

Dual Citizenship and Taxes: What you and your clients need to know to be compliant and avoid investigations

At RotenbergMeril, we've assisted many MSI Affiliate firms with their clients — helping their dual citizen clients become compliant with US tax filing laws. Given that FBAR statements are due on June 30th, there are several things that dual citizens need to become aware of immediately and in the future.

IRS regulations mandate that all Americans file tax returns, even if they live, work and pay taxes in another country. Many persons with dual citizenship may be unaware they need to file a US tax return, and even fewer may know that they have to file a Foreign Bank Report (FBAR) and Financial Disclosure.

It is critical, now more than ever, that you properly advise your clients regarding their tax obligations. Dual citizens need to be aware that the availability of foreign earned income exclusions and foreign tax credits may minimize or even eliminate additional taxes. By filing prior zero tax returns and FBAR documentation (formerly called “quiet” compliance and now part of the streamlined compliance process), RotenbergMeril can help your clients become compliant simply and affordably, eliminating the risk and worry of a possible US investigation.

Tax filing requirements in the US

All US citizens are required to file a federal income tax return every tax year in which their gross income is equal to or greater than the applicable exemption amount and it is also necessary to report all income, regardless of which country is the source of the income.

FBAR filing requirements

As a US citizen, it may be necessary to report interest in certain foreign accounts electronically on www.FINCEN.gov, which were formerly reported on Form TD 90-22.1 Report of Foreign Bank and Financial Accounts (FBAR). Any foreign financial accounts in excess of \$10,000 at any time during the calendar year must be disclosed.

Need for reporting foreign financial assets

It is important for US dual citizens to know that undisclosed foreign assets are becoming nonexistent. The IRS is becoming increasingly aware of financial activities abroad and additional information is required to be reported by them to the IRS due to the Foreign Account Tax Compliance Act (FATCA) and Foreign Financial Asset Reporting (form 8938 and IRC 6038D).

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Our goal is to help our clients understand and reduce their tax burden. Our tax professionals have a comprehensive understanding of federal, state, multi-state, local and international tax regulations, and we provide a full range of tax services.

Tax planning is a year-round event. RotenbergMeril approaches the tax aspects of financial management beyond simply meeting statutory requirements. We also advise each client on the most advantageous techniques available for minimizing or deferring income taxes while maintaining regulatory compliance to prevent costly penalties. RotenbergMeril is where results exceed expectations.

Experience. Vision. Clarity. Knowledge.

Hiring the right firm for your clients' tax planning and return preparation is vital to your financial success. Both *NJBiz* and *New Jersey Business Magazine* rank RotenbergMeril as one of the top accounting firms in New Jersey. When you need a powerful ally in the areas of tax planning and return preparation, rely on RotenbergMeril.

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