

Employee Alert: FBAR Reporting Requirements

A United States person who has a “financial interest” in or “signature authority” over a foreign financial account where the aggregate value of all foreign financial accounts exceeds \$10,000 at any time in the calendar year must report the account(s) annually by filing a Form TD F 90-22.1, *Report of Foreign Bank and Financial Accounts*, (“FBAR”), by June 30 of the following year.

This filing requirement applies to, among others, citizens or residents of the United States who either have a financial interest in a foreign (outside the United States and its territories and possessions) account (including being the owner of record or holding legal title) or have “signature authority” over a foreign account (the ability to control the disposition of money or other property in the account). A financial account that must be reported includes a bank, securities, foreign mutual fund or other financial instruments account maintained in a foreign country.

The U.S. Treasury Department can impose a civil penalty of up to \$10,000 on a non-willful violation of the filing requirements. For a willful violation, the penalty can be as high as the greater of \$100,000 or 50% of the amount in the foreign account.

This year in particular, a number of U.S. taxpayers learned that they have an FBAR filing obligation but did not have sufficient time to gather the information necessary to properly file the FBAR by the June 30, 2009 deadline for the 2008 calendar year. The IRS is permitting taxpayers who paid tax on all of their taxable income for prior years, but who only recently learned of their FBAR filing requirement and had insufficient time to gather the necessary information to file any delinquent FBAR, along with a statement that explains why the report is late, by September 23, 2009.

For more detailed instructions, please visit the IRS website at www.irs.gov, where the form and instructions can be searched for and downloaded by typing “FBAR TD F 90-22.1” in the search field.

This employee alert is not tax advice, and is meant to provide only a general overview of the FBAR filing requirements for individuals. You are strongly urged to consult your tax or financial advisor to discuss your FBAR filing obligations.