder of a QEF, elect to extend the time for payment of tax on the undistributed earnings and profits of the QEF until this election is terminated. Complete lines 8a through 9c of Part III to calculate the tax that may be deferred.

**Note:** If any portion of line 6a or line 7a of Part III is includible under section 951, you may **not** make this election. Also, see sections 1294(c) and 1294(f) and the related regulations for events that terminate this election.

**C** ☐ **Election To Mark-to-Market PFIC Stock.** I, a shareholder of a PFIC, elect to mark-to-market the PFIC stock that is marketable within the meaning of section 1296(e). Complete Part IV.

**D** ☐ **Deemed Sale Election.** I, a shareholder on the first day of a PFIC's first tax year as a QEF, elect to recognize gain on the deemed sale of my interest in the PFIC. Enter gain or loss on line 15f of Part V.

**E** ☐ **Deemed Dividend Election.** I, a shareholder on the first day of a PFIC's first tax year as a QEF that is a controlled foreign corporation (CFC), elect to treat an amount equal to my share of the post-1986 earnings and profits of the CFC as an excess distribution. Enter this amount on line 15e of Part V. If the excess distribution is greater than zero, also complete line 16 of Part V.

**F** ☐ **Election To Recognize Gain on Deemed Sale of PFIC.** I, a shareholder of a former PFIC or a PFIC to which section 1297(d) applies, elect to treat as an excess distribution the gain recognized on the deemed sale of my interest in the PFIC on the last day of its last tax year as a PFIC under section 1297(a). Enter gain on line 15f of Part V.

**G** ☐ **Deemed Dividend Election With Respect to a Section 1297(e) PFIC.** I, a shareholder of a section 1297(e) PFIC, within the meaning of Regulations section 1.1297-3(a), elect to make a deemed dividend election with respect to the Section 1297(e) PFIC. My holding period in the stock of the Section 1297(e) PFIC includes the CFC qualification date, as defined in Regulations section 1.1297-3(d). Enter the excess distribution on line 15e, Part V. If the excess distribution is greater than zero, also complete line 16, Part V.

**H** ☐ **Deemed Dividend Election With Respect to a Former PFIC.** I, a shareholder of a former PFIC, within the meaning of Regulations section 1.1298-3(a), elect to make a deemed dividend election with respect to the former PFIC. My holding period in the stock of the former PFIC includes the termination date, as defined in Regulations section 1.1298-3(d). Enter the excess distribution on line 15e, Part V. If the excess distribution is greater than zero, also complete line 16, Part V.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 64174H Form **8621** (Rev. 12-2018)

# Form 8621 Information Return by a U.S. Shareholder of Passive Foreign Investment Company (PFIC) or Qualified Electing Fund (QEF)

---

- PFIC test
  - Foreign corporation
  - 75% or more of gross income from passive types of income, OR
  - At least 50% of asset value is comprised of passive assets that produce passive income
- Elections
  - QEF
  - Deemed sale
  - Mark to market
  - Deemed dividend
  - Other elections
- Form 8621 reporting by U.S. shareholders
  - Direct U.S. shareholders
  - Indirect U.S. shareholders through U.S. and foreign pass-through entities and trusts

## V. Required disclosures of trust interests: Forms 3520, 3520-A

---

# Form 3520 Annual Return to Report Transactions with Foreign Trusts and Receipt of Foreign Gifts

**Form 3520** Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts OMB No. 1545-0159  
2020

Department of the Treasury Internal Revenue Service

Go to [www.irs.gov/Form3520](http://www.irs.gov/Form3520) for instructions and the latest information.

**Note:** All information must be in English. Show all amounts in U.S. dollars. File a **separate** Form 3520 for each foreign trust.

For calendar year 2020, or tax year beginning , 2020, ending , 20

**A** Check appropriate boxes: ☐ Initial return ☐ Final return ☐ Amended return

**B** Check box that applies to person filing return: ☐ Individual ☐ Partnership ☐ Corporation ☐ Trust ☐ Executor

**C** Check if any excepted specified foreign financial assets are reported on this form. See instructions . . . . .

**Check all applicable boxes.** See applicable instructions.

☐ You are (a) a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust; (b) a U.S. person who (1) during the current tax year, transferred property (including cash) to a related foreign trust (or a person related to the trust) in exchange for an obligation, or (2) holds a qualified obligation from the trust that is currently outstanding; or (c) the executor of the estate of a U.S. decedent and (1) the decedent made a transfer to a foreign trust by reason of death, (2) the decedent was treated as the owner of any portion of a foreign trust immediately prior to death, or (3) the decedent's estate included any portion of the assets of a foreign trust. **Complete all applicable identifying information requested below and Part I of the form.**

