



## News Release

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### **IRS Reminds Those with Foreign Assets of U.S. Tax Obligations; New Filing Deadline Now Applies to Foreign Account Reports**

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WASHINGTON — The Internal Revenue Service today reminded U.S. citizens and resident aliens, including those with dual citizenship, to check if they have a U.S. tax liability and a filing requirement. At the same time, the agency advised anyone with a foreign bank or financial account that a new deadline now applies to reports for these accounts, often referred to as FBARs.

Here is a rundown of key points to keep in mind.

#### **New Deadline for Reporting Foreign Accounts**

Starting this year, the deadline for filing the annual Report of Foreign Bank and Financial Accounts (FBAR) is now the same as for a federal income tax return. This means that the 2016 FBAR, Form 114, must be filed electronically with the Financial Crimes Enforcement Network (FinCEN) by April 18, 2017. FinCEN will now grant filers missing the April 18 deadline an automatic extension until Oct. 16, 2017 to file the FBAR. Specific extension requests are not required. In the past, the FBAR deadline was June 30 and no extensions were available.

In general, the filing requirement applies to anyone who had an interest in, or signature or other authority, over foreign financial accounts whose aggregate value exceeded \$10,000 at any time during 2016. Because of this threshold, the IRS encourages taxpayers with foreign assets, even relatively small ones, to check if this filing requirement applies to them. The form is only available through the [BSA E-Filing](#) System website.

#### **Most People Abroad Need to File**

An income tax filing requirement generally applies even if a taxpayer qualifies for tax benefits, such as the Foreign Earned Income exclusion or the Foreign Tax credit, which substantially reduce or eliminate U.S. tax liability. These tax benefits are only available if an eligible taxpayer files a U.S. income tax return.

A special extended filing deadline applies to U.S. citizens and resident aliens who live and work abroad. For U.S. citizens and resident aliens whose tax home and abode are outside the United States and Puerto Rico, the income tax filing deadline is June 15, 2017. The same applies for those serving in the military outside the U.S. and Puerto Rico. Tax payments are still due on April 18, and interest will apply to any payment received after that date. See [U.S. Citizens and Resident Aliens Abroad](#) for details.

Nonresident aliens who received income from U.S. sources in 2016 also must determine whether they have a U.S. tax obligation. The filing deadline for nonresident aliens is April 18. See [Taxation of Nonresident Aliens](#) on IRS.gov.

## **Special Income Tax Return Reporting for Foreign Accounts and Assets**

Federal law requires U.S. citizens and resident aliens to report any worldwide income, including income from foreign trusts and foreign bank and securities accounts. In most cases, affected taxpayers need to complete and attach Schedule B to their tax return. Part III of Schedule B asks about the existence of foreign accounts, such as bank and securities accounts, and usually requires U.S. citizens to report the country in which each account is located.

In addition, certain taxpayers may also have to complete and attach to their return [Form 8938](#), Statement of Foreign Financial Assets. Generally, U.S. citizens, resident aliens and certain nonresident aliens must report specified foreign financial assets on this form if the aggregate value of those assets exceeds certain thresholds. See the instructions for this form for details.

## **IRS Reporting for Canadian Retirement Accounts**

The IRS eliminated a special annual reporting requirement that applied to taxpayers who hold interests in either of two popular Canadian retirement plans. This was part of an IRS change [announced](#) in October 2014 making it easier for taxpayers with these plans to get favorable U.S. tax treatment. As a result, many Americans and Canadians with registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs) don't need to file Form 8891 to report details on these plans. This does not affect any other reporting requirements that may apply, such as FinCEN Form 114 and Form 8938.

## **Specified Domestic Entity Reporting**

For tax year 2016, certain domestic corporations, partnerships and trusts that are considered formed for the purpose of holding (directly or indirectly) specified foreign financial assets must file Form 8938 if the total value of those assets exceeds \$50,000 on the last day of the tax year or \$75,000 at any time during the tax year.

For more information on domestic corporations, partnerships and trusts that are specified domestic entities and must file Form 8938, as well as the types of specified foreign financial assets that must be reported, see *Who Must File, Specified Domestic Entity, Specified Foreign Financial Assets, Interests in Specified Foreign Financial Assets, and Assets Not Required To Be Reported*.

## **Report in U.S. Dollars**

Any income received or deductible expenses paid in foreign currency must be reported on a U.S. tax return in U.S. dollars. Likewise, any tax payments must be made in U.S. dollars.

Both Forms 114 and 8938 require the use of a Dec. 31 exchange rate for all transactions, regardless of the actual exchange rate on the date of the transaction. Generally, the IRS accepts any posted exchange rate that is used consistently. For more information on exchange rates, see [Foreign Currency and Currency Exchange Rates](#).

## **Expatriate Reporting**

Taxpayers who relinquished their U.S. citizenship or ceased to be lawful permanent residents of the United States during 2016 must file a dual-status alien return, attaching [Form 8854](#), Initial and Annual Expatriation Statement. A copy of the Form 8854 must also be filed with Internal Revenue Service Philadelphia, PA

19255-0049, by the due date of the tax return (including extensions). See the instructions for this form and [Notice 2009-85](#), Guidance for Expatriates Under Section 877A, for further details.

### **Choose Free File or E-File**

U.S. citizens and resident aliens living abroad can use [IRS Free File](#) to prepare and electronically file their returns for free. This means both U.S. citizens and resident aliens living abroad with adjusted gross incomes (AGI) of \$64,000 or less can use brand-name software to prepare their returns and then e-file them for free. A limited number of companies provide software that can accommodate foreign addresses.

A second option, Free File Fillable Forms, the electronic version of IRS paper forms, has no income limit and is best suited to people who are comfortable preparing their own tax return.

Both the e-file and Free File electronic filing options are available until Oct. 16, 2017, for anyone filing a 2016 return. Check out the e-file link on IRS.gov for details on the various electronic filing options. Free File is not available to nonresident aliens required to file a Form 1040NR.

### **More Information Available**

Any U.S. taxpayer here or abroad with tax questions can refer to the [International Taxpayers](#) landing page and use the online [IRS Tax Map](#) and the International Tax Topic Index to get answers. These online tools group IRS forms, publications and web pages by subject and provide users with a single entry point to find tax information.

Taxpayers who are looking for return preparers abroad should visit the [Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#).

To help avoid delays with tax refunds, taxpayers living abroad should visit the [Helpful Tips for Effectively Receiving a Tax Refund for Taxpayers Living Abroad](#) page.

More information on the tax rules that apply to U.S. citizens and resident aliens living abroad can be found in, [Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad](#), available on IRS.gov.