

Publications

FBAR Update – Plan Fiduciaries May Have to Disclose Plan Foreign Financial Accounts on Income Tax Returns

ATTORNEYS & PROFESSIONALS

Jennifer Eller

jeller@groom.com

202-861-6604

Michael Kreps

mkreps@groom.com

202-861-5415

PUBLISHED

02/16/2010

SERVICES

As you know, Groom has been monitoring developments related to foreign bank account reporting requirements as applied to employee benefit plans. Now that tax filing season has again arrived, it is important to note that pension plan fiduciaries with an “interest in” or “signature or other authority over” a Plan’s foreign financial accounts (e.g., foreign bank accounts, securities accounts, or mutual funds) may have to disclose their relationship to such accounts on their personal income tax returns. Specifically, Form 1040, Schedule B, Line 7a requires a taxpayer to affirmatively check a box if (i) the taxpayer has an “interest in” or “signature or other authority over” a foreign financial account and (ii) the combined value of such account(s) was greater than \$10,000 at any point during the tax year. The taxpayer must also report the name of the country in which each account is located on Line 7b.

Key Points:

The Treasury Department expects to issue interim FBAR guidance before April 15, 2010.

The expected guidance may resolve outstanding questions about a plan fiduciary’s responsibility to list plan foreign accounts on his or her Form 1040.

In order to be prepared to file their tax returns by the April 15, 2010 deadline, fiduciaries should consider collecting information on plan foreign accounts.

The attached memo further discusses the foreign account reporting requirements.

[649_M-20100216-Client-Memo-re-1040-SB-L7-v5Download](#)