☐ You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. **Complete all applicable identifying information requested below and Part II of the form.**

☐ You are (a) a U.S. person (including a U.S. owner) or an executor of the estate of a U.S. person who, during the current tax year, received, directly or indirectly, a distribution from a foreign trust; (b) a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year, you or a U.S. person related to you received (1) a loan of cash or marketable securities, directly or indirectly, from such foreign trust, or (2) the uncompensated use of trust property; or (c) a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year such foreign trust holds an outstanding qualified obligation of yours or a U.S. person related to you. **Complete all applicable identifying information requested below and Part III of the form.**

☐ You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. **Complete all applicable identifying information requested below and Part IV of the form.**

|   |                            |                                     |   |                          |  |
|---|----------------------------|-------------------------------------|---|--------------------------|--|
| <b>1a</b> Name of U.S. person(s) with respect to whom this Form 3520 is being filed (see instructions)  |                            |                                     | <b>b</b> Taxpayer identification number (TIN)         |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |                            |                                     | <b>d</b> Spouse's TIN                                 |                          |  |
| <b>e</b> City or town   | <b>f</b> State or province | <b>g</b> ZIP or foreign postal code | <b>h</b> Country                                      |                          |  |
| <b>i</b> Check the box if you are married and filing a joint 2020 income tax return, and you are filing a joint Form 3520 with your spouse . . . . . <input type="checkbox"/>   |                            |                                     |   |                          |  |
| <b>j</b> If an automatic 2-month extension applies for the U.S. person's tax return, check this box and attach statement. See instructions . . . . . <input type="checkbox"/>   |                            |                                     |   |                          |  |
| <b>k</b> If an extension was requested for the tax return, check this box <input type="checkbox"/> and enter the form number of the tax return to be filed: ▶   |                            |                                     |   |                          |  |
| <b>2a</b> Name of foreign trust (if applicable)   |                            |                                     | <b>b</b> Employer identification number (EIN), if any |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |                            |                                     | <b>d</b> Date foreign trust was created               |                          |  |
| <b>e</b> City or town   | <b>f</b> State or province | <b>g</b> ZIP or foreign postal code | <b>h</b> Country                                      |                          |  |
| <b>3</b> Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," complete lines 3a through 3g. If "No," and you are required to complete Part I, complete lines 15 through 18.  |                            |                                     |   |                          |  |
| <b>3a</b> Name of U.S. agent  |                            |                                     | <b>b</b> TIN, if any                                  |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |                            |                                     |   |                          |  |
| <b>d</b> City or town   | <b>e</b> State or province | <b>f</b> ZIP or postal code         | <b>g</b> Country                                      |                          |  |
| <b>4a</b> Name of U.S. decedent (see instructions)  |                            | <b>b</b> Address                    |   | <b>c</b> TIN of decedent |  |
| <b>d</b> Date of death  |                            |                                     |   | <b>e</b> EIN of estate   |  |
| <b>f</b> Check applicable box.<br><input type="checkbox"/> U.S. decedent made transfer to a foreign trust by reason of death.<br><input type="checkbox"/> U.S. decedent treated as owner of foreign trust immediately prior to death.<br><input type="checkbox"/> Assets of foreign trust were included in estate of U.S. decedent. |                            |                                     |   |                          |  |

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 19594V Form 3520 (2020)

- Filer's tax year and classification
  - Type of filer
- Part I:
- U.S. transferor of assets to foreign trust
  - U.S. holder of a foreign trust's obligation
  - Executor of U.S. estate's transfer to a foreign trust, ownership of foreign trust assets before death, or inclusion of foreign trust's assets in estate
- Part II:
- U.S. owner of foreign trust assets
- Part III:
- U.S. person received distribution, loan of cash or securities, or uncompensated use of foreign trust property
  - Foreign trust holds qualified loan obligation of U.S. person
- Part IV:
- U.S. person received a foreign gift or inheritance
- Filer's identifying information
  - Identifying information of foreign trust
  - Foreign trust's U.S. agent's identifying information
  - Information regarding decedent's status with respect to foreign trust

