

Wright Ford Young & Co.

Certified Public Accountants and Consultants, Inc.

Dear Clients and Friends:

With a new year comes a new tax filing requirement. Under the 2010 HIRE Act, any individual who, during the 2011 tax year, held an interest in a “specified foreign financial asset” must attach to his or her income tax return Form 8938, Statement of Specified Foreign Financial Assets. As with any other foreign reporting requirement non-compliance will be met with stiff penalties. This form is **in addition to** the FBAR filing requirement (form TD F 90-22.1) and does not replace it.

The term “specified foreign financial asset” means:

- Any financial account maintained by a foreign financial institution.
- Any of the following assets that are not held in an account maintained by a financial institution:
 - Any stock or security issued by a person other than a U.S. person;
 - Any financial instrument or contract held for investment that has an issuer or counterparty that is other than a U.S. person; and
 - Any interest in a foreign entity.

The dollar threshold is as follows:

- Unmarried or married filing separate living in the U.S.: More than \$50,000 on the last day of the tax year or more than \$100,000 at any time during the tax year.
- Married filing joint living in the U.S.: More than \$100,000 on the last day of the tax year or more than \$200,000 at any time during the tax year.
- Unmarried or married filing separate living abroad: More than \$200,000 on the last day of the tax year or more than \$400,000 at any time during the tax year.
- Married filing joint living abroad: More than \$400,000 on the last day of the tax year or more than \$600,000 at any time during the tax year.

There are certain other guidelines regarding determination of the assets’ fair market value and jointly owning assets with someone else other than your spouse. To discuss those guidelines or if you feel you have a filing requirement please contact our office so that we can assist you.

Very Truly Yours,

Wright Ford Young & Co.

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To ensure compliance with the requirements imposed by the Treasury Department Regulations (Internal Revenue Service), Wright Ford Young & Co. is required to inform you that any tax advice in this written or electronic communication was not intended or written to be used, and it cannot be used, by a client or any other person or entity for the purpose of avoiding penalties that may be imposed on any taxpayer.