

## WEEKLY TAX UPDATE

December 27, 2011

### Federal

#### Individuals must report specified foreign financial assets on new Form 8938 for 2011 tax year

You must file Form 8938 if you are a “specified individual” and you have an interest in “specified foreign financial assets” required to be reported and the aggregate value of your specified foreign financial assets is more than the reporting thresholds that applies to you.

A “**specified individual**” is: (1) a U.S. citizen, (2) a resident alien of the United States for any part of the tax year, (3) a nonresident alien who makes an election to be treated as resident alien for purposes of filing a joint income tax return or (4) a nonresident alien who is a bona fide resident of American Samoa or Puerto Rico.

A “**specified foreign financial asset**” is: (1) any financial account maintained by a foreign financial institution, (2) other foreign financial assets held for investment that are not in an account maintained by a US or foreign financial institution, namely stock or securities issued by someone other than a U.S. person, (3) any interest in a foreign entity, and (4) any financial instrument or contract that has as an issuer or counterparty that is other than a U.S. person.

The “**reporting thresholds**” are the following:

For **Unmarried taxpayers living in the US**: The total value of your specified foreign financial assets is more than \$50,000 on the last day of the tax year or more than \$75,000 at any time during the tax year.

For **Married taxpayers filing a joint income tax return and living in the US**: The total value of your specified foreign financial assets is more than \$100,000 on the last day of the tax year or more than \$150,000 at any time during the tax year.

For **Married taxpayers filing separate income tax returns and living in the US**: The total value of your specified foreign financial assets is more than \$50,000 on the last day of the tax year or more than \$75,000 at any time during the tax year.

For **Taxpayers living abroad**. You are filing a return other than a joint return and the total value of your specified foreign assets is more than \$200,000 on the last day of the tax year or more than \$300,000 at any time during the year; or you are filing a joint return and the value of your specified foreign asset is more than \$400,000 on the last day of the tax year or more than \$600,000 at any time during the year.

## **The IRS extends deadline for exempt organizations to e-file Form 990s**

In a notice and accompanying news release, IRS has announced that tax-exempt organizations with January and February filing due dates (affected organizations) will have until Mar. 30, 2012, to file their annual returns because the part of the e-file system that processes such returns will be unavailable during those months. IRS also provided penalty relief to affected organizations that have already received the statutory maximum of two filing extensions of three months each and are ineligible for further deferral.