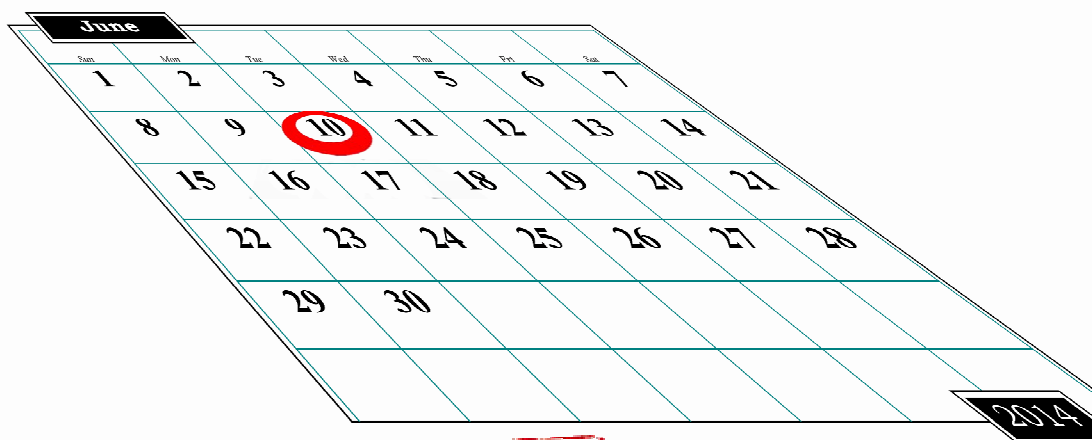




Get all the info to us by June 10th and we will take care of this for you; 941-387-0926 or 1-800-pro1040

TAX WARNING LETTER



IMPORTANT

Your Action Date:
6/10/2014

IRS Receipt Date: by
6/30/2014

Florida: 4134 Gulf of Mexico Drive Suite 211 Longboat Key
FL 34228; 941-387-0926

Texas: 3205 Kermit Hwy Suite 2 Odessa TX 79762; 432-
367-3465

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

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- Who This Applies To
- Why This Is Important
- Action Deadlines
- How You Benefit
- Information To Submit To Bob Parrish CPA PC



Foreign Checking, Brokerage, or Other Foreign Assets Reporting

Who This Applies To

All United States persons that have a financial interest or signature authority over a foreign financial account must file an FBAR if the aggregate value of all foreign financial accounts exceeds \$10,000 at any time during the calendar year. This means that if you have two different foreign accounts and one has \$5,000 in it and the other has \$5,001 in it, both of those accounts must be reported on the FBAR form, because the total value of both of those accounts is \$10,001. This can be tricky if you have a brokerage or mutual fund account that changes value throughout the year, depending on the market.

If you have a financial interest in or signature authority over a foreign financial account, including a bank account, brokerage account, mutual fund, trust, or other type of foreign financial account, exceeding certain thresholds, the Bank Secrecy Act may require you to report the account yearly to the Internal Revenue Service by filing electronically a Financial Crimes Enforcement Network (FinCEN) Form 114, *Report of Foreign Bank and Financial Accounts* (FBAR).

Do I really need to? Is it worth my time?

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

Why This Is Important

Costs For Not Following The Rules

- Civil penalties for a non-willful failure to file an FBAR are not to exceed \$10,000 per violation. However, each unreported account is considered one violation. Therefore, a taxpayer who has four financial accounts could be penalized \$40,000 for each year in which an FBAR form was not filed.
- A taxpayer that willfully fails to file an FBAR can be assessed a civil penalty equal to the greater of \$100,000 or 50% of the unreported account balance at the time of the violation. Additionally, a willful failure to file may be subject criminal penalties, including monetary fines, restitution, and incarceration.

Do I really need to? Is it worth my time?

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

Action Deadlines

June 10 – Information To Bob Parrish CPA PC **June 30 must be electronically filed**

- The Report of Foreign Bank and Financial Accounts, more commonly referred to as the "FBAR" form, is used to report a taxpayer's financial interest in or signature authority over a foreign financial account.
 - Filed separately from the annual tax return, Form 1040, the annual filing deadline for the FBAR form is June 30th of the year immediately following the calendar year being reported. No extension of time to file is available. Unlike Form 1040, which must be postmarked by the filing deadline, an FBAR must be received by the filing deadline every year. However, as of June 30, 2013, all FBAR forms, including delinquent forms, must be filed electronically.
- **Bob Parrish CPA PC will prepare the returns and file electronically for you.**

The Treasury form reporting foreign bank accounts must be received by the authorities no later than June 30 or you may incur severe penalties. ALSO: The forms must be electronically filed which we will do for you.

No extensions are available beyond that due date for this form.

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

How You Benefit

The initiatives by the Internal Revenue Service known as the Offshore Compliance Initiative. This is a combination of a strong investigation, severe penalties, and an opportunity to make a fully compliant reporting.

The Internal Revenue has information for overseas, foreign jurisdictions about United States citizens investing and saving activities. The amount of information in the possession of the Internal Revenue Service is of sufficient detail to have its computers calculate how much your principal balances are, how much income your accounts or investments earn, and trace the amounts to your personal or other tax returns.

Conviction of tax evasion is punishable by 5 years in prison and a fine of \$250,000. Conviction of filing a false return is punishable by a 3 year prison term and a fine of \$250,000. A person who does not file an income tax return is subject to 1 year in prison as well as a \$100,000 fine. Lastly, if a person does not file an FBAR they are subject to 10 years in prison and a \$500,000 fine. There is a lot at stake when dealing with offshore foreign accounts and the IRS can be harsh and unforgiving. If you have offshore accounts you have failed to report, or you need to ask me whether they should have been reported in tax returns PLEASE CALL.

Avoiding the headaches in advance by staying in compliance or getting in compliance is your best choice.

This year all the reports must be filed electronically – we are ready to prepare the forms and file electronically for you.

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

Information To Submit To Bob Parrish CPA PC

Name of Bank or Institution _____

Address of Bank incl. City, Country, Postal code

Account Number _____

Country of Account Location _____

Highest balance of account in USD during tax year (exchange rate to be used is as of Dec 31) _____

Type of Account (securities, bank, pension) _____

Indicate if spouse is co-owner **or** list name, address, and SSN of co-owner if not spouse

Also include the name of the owner of the account if you sign on the account and you are not or your spouse is not the owner.

Address _____ City _____ State _____ Postal Code _____

Country _____

Number of Joint Owners _____

You may also request we send you our foreign account questionnaire which allows for more accounts to be listed.

Make sure to include all interest/dividend and other income from these accounts in the appropriate section of the questionnaire.

If you have questions about the Foreign Asset Form 8938 or the Foreign Bank Account Form, please feel free to ask us.

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

Additional Information Request and Warnings

IMPORTANT - ADDITIONAL FORMS WHICH MAY BE REQUIRED

•The IRS requires special forms be filed by any U.S. Taxpayer who owns all or part of a foreign corporation, foreign LLC (or equivalent), foreign LLP, foreign partnership, or foreign trust. If you fail to file these forms, you will be subject to substantial penalties if it is ever discovered that you should have filed those forms. Please indicate here if you are an owner of a foreign corporation or trust and we will send you an additional questionnaire for the information required to be reported in those forms.

•Yes _____ No _____ If Yes, please describe:

•**FOREIGN FINANCIAL ASSET REPORTING REQUIREMENT:** There is a reporting requirement as part of your tax return (first instituted for the 2011 tax year) for individuals who have "Specified Foreign Financial Assets" in excess of certain levels. Specified Foreign Financial assets include the following:

- Deposit or Custodial accounts (such as bank accounts) at a foreign financial institution, including many retirement and pension accounts
- Any equity or debt interest in a foreign financial institution
- Other foreign investments such as stock issued by non-US persons, any interest in a foreign entity, and any financial instrument issued by a non-US person. (Foreign stock held directly)
- Foreign real estate is NOT a specified foreign financial asset and you do not have to count it, unless it is held in a trust or corporation.

If you are subject to the specified foreign financial requirement described in "IMPORTANT - ADDITIONAL FORMS WHICH MAY BE REQUIRED"

" --- we also need to know the following for each account:

Indicate if account opened or closed this year Opened _____ Closed _____
Highest value during the year in foreign currency (indicate currency)

Please attach additional sheets with the above information for each of your

- foreign bank accounts,
- foreign savings accounts,
- foreign stock,
- foreign pension accounts, or
- financial accounts (this includes credit card accounts with credit balances).
- Foreign mortgage accounts are not subject to this requirement.

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

Additional Information Request and Warnings

IF YOUR TOTAL COMBINED FOREIGN FINANCIAL ASSETS (INCLUDING FOREIGN BANK ACCOUNTS) EXCEED THE FOLLOWING LEVELS THEN THIS FORM 8938 IS REQUIRED:

Filing Situation	Value on last day of the	Or, at any time during the year, the
	tax year is at least	value is greater than:
Single or Married Filing Separate taxpayers living in the U.S.	\$50,000	\$75,000
Married Taxpayers filing jointly living in the U.S.	\$100,000	\$150,000
Taxpayers not filing jointly who are living outside the U.S. and would qualify for the foreign earned income exclusion	\$200,000	\$300,000
Married Taxpayers filing jointly who are living abroad and would qualify for the foreign earned income exclusion	\$400,000	\$600,000

This new requirement does not replace the foreign bank account filing requirement (described below). This is an additional requirement. If you are subject to this requirement we may contact you for additional information. There can be severe civil and criminal penalties for non-filing of this form if necessary.

Foreign Checking, Brokerage, or Other Foreign Assets Reporting

Additional Information Request and Warnings

Additional Information and IRS Forms are required if your investments meet the guidelines on the previous page.

The items to include are:

- Balances at any foreign financial institution
- Any stock or security (bonds, options, etc.) issued by an entity other than a U.S. entity or person
- Any contract or form of financial instrument for investment that has an issuer or counterparty that is not an U.S. entity or person
- Any ownership share, control, partnership unit, etc. in a foreign entity.

Not one of us likes to have excess costs – likes to pay taxes – likes to lose control of the amount of taxes. Neither do any of us like the intrusive detail. There are caveats -

**IRS Knows
How To
Accomplish
Its Tasks**



Sometimes the risks and costs are too menacing to ignore the rules or to think it's not important...

