

strategies

IMPORTANT FILING DEADLINE NEARS

The deadline for U.S. "persons" to report foreign financial accounts is June 30.

A very important deadline is approaching for those with offshore accounts. Every United States person who has either (i) a financial interest; or (ii) signature authority over any financial account in a foreign country must report that relationship when the value of the account exceeds \$10,000 during the tax year. The year-end balance is not the determining factor; it is whether the account had a value in excess of \$10,000 at any point during the year! This includes accounts for which a taxpayer has the authority to direct funds, but lacks ownership of those funds.

DEFINITION OF A UNITED STATES "PERSON"

A United States person is defined as:

- A citizen or resident of the United States
- A domestic partnership
- A domestic corporation
- A domestic estate or trust

DO ALL ACCOUNTS LOCATED OUTSIDE OF THE US HAVE TO BE REPORTED?

Yes! A financial account located in any foreign country, even if held at a bank or institution that is an affiliate of a United States bank or other financial institution, is required to be disclosed. This information is required to be reported on a TDF90-22.1 and is due on June 30. You will also want to remind your accountant to answer Question 7a on the Schedule B Form 1040 as "yes" if you have a foreign account.

CAN I JUST FORGET TO REPORT MY FOREIGN ACCOUNT?

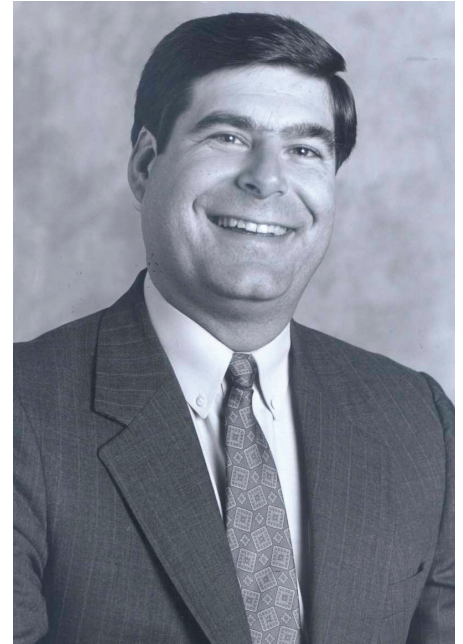
Absolutely Not!!! The penalties for not reporting foreign

financial interests can result in penalties of up to \$100,000 being assessed against you for failure to report your foreign financial interests.

DO ANY EXCEPTIONS OR WAIVERS EXIST?

Penalties may be waived for "reasonable cause" exceptions; however, nothing is certain and it is not worth the risk of intentionally failing to file the mandatory report if you have a foreign account. Filing the report avoids the imposition of monetary penalties.

The one and only exception to filing is for foreign bank accounts in a US military banking facility or an American military finance facility operated by a US institution designated by the American government to serve US government installations abroad. Absent this situation, it is a mandatory reporting requirement.



For Further Information on Estate Planning or Asset Protection Strategies, Please Contact:

Law Offices of Robert D. Gillen, Ltd. in Arizona at 480.513.3300 or in Illinois at 630.955.9400.

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