

# KEY SERVICE INSIGHTS

## INDIVIDUAL TAX NEWSLETTER

### U.S. TAXATION OF U.S. CITIZENS AND U.S. TAX RESIDENTS RESIDING OVERSEAS

#### FOREIGN BANK ACCOUNTS

U.S. citizens and U.S. tax residents (“**U.S. Persons**”) who reside outside the U.S. likely have bank accounts in the country where they are resident. The U.S. requires U.S. Persons with non-U.S. financial accounts to make certain informational filings, the non-filing of which can carry significant penalties.

The government does not annually tax wealth. However, the IRS wants to know about funds U.S. Persons have in foreign bank accounts. There are now two different reporting requirements for foreign bank accounts, the Foreign Bank Account Report (“**FBAR**”) and the individual reporting requirement under the Foreign Account Tax Compliance Act (“**FATCA**”).



The FBAR has been around since 1972 and is required to be filed if a U.S. Person’s aggregate foreign holdings are \$10,000 or more at any time during the tax year, including signature authority accounts. The penalties for not filing the FBAR are significant.

The individual FATCA filing is made with the submission of the U.S. tax return. U.S. Persons living abroad with the filing status of single or married filing separately must submit the individual FATCA filing if their foreign holdings are \$200,000 or more on the last day of the tax year or were more than \$300,000 at any time during the tax year. U.S. Persons living abroad with the filing status married filing jointly must submit the individual FATCA filing if their foreign holdings are \$400,000 or more on the last day of the tax year or were more than \$600,000 at any time during the tax year. The penalties for not submitting the individual FATCA filing are significant.

**Praestans has significant experience with FBAR and FATCA compliance.** We understand how to complete the required reporting in order to avoid penalties. The tax professionals at Praestans have legal, tax, and accounting backgrounds that are necessary for the successful preparation of these tax filings.

**Praestans Global Advisors is neither a law firm nor a CPA firm.**



Strategic Business Planning that is collaborative, integrated, and bespoke.