# Form 3520 Annual Return to Report Transactions with Foreign Trusts and Receipt of Foreign Gifts

---

- Penalties for the failure to file on time or file a complete and accurate Form 3520
- Greater of \$10,000 USD or:
  - 35% of the gross value of any property transferred to a foreign trust for failure by U.S. transferor to report the creation of or transfer to a foreign trust in Part I
  - 35% of the gross value of the distributions received from a foreign trust for failure by a U.S. person to report receipt of the distribution in Part III
  - 5% of the gross value of the foreign grantor trust's assets treated as owned by U.S. grantor, if foreign trust fails to file Form 3520-A and furnish U.S. grantor and beneficiaries with required statements
- If foreign grantor trust fails to file Form 3520-A, the U.S. grantor must file substitute Form 3520-A attached to Form 3520
- Additional continuation penalty if failure to file continues for more than 90 days after IRS sends a notice



# Form 3520-A Annual Information Return of a Foreign Trust with a U.S. Owner

| <b>Form 3520-A</b><br>Department of the Treasury<br>Internal Revenue Service  | <b>Annual Information Return of Foreign Trust With a U.S. Owner</b><br>(Under section 6048(b))<br>▶ Go to <a href="http://www.irs.gov/Form3520A">www.irs.gov/Form3520A</a> for instructions and the latest information. | OMB No. 1545-0159<br><div style="font-size: 2em; font-weight: bold;">2020</div>  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
|---|---|--|---------------|----|---------------------|---------------|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|--|
| <b>Note:</b> All information must be in English. Show all amounts in U.S. dollars.<br>For calendar year 2020, or tax year beginning . . . , 2020, ending . . . , 20 . . .<br>Check appropriate boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Extension filed <input type="checkbox"/> Substitute Form 3520-A<br>Check if any excepted specified foreign financial assets are reported on this form. See instructions . . . . . <input type="checkbox"/> |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>Part I General Information (see instructions)</b>  |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>1a</b> Name of foreign trust   |   | <b>b</b> Employer identification number (EIN)  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |   | <b>d</b> Date foreign trust was created  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>e</b> City or town   | <b>f</b> State or province  | <b>g</b> ZIP or foreign postal code  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
|   |   | <b>h</b> Country   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>2</b> Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all the relevant trust information? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "Yes," skip lines 2a through 2e and go to line 3.<br>If "No," you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A filed within the previous 3 years, attach only relevant updates.<br>Are you attaching a copy of any of the following?             |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
|   |   | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Yes</th> <th style="width: 33%;">No</th> <th style="width: 33%;">Attached Previously</th> <th style="width: 33%;">Year Attached</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> </tbody> </table> | Yes           | No | Attached Previously | Year Attached | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |  |
| Yes   | No  | Attached Previously  | Year Attached |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <input type="checkbox"/>  | <input type="checkbox"/>  | <input type="checkbox"/>   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <input type="checkbox"/>  | <input type="checkbox"/>  | <input type="checkbox"/>   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <input type="checkbox"/>  | <input type="checkbox"/>  | <input type="checkbox"/>   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <input type="checkbox"/>  | <input type="checkbox"/>  | <input type="checkbox"/>   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <input type="checkbox"/>  | <input type="checkbox"/>  | <input type="checkbox"/>   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>3a</b> Name of U.S. agent  |   | <b>b</b> Taxpayer identification number (TIN)  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>d</b> City or town   | <b>e</b> State or province  | <b>f</b> ZIP or postal code  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
|   |   | <b>g</b> Country   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>4a</b> Name of trustee   |   | <b>b</b> TIN, if any   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>c</b> Number, street, and room or suite no. If a P.O. box, see instructions.   |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>d</b> City or town   | <b>e</b> State or province  | <b>f</b> ZIP or postal code  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
|   |   | <b>g</b> Country   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>5</b> Enter the number of <b>Foreign Grantor Trust Owner Statements</b> (pages 3 and 4) included with this Form 3520-A . . . ▶   |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>6</b> Enter the number of <b>Foreign Grantor Trust Beneficiary Statements</b> (page 5) included with this Form 3520-A . . . ▶  |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| <b>Sign Here</b><br>Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.  |   |  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| Trustee's (or U.S. owner's) signature   |   | Title  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| Date  |   | Date   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| Print/Type preparer's name  |   | Preparer's signature   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| Date  |   | Check <input type="checkbox"/> if self-employed  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| Firm's name ▶   |   | PTIN   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
| Firm's address ▶  |   | Firm's EIN ▶   |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |
|   |   | Phone no.  |               |    |                     |               |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |                          |                          |                          |  |

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 19595G

Form 3520-A (2020)



## Form 3520-A Annual Information Return of a Foreign Trust with a U.S. Owner

---

- Form 3520-A is a U.S. tax return for a foreign grantor trust with a U.S. grantor based
  - Income statement, balance sheet, grantor and beneficiary statements required
  - Must appoint U.S. agent of the foreign trust
  - FEIN of foreign trust required
- Definition of foreign trust: either of two conditions not met
  - U.S. court has primary supervision and jurisdiction over the administration of the trust
  - U.S. person has the authority to control substantial decisions made for the trust

# Form 3520-A Annual Information Return of a Foreign Trust with a U.S. Owner

---

- Form 3520-A penalties

- Greater of \$10,000 USD or 5% of gross value of the foreign trust assets owned by the U.S. person
- Penalty applies to U.S. owner
- Penalty applies for failure to file or file complete and accurate Form 3520-A
- Additional continuation penalty if failure to file continues for more than 90 days after IRS sends a notice
- Other penalties for underpayment of tax liability required to be reflected on U.S. owner's federal tax return with respect to asset reported on Form 3520-A

# Professional Biography and Contact Information



# ALISON N. DOUGHERTY, J.D., LL.M., CPA

## Partner

### Aronson LLC

---

Alison N. Dougherty provides tax services as a Partner at Aronson LLC. She specializes in U.S. international tax reporting, compliance, consulting, planning, and structuring. She is a technical subject matter leader of Aronson's international tax services practice area. She has extensive experience assisting clients with U.S. tax reporting and compliance for offshore assets and foreign accounts. She provides outbound U.S. international tax guidance to U.S. individuals and businesses with activities in other countries. She also provides inbound U.S. international tax guidance to nonresident individuals and foreign businesses with activities in the United States. She has worked extensively in the area of U.S. international tax reporting and compliance with the preparation and review of the U.S. Federal Forms 5471, 8992, 8993, 926, 8865, 8858, 5472, 1042, 1042-S, 8621, 8804, 8805, 8813, 8288, 8288-A, 8288-B, 1116, 1118, 1120-F, 1040-NR, 3520, 3520-A, 2555, 5713, 8832, 8833, 8840, 8843, 8854, 8938, and FBAR. She has counseled U.S. taxpayers regarding the outbound formation, capitalization, acquisition, operation, reorganization, and liquidation of foreign companies. She has advised on the inbound structuring and related U.S. tax consequences of U.S. businesses owned by nonresident individuals and foreign companies. She has significant experience with U.S. Federal nonresident withholding tax, foreign partner withholding tax, and FIRPTA withholding tax. She has assisted U.S. taxpayers with IRS amnesty program disclosures of offshore assets and foreign accounts. Alison is responsible for tax services client engagements for U.S. taxpayers including U.S. C corporations, S corporations, partnerships, individuals, and foreign companies.

Alison is a tax attorney and a CPA with more than 11 years of experience working in public accounting with a focus on international tax services for businesses and individuals. Alison practiced law as a corporate tax attorney and she worked as a tax manager in corporate industry prior to joining Aronson in 2010.

Alison is a student in the online Bachelor of Science degree program in Computer Science with concentration in Software Engineering at Southern New Hampshire University. She completed online graduate level accounting courses at SNHU to earn academic credits required for the CPA exam. Alison completed the AICPA U.S. International Tax Certificate in 2021 with 48.5 CPE credits earned in 12 international tax courses. She completed the LL.M. (Master of Laws) in Securities and Financial Regulation in 2004 with academic distinction at Georgetown University Law Center. She completed the LL.M. (Master of Laws) in Taxation in 2000 and the Juris Doctor in 1999 at the University of Denver College of Law. She completed a Bachelor of Arts degree in Foreign Language in 1995 at Virginia Commonwealth University.



(301) 222-8262

ADougherty@aronsonllc.com

Aronson LLC

111 Rockville Pike

Suite 600

Rockville, Maryland 20850 USA

Washington, DC Metro Area