

General Memorandum to all clients who file US tax returns, and have foreign financial accounts

As most of our clients know, U.S. citizens or residents who have foreign financial accounts are required to disclose the existence of such accounts to the IRS each year. Form 90-22.1 is used for this purpose and is provided as part of the preparation of your tax returns.

During the past twenty years or so, we have not pursued every detailed piece of data for these reports – especially as it relates to the account numbers when multiple accounts are involved. In many instances, the word “various” was shown and this had been acceptable to the IRS. We took this position to help keep costs down.

Because of heightened security measures, the IRS have now stepped up their scrutiny of these reports and will now insist that all data be fully reported. Some clients have already received notices requesting additional information to which we have responded.

In order to comply with the new enforcement action and to avoid unnecessary requests for data from the IRS, we ask that extra effort be given to reporting to us ALL foreign financial accounts. This includes bank accounts, investment accounts, retirement accounts AND any accounts for other people or entities over which you have signing rights.

For EACH (and every) such account, we need the following:

- Name of financial institution
- Address of financial institution
- Account number
- Highest amount in the account (US\$) during the year
- Type of account (bank, investment, retirement, etc.)
- Explain joint ownership or if just signing authority

To assist with this, you will find below a blank chart which you may use to record the data. Feel free to make photocopies if extra space is needed. We also suggest glancing over your prior year tax return to ensure no small accounts are overlooked. Please use a separate page for each spouse, if appropriate.

This can be sent along with your regular tax data. Please feel free to call if you have any questions.

