



IR-2016-42: Foreign Account Filings Top 1 Million; Taxpayers Need to Know Their Filing Requirements

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Foreign Account Filings Top 1 Million; Taxpayers Need to Know Their Filing Requirements

WASHINGTON – Strong and sustained growth of taxpayers complying with foreign financial account reporting reflects improving awareness and compliance of this important part of offshore tax rules, the Internal Revenue Service said today.

"Taxpayers here and abroad need to take their offshore tax and filing obligations seriously," said IRS Commissioner John Koskinen. "Improving offshore compliance has been a top priority of the IRS for several years, and we are seeing very positive results."

By law, many U.S. taxpayers with foreign accounts exceeding certain thresholds must file Form 114, Report of Foreign Bank and Financial Accounts, known as the "FBAR." It is filed electronically with the Treasury Department's Financial Crimes Enforcement Network ([FinCen](#)).

In 2015, FinCen received a record high 1,163,229 FBARs, up more than 8 percent from the prior year. In fact, [FBAR](#) filings have grown on average by 17 percent per year during the last five years, according to FinCen data.

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Filings of IRS Form 8938, Statement of Specified Foreign Financial Assets, are another sign of growing awareness of foreign reporting requirements. Taxpayers filed more than 300,000 Forms 8938 with their tax returns for tax year 2014, roughly the same as the prior year and up from about 200,000 for tax year 2011, the first year of the form.

[Form 8938](#) resulted from the Foreign Account Tax Compliance Act, known as "FATCA." The filing thresholds are much higher for this form than for the FBAR.

Filing Requirements

Taxpayers with an interest in, or signature or other authority over, foreign financial accounts whose aggregate value exceeded \$10,000 at any time during 2015 must file FBARs. It is due by June 30 and must be filed electronically through the [BSA E-Filing System](#) website.

Generally, U.S. citizens, resident aliens and certain non-resident aliens must report specified foreign financial assets on Form 8938 if the aggregate value of those assets exceeds certain thresholds. Reporting thresholds vary based on whether a taxpayer files a joint income tax return or lives abroad. The lowest reporting threshold for Form 8938 is \$50,000 but varies by taxpayer. See the form's instructions for more information.

[IRS.gov](#) provides the best starting place for international taxpayers to get answers to their important tax questions. The [International Taxpayers](#) page on IRS.gov is packed with information. The web site also features a [directory](#) that includes overseas tax preparers.

International taxpayers will find the online [IRS Tax Map](#) and the [International Tax Topic Index](#) to be valuable sources of answers. The IRS also has videos to assist international taxpayers. See [IR-2016-03](#) for more.

By law, Americans living abroad, as well as many non-U.S. citizens, must file a U.S. income tax return. In addition, key tax benefits, such as the foreign earned income exclusion, are only available to those who file U.S. returns.

The law requires U.S. citizens and resident aliens to report 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.

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.

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