

United States

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PwC International Assignment Services Network

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Changes to Form TD F 90-22.1 Report of Foreign Bank and Financial Accounts

In Brief

The IRS has recently issued a revised version of Form TD F 90-22.1, *Report of Foreign Bank and Financial Accounts* (Rev. October 2008), which must be filed by any 'United States person' who has a financial interest in or signature or other authority over any foreign financial account(s), including bank, securities, or other types of financial accounts, in a foreign country, if the aggregate value of these financial accounts exceeds \$10,000 at any time during the calendar year. This revised Form TD F 90-22.1 must be used for reports filed after December 31, 2008.

The recently issued revised version of Form TD F 90-22.1, *Report of Foreign Bank and Financial Accounts* (Rev. October 2008) contains significant revisions to both the form and the instructions. The new Form TD F 90-22.1 must be used for filings after December 31, 2008 which are due June 30, 2009 (to be filed with the Department of the Treasury in Detroit, MI).

Outlined below are some of the major changes to the new form and accompanying instructions:

- The term "United States person" has been expanded to include a citizen or resident of the United States, *or a person in and doing business in the United States*.
- The term 'Financial Account' has been clarified to include *mutual funds* as well as a *debit card and prepaid credit card accounts* in the 'other account' category.
- Individual bonds, notes, or stock certificates held by the filer are not financial accounts nor is an unsecured loan to a foreign trade or business that is not a financial institution.
- If the filer does not have a U.S. taxpayer identification number (Social Security number or ITIN), the individual must provide foreign identification that evidences their nationality or residence. This information can be reported using either a foreign passport or other foreign identification document.

- The reporting of the maximum value of account has changed from selecting pre-defined ranges (e.g., under \$10,000, \$10,000 to \$99,999,...) to that of reporting an actual dollar amount. In other words, the individual must report the highest value, in US dollar terms, that the account reached during the year.
- The form itself has been expanded to include additional 'Parts' for reporting purposes. These additional sections allow for completion of a separate block pertaining to the type of account classification. For example:
 - Part II - Information on Financial Account(s) Owned Separately;
 - Part III - Information on Financial Account(s) Owned Jointly;
 - Part IV - Information on Financial Account(s) Where Filer has Signature or Other Authority but No Financial Interest in the Account(s);
 - Part V - Information on Financial Account(s) Where Corporate Filer Is Filing a Consolidated Report.
- If a delinquent FBAR is filed after the due date (June 30th), then an attached statement must be included to explain the reason for the late filing.

The Bottom Line

The changes to Form TD F 90-22.1, *Report of Foreign Bank and Financial Accounts*, may increase the administrative burden on current filers of the form as well as increase the number of filers with its' broadened provisions.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

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