



# Foreign Bank and Financial Accounts

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ACCOUNTANTS AND ENROLLED AGENTS

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## Foreign Bank and Financial Accounts

If you have a financial interest in or signature authority over a foreign financial account, including a bank account, brokerage account, mutual fund, trust, or other type of foreign financial account, exceeding certain thresholds, the Bank Secrecy Act may require you to report the account yearly to the Department of Treasury by electronically filing a Financial Crimes Enforcement Network (FinCEN) 114, *Report of Foreign Bank and Financial Accounts (FBAR)*.

## Who Must File

United States persons are required to file an FBAR if:

- 1) The United States person had a financial interest in or signature authority over at least one financial account located outside of the United States, and
- 2) The aggregate value of all foreign financial accounts exceeded \$10,000 at any time during the calendar year reported.

United States person includes U.S. citizens; U.S. residents; entities, including but not limited to, corporations, partnerships, or limited liability companies, created or organized in the United States or under the laws of the United States; and trusts or estates formed under the laws of the United States.

**Note:** Foreign assets held in a domestic brokerage account or held by a domestic mutual fund are exempt from both FBAR and Form 8938 reporting requirements.

## Exceptions to the Reporting Requirement

There are filing exceptions for the following United States persons or foreign financial accounts:

- Foreign financial accounts jointly owned by spouses if one spouse is authorized to file on the other's behalf and timely reports the jointly-owned accounts.

- United States persons included in a consolidated FBAR.
- Correspondent/Nostro accounts (maintained by banks and used solely for bank-to-bank settlements).
- Foreign financial accounts owned by a governmental entity.
- Foreign financial accounts owned by an international financial institution.
- Owners and beneficiaries of U.S. IRAs.
- Participants in and beneficiaries of tax-qualified retirement plans.
- Certain individuals with signature authority over, but no financial interest in, a foreign financial account.
- Trust beneficiaries (but only if a U.S. person reports the account on an FBAR filed on behalf of the trust).
- Foreign financial accounts maintained on a United States military banking facility.

## Reporting and Filing Information

If you hold a foreign financial account you may have a reporting obligation even when the account produces no taxable income. The reporting obligation is met by answering questions on a tax return about foreign accounts [(for example, the questions about foreign accounts on Schedule B (Form 1040)] and by filing an FBAR.

The FBAR is a calendar year report and is due April 15 of the year following the calendar year being reported with a 6-month extension available. FinCEN will grant filers failing to meet the FBAR due date of April 15 an automatic extension to October 15 each year. A specific extension request is not required.

The FBAR must be filed electronically through FinCEN's BSA E-Filing System. The FBAR is not filed with a federal income tax return.