

## **Be Accurate In Filing Your FATCA Form 8938**

Since tax year 2014 the IRS has been receiving, directly through a local tax authority, or from foreign financial institutions (FFIs; e.g. banks) financial information about American clients. FFIs in most jurisdictions began sending information – batched and electronically – starting September 30, 2015. The information, in a normal situation, includes: name, address, Social Security Number, account number, account balance or value.

This information was expanded in tax year 2016 to include revenue earned on that account(s) (dividends and interest) and in 2017 to include capital gains realized. As a tax filer you may need to complete Form 8938 if your assets meet the thresholds for reporting, as well as Form 114 (FBAR), stating the maximum value in your accounts with FFIs. (Other information may be required by the Form 8938.) The IRS is able to match the reporting from the FFIs with your reporting on Form 8938, which is attached to your Form 1040.

To avoid issues of inaccuracy, it will be very helpful for you to receive from your FFI a statement detailing the information sent by it to the IRS, so that the information reported by you matches that reported by the FFI, in particular since translating foreign currencies into US dollars depends on the exchange rate used. This matching will be even more important in future years as income and capital gains are reported.

An FFI reporting to the IRS under the FATCA rules should provide the recipient of the interest or dividends a Form 1099 or similar document. There are different types of Form 1099 but they will all say “1099”. In lieu of an official Form 1099, the FFI can substitute its own form, but it must contain the information that would be put in a Form 1099. This is a new procedure and FFIs may not be familiar with the very detailed rules applicable to US tax information reporting.

American taxpayers, especially those residing abroad, might wish to check with their FFI. They should ask if they will receive a Form 1099 or a version substituted by the FFI. Also, when can they expect to receive this information (so as to be able accurately to file their US tax forms or give information to a return preparer). At the same time, they can obtain, for purposes of filing their FBAR, concerning any account, the highest balance in the account during the previous calendar year.

ACA continues to study the information reporting requirements under FATCA and their implications for its members.

*American Citizens Abroad, Inc.*

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*Members and other readers should consult their own tax advisors.*

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