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Foreign Investment Chart

Virtually any investment made outside the United States will have a U.S. disclosure and/or U.S. income tax effect. Proactive planning can help minimize disclosure and income tax requirements. Call or email us today to schedule a consultation to discuss your upcoming investment considerations.

Considering....	Potential disclosure requirement	Potential income tax affect
Opening a bank account?	Foreign Bank Account Report (FBAR) Form 8938, Statement of Specified Foreign Financial Assets	Income earned from the account is taxable in the U.S.
Starting/Participating in a pension?	Foreign Bank Account Report (FBAR) Form 8938, Statement of Specified Foreign Financial Assets Form 3520, Annual Return to Report Transactions with Foreign Trusts Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company	Contributions made by you to the pension may not be deductible on your U.S. tax return Contributions made by your employer to the pension may be taxable income on your U.S. tax return Earnings of the pension may be taxable to you on your U.S. tax return Distributions from the pension may be taxable on your U.S. tax return Certain investments of the pension may be subject to punitive U.S. tax scheme
Opening an investment account?	Foreign Bank Account Report (FBAR) Form 8938, Statement of Specified Foreign Financial Assets Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company	Income earned from the account is taxable in the U.S. Gains made on the sale of the investments is taxable in the U.S. Certain investments may be subject to punitive U.S. tax scheme
Starting a new business?	Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships Form 8858, Information Return of U.S. Persons with Respect to Foreign Disregarded Entities Form 8938, Statement of Specified Foreign Financial Assets	Depending on how the business is structured, the net income of the business may be taxable in the U.S. Depending on how the business is structured, the net income of the business may be subject to U.S. self-employment tax.
Purchasing shares of a company?	Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations Form 8858, Information Return of U.S. Persons with Respect to Foreign Disregarded Entities Form 8938, Statement of Specified Foreign Financial Assets	Dividends earned are U.S. taxable income
Transferring assets to a foreign corporation?	Form 926, Return by U.S. Transferor of Property to a Foreign Corporation	Transfer to a foreign corporation may result in U.S. taxable income



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Purchasing a partnership interest?	Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships	Transactions between you and the partnership may cause U.S. taxable income
	Form 8858, Information Return of U.S. Persons with Respect to Foreign Disregarded Entities	Your pro-rata share of the partnership net income may be taxable in the U.S.
	Form 8938, Statement of Specified Foreign Financial Assets	
Purchasing a life insurance policy?	Form 720, Quarterly Federal Excise Tax Return	Excise tax may be due on the premiums
	Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company	Policy likely does not meet the U.S. requirements for insurance, and therefore it may be treated as an investment instead of an insurance policy
	Form 8938, Statement of Specified Foreign Financial Assets	
Loaning money to someone?	Form 8938, Statement of Specified Foreign Financial Assets	Interest is reportable as income on your U.S. tax return
Giving a gift to someone?	Form 709, United States Gift Tax Return	Gift may be taxable; reporting and tax obligation is on you as the donor
Creating a foreign trust?	Form 3520, Annual Return to Report Transactions with Foreign Trusts	Earnings of trust may be U.S. taxable income, even if it is not distributed to you.
	Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner	Certain investments of the trust may be subject to punitive U.S. tax scheme
	Form 8938, Statement of Specified Foreign Financial Assets	
Transferring property (money or other) to a foreign trust?	Form 3520, Annual Return to Report Transactions with Foreign Trusts Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner	
Receiving a trust distribution?	Form 3520, Annual Return to Report Transactions with Foreign Trusts Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner	Distribution may be U.S. taxable income
Receiving a gift/inheritance from a non-U.S. person?	Form 3520, Annual Return to Report Transactions with Foreign Trusts	Income generated from the gift is U.S. taxable income
Purchasing/selling your home?	None	Sale of primary residence may result in U.S. taxable income.
Purchasing rental property?	None	Income from rental is U.S. taxable income