

FOREIGN FINANCIAL ASSETS

Foreign financial assets include foreign (non-US) bank accounts, brokerage accounts, and mutual funds. Specified foreign financial assets (SFFA) also include foreign assets held for investment and not held in an account with a financial institution. Some examples of specified foreign financial assets are: bank accounts with a foreign financial institution (i.e. Swiss bank account), an interest in a foreign pension plan or deferred compensation plan, stock issued by a foreign corporation (not held in a brokerage account), a capital or profits interest in a foreign partnership, trust, or estate, a note or bond issued by a foreign person, and swaps or options on interest rates, currency, basis, commodity, equity, etc. with a foreign counterparty.

What is not considered SFFAs are: financial accounts maintained in a US branch of a foreign bank or insurance company, or a foreign subsidiary of a US financial institution, an interest in a social security, social insurance, or other similar program of a foreign government.

Any United States person who has a financial interest in or signature authority or other authority over any financial account in a foreign country, if the aggregate value of these accounts exceeds **\$10,000** at any time during the calendar year must file a Report of Foreign Bank and Financial Accounts using Form TD F 90-22.

New for 2011 is Form 8938, Statement of Specified Foreign Financial Assets (SFFA), which must be filed with the tax return if the aggregate value of all SFFAs exceed the threshold amount. For 2011 the thresholds for individuals living in the US are: more than \$50,000 of SFFAs at the end of the year or more than \$75,000 at any time during the year for Single filers, and more than \$100,000 of SFFAs at the end of the year or more than \$150,000 at any time during the year for Joint filers.

Failure to file a complete, timely Form 8938 can result in a penalty of \$10,000, with a maximum penalty of \$50,000.

Forms, instructions, and more details can be found at www.irs.gov.