

Tax Information for Employees of the Danish Embassy & Consulate

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Agenda

- Categories of employees
- Exemptions from US Tax
- Taxation of US Citizens and Residents
- Taxation of A-2 Visa Holders
- Tax Treaty & Consular Agreement
- Self-employment tax
- Deductions for unreimbursed employee business expenses
- SEP/IRA deductions & Self-Employed Health Insurance deductions
- Estimated Tax payments
- Joint filing election with nonresident alien spouse
- Foreign Bank Account Reporting (FBAR)
- Foreign Account Tax Compliance Act (FATCA)

Categories of Employees

Locally Engaged Staff

- US Citizens
- LPR/Green Card Holders
- A-2 Visa Holders “Permanently Resident In” the United States

Exemptions from tax in the US

Income Tax

- US-Danish Tax Treaty, Article 19
- 1826 Friendship Commerce and Navigation Treaty, Article 10
- US Law – Internal Revenue Code Section 893

Social Security Tax

- US-Danish Totalization Agreement

Tax Treaty Exemption

Article 19 of the US-Danish Income Tax Treaty provides an exemption to employees of the Danish Government in the US who are not citizens or residents of the US.

Article 19 does NOT provide tax exemptions to US citizens or Residents. They are subject to tax in the US on their income from the embassy or consulate.

Consular Agreement Exemption

Article 10 of the 1826 US-Danish Friendship, Commerce and Navigation Treaty agreement provides an exemption from US tax to consular employees who are not citizens of the US.

Article 19 does NOT provide tax exemptions to US citizens. They are subject to tax in the US on their income from the consulate.

US Law – Internal Revenue Code Section 893

Section 893 of the Internal Revenue Code may provide an exemption from US income taxes to employees of the Danish Government in the US who are not US citizens or LPR/Green Card holders

Exemption from Income Taxes

Classification of Employee	Consular Agreement	Tax Treaty	US Law Section 893
US Citizen	Taxable [Article 10]	Taxable [Article 19]	Taxable unless dual US/Filipino citizen IRC 893(a)(1)
LPR/Green Card	Exempt [Article 10]	Taxable [Article 19]	Taxable
A-2 Visa Holder	Exempt [Article 10]	Exempt [Article 19]	Exempt if reciprocity demonstrated

US Citizens and Residents

Form 1040

- US citizens and residents who are subject to tax:

Must ✓

- Report wages on Form 1040, Line 7
- Complete Schedule SE to pay into the US Social Security system as if they were self-employed. If dual US/German citizen, no SE tax due to US.
- Make Estimated Tax payments on Form 1040ES

Must Not ✗

- Report wages Schedule C
- Report wages as Other Income on Form 1040, Line 21
- Claim SEP/IRA deduction on Form 1040, Line 28
- Claim SE Health Insurance deduction on Form 1040, Line 29

LPR Green Card Holders

- In general, Green Card holders employed at the Danish Embassy/Consulate and UN Mission are subject to U.S. income taxes on the gross amount of their wages
- Green Card holders are not subject to U.S. Social Security taxes on wages received from the Danish Government.
- Under Article 10 of the US-Danish Friendship Treaty, Green Card holders are not subject to U.S. income taxes on their wages from the consulate.
- No exemption under Section 893 of the Internal Revenue Code is allowed for green card holders.

A-2 Visa Holders

A-2 visa holders who are considered “permanently resident in” the US, are exempt from paying U.S. income taxes on wages from the Embassy/Consulate or UN Mission under:

- Article 19 of the US-Danish Income Tax Treaty
- Article 10 of the Consular Agreement. Applies to consular employees only
- Section 893 of the Internal Revenue Code if reciprocity can be demonstrated.

Employee Business Expenses

- US citizens and green card holders may have deductions for unreimbursed business expenses
- Ordinary and necessary, required by employer
- No employer reimbursement available
- Use Form 2106 to calculate the amount of unreimbursed employee business expense and claim deduction on Schedule A, Miscellaneous Itemized Deductions. Subject to 2% AGI limitation
- Do not use Schedule C to claim employee business expenses

Nondeductible items

Simplified Employee Pension (SEP/IRA) Retirement Accounts

- Available only to self-employed individuals
- Wage income does not qualify as self-employment income for a SEP/IRA account
- No deduction is allowed for a contribution to a SEP/IRA plan on Form 1040, Line 28. See IRS Revenue Ruling 73-38

Self-Employed Health Insurance Deductions

- Available only to self-employed individuals
- Employees receiving wage income do not qualify to claim a deduction for self-employed health insurance on Form 1040, Line 29

Form **1040**

Department of the Treasury—Internal Revenue Service (99)

U.S. Individual Income Tax Return**2012**

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2012, or other tax year beginning

, 2012, ending

, 20

See separate instructions.

Your first name and initial

Last name

Your social security number

EMPLOYEE NAME

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

ADDRESS

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

CITY, STATE

Foreign country name

Foreign province/state/county

Foreign postal code

Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse**Filing Status**1 ☒ Single2 ☐ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child

Check only one box.

Exemptions6a ☐ **Yourself.** If someone can claim you as a dependent, **do not** check box 6ab ☐ **Spouse**c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

If more than four dependents, see instructions and check here ☐

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you

• did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶

d Total number of exemptions claimed

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a **Taxable** interest. Attach Schedule B if requiredb **Tax-exempt** interest. **Do not** include on line 8a

9a Ordinary dividends. Attach Schedule B if required

b Qualified dividends

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐

14 Other gains or (losses). Attach Form 4797

15a IRA distributions

16a Pensions and annuities

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits

21 Other income. List type and amount

22 Combine the amounts in the far right column for lines 7 through 21. This is your **total income** ▶**Adjusted Gross Income**

23 Educator expenses

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ

25 Health savings account deduction. Attach Form 8889

26 Moving expenses. Attach Form 3903

27 Deductible part of self-employment tax. Attach Schedule SE

28 Self-employed SEP, SIMPLE, and qualified plans

29 Self-employed health insurance deduction

30 Penalty on early withdrawal of savings

31a Alimony paid b Recipient's SSN ▶

32 IRA deduction

33 Student loan interest deduction

34 Tuition and fees. Attach Form 8917

35 Domestic production activities deduction. Attach Form 8903

36 Add lines 23 through 35

37 Subtract line 36 from line 22. This is your **adjusted gross income** ▶

7 50,000

8a 750

8b

9a

9b

10

11

12

13

14

15b

16b

17

18

19

20b

21

22 50,750

23

24

25

26

27 3,531

28

29

30

31a

32

33

34

35

36

37 47,219

Tax and Credits**Standard Deduction for—**

• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.

• All others:
Single or Married filing separately, \$5,950
Married filing jointly or Qualifying widow(er), \$11,900
Head of household, \$8,700

38	Amount from line 37 (adjusted gross income)	38	47,219
39a	Check <input type="checkbox"/> You were born before January 2, 1948, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	5,950
41	Subtract line 40 from line 38	41	41,269
42	Exemptions. Multiply \$3,800 by the number on line 6d	42	3,800
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	37,469
44	Tax (see instructions). Check if any from: <input type="checkbox"/> Form(s) 8814 <input type="checkbox"/> Form 4972 <input type="checkbox"/> 962 election	44	5,399
45	Alternative minimum tax (see instructions). Attach Form 6251	45	
46	Add lines 44 and 45	46	5,399
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Education credits from Form 8863, line 19	49	
50	Retirement savings contributions credit. Attach Form 8880	50	
51	Child tax credit. Attach Schedule 8812, if required	51	
52	Residential energy credits. Attach Form 5695	52	
53	Other credits from Form: <input type="checkbox"/> 3800 <input type="checkbox"/> 8801 <input type="checkbox"/> c <input type="checkbox"/>	53	
54	Add lines 47 through 53. These are your total credits	54	
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	5,399
56	Self-employment tax. Attach Schedule SE	56	6,141
57	Unreported social security and Medicare tax from Form: <input type="checkbox"/> 4137 <input type="checkbox"/> 8919	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
59a	Household employment taxes from Schedule H	59a	
b	First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
60	Other taxes. Enter code(s) from instructions	60	
61	Add lines 55 through 60. This is your total tax	61	11,540

Payments

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	62	
63	2012 estimated tax payments and amount applied from 2011 return	63	12,500
64a	Earned income credit (EIC)	64a	
b	Nontaxable combat pay election 64b		
65	Additional child tax credit. Attach Schedule 8812	65	
66	American opportunity credit from Form 8863, line 8	66	
67	Reserved	67	
68	Amount paid with request for extension to file	68	
69	Excess social security and tier 1 RRTA tax withheld	69	
70	Credit for federal tax on fuels. Attach Form 4136	70	
71	Credits from Form: <input type="checkbox"/> 2439 <input type="checkbox"/> Reserved <input type="checkbox"/> 8801 <input type="checkbox"/> 8885	71	
72	Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72	12,500

Refund

Direct deposit? See instructions.

73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73	960
74a	Amount of line 73 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	74a	960
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number		
75	Amount of line 73 you want applied to your 2013 estimated tax ▶ 75		

Amount You Owe

76	Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions ▶	76	
77	Estimated tax penalty (see instructions)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ **Yes.** Complete below. ☐ **No**

Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶
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Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
Firm's name ▶	Firm's EIN ▶	Phone no.	PTIN

**SCHEDULE C
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

► For information on Schedule C and its instructions, go to www.irs.gov/schedulec.
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

2012
Attachment
Sequence No. **09**

Name of proprietor

Social security number (SSN)

A Principal business or profession, including product or service (see instructions)

B Enter code from instructions

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), (see instr.)

E Business address (including suite or room no.) ►

City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

G Did you "materially participate" in the operation of this business during 2012? If "No," see instructions for limit on losses . ☐ Yes ☐ No

H If you started or acquired this business during 2012, check here ☐

I Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☐ No

J If "Yes," did you or will you file required Forms 1099? ☐ Yes ☐ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	
2 Returns and allowances (see instructions)	2	
3 Subtract line 2 from line 1	3	
4 Cost of goods sold (from line 42)	4	
5 Gross profit. Subtract line 4 from line 3	5	
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7 Gross income. Add lines 5 and 6	7	

Part II Expenses

Enter expenses for business use of your home only on line 30.

8 Advertising	8		18 Office expense (see instructions)	18	
9 Car and truck expenses (see instructions)	9		19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	
12 Depletion	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	
15 Insurance (other than health)	15		23 Taxes and licenses	23	
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	
b Other	16b		b Deductible meals and entertainment (see instructions)	24b	
17 Legal and professional services	17		25 Utilities	