



IR-2015-86: Taxpayers with Foreign Assets May Have FBAR and FATCA Filing Requirements in June

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Taxpayers with Foreign Assets May Have FBAR and FATCA Filing Requirements in June

WASHINGTON—The Internal Revenue Service today reminded all taxpayers with an FBAR filing requirement to report their foreign assets by the June 30 deadline. FBAR filings have risen dramatically in recent years as FATCA phases in and other international compliance efforts have raised awareness among taxpayers with offshore assets.

The IRS encourages taxpayers with foreign assets, even relatively small amounts, to check if they have a filing requirement. Separately, certain taxpayers living abroad may also have to file the FATCA-related Form 8938 with their tax returns by the June 15 deadline. (Domestic filers may also be required to file Form 8938, which would have been due by April 15 with their tax returns.)

"The vast majority of taxpayers pay their fair share. The FBAR and FATCA filing requirements make it tougher for that relatively small number of taxpayers trying to hide assets and income offshore," said IRS Commissioner John Koskinen. "Taxpayers are encouraged to review the rules and disclose their offshore assets."

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FBAR Requirements

FBAR refers to [Form 114](#), Report of Foreign Bank and Financial Accounts, that must be filed with the Financial Crimes Enforcement Network (FinCEN), which is a bureau of the Treasury Department. The form must be filed electronically and is only available online through the [BSA E-Filing](#) System website.

Who needs to file an FBAR? Taxpayers with an interest in, or signature or other authority over, foreign financial accounts whose aggregate value exceeded \$10,000 at any time during 2014 generally must file. For more on filing requirements, see [Current FBAR Guidance](#) on IRS.gov. Also see the [one-hour webinar](#) explaining the FBAR requirement.

The FBAR filing requirement is not part of filing a tax return. The FBAR Form 114 is filed separately and directly with FinCEN.

FBAR filings have surged in recent years, according to data from FinCEN. FBAR filings exceeded 1 million for the first time in calendar year 2014 and rose nine of the last 10 years from about 280,000 back in 2005.

FATCA Requirements

[FATCA](#) refers to the Foreign Account Tax Compliance Act. The law addresses tax non-compliance by U.S. taxpayers with foreign accounts by focusing on reporting by U.S. taxpayers and foreign financial institutions.

In general, 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 returns. Part III of [Schedule B](#) asks about the existence of foreign accounts, such as bank and securities accounts, and generally 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 Special 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](#) of this form for details.

The FATCA Form 8938 requirement does not replace or

otherwise affect a taxpayer's obligation to file an FBAR Form 114. A brief comparison of the two filing requirements is [available](#) on IRS.gov.

U.S. Income Tax Obligations

U.S. citizens and resident aliens, including those with dual citizenship who have lived or worked abroad during all or part of 2014, may have a U.S. tax liability and a filing requirement in 2015.

A filing requirement generally applies even if a taxpayer qualifies for tax benefits, such as the [foreign earned income exclusion](#) or the [foreign tax credit](#), that substantially reduce or eliminate their U.S. tax liability. These tax benefits are not automatic and are only available if an eligible taxpayer files a U.S. income tax return.

The filing deadline is Monday, June 15, 2015, for U.S. citizens and resident aliens whose tax home and abode are outside the United States and Puerto Rico, and for those serving in the military outside the U.S. and Puerto Rico, on the regular due date of their tax return. To use this automatic two-month extension, taxpayers must attach a statement to their returns explaining which of these two situations applies. See [U.S. Citizens and Resident Aliens Abroad](#) for details.

Nonresident aliens who received income from U.S. sources in 2014 also must determine whether they have a U.S. tax obligation. The filing deadline for nonresident aliens can be April 15 or June 15 depending on sources of income. See [Taxation of Nonresident Aliens](#) on IRS.gov.

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 assemble or 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.

The IRS has launched new online videos and has expanded other online resources to help taxpayers, especially those living abroad, meet their U.S. tax obligations. For details see [IR-2015-85](#) issued on June 4, 2015.

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