

NEW FOREIGN FINANCIAL ACCOUNTING REPORTING ONE STEP CLOSER

TUESDAY, JULY 05, 2011

For tax years beginning after March 18, 2010, the Hiring Incentives to Restore Employment Act of 2010 (HIRE Act) provides that individuals with an interest in a “specified foreign financial asset” during the tax year must attach a disclosure statement to their income tax return for any year in which the aggregate value of all such assets is greater than \$50,000. This reporting is in addition to similar reporting required on the annual FBAR form.

The IRS has now released a revised [draft Form 8938](#), “Statement of Specified Foreign Financial Assets,” for public comment and review. This is the form that will be used for the HIRE Act reporting. Interestingly, the draft requires the taxpayer to list out the various income items from reported foreign financial assets and indicate where they are reported on the taxpayer’s income tax return (see excerpt below):



Part III Summary of Tax Items Attributable to Specified Foreign Financial Assets (see instructions)					
Asset Category	Tax item	Amount reported on form or schedule	Where reported		
			Form and line	Schedule and line	
I. Foreign Deposit and Custodial Accounts	a Interest	\$			
	b Dividends	\$			
	c Royalties	\$			
	d Other income	\$			
	e Gains (losses)	\$			
	f Deductions	\$			
	g Credits	\$			
	II. Other Foreign Assets	a Interest	\$		
		b Dividends	\$		
c Royalties		\$			
d Other income		\$			
e Gains (losses)		\$			
f Deductions		\$			
g Credits		\$			

The actual reporting is not yet required. In Notice 2011-55 the IRS suspended the reporting requirements until it releases a final Form 8938. Once the final form is released, taxpayers will still need to report for the period required by the new law, but not until they file their next income return that is due. The Notice also advises that the Code Section 6501(c)(8) limitations period for tax assessments for periods for which reporting is required will not expire before three years after the date on which the IRS receives Form 8938.

[Link to Draft Form 8938](#)

Authored by Charles Rubin, Esq. Mr. Rubin is a Florida Bar Board Certified tax attorney with the firm of Gutter Chaves Josepher Rubin Forman Fleisher P.A. (www.floridatax.com) His practice focuses on protecting & enhancing individual, family & business wealth through: Planning to Minimize Taxes (U.S. & International) • Estate Planning, Charitable, Marital & Succession Planning • Business Structuring & Transactions • Trusts & Estates (Administration-Disputes-Drafting) • Creditor Protection. He can be reached at 561-998-7847 or at crubin@floridatax.com. This article was previously published at <http://www.rubinontax.blogspot.com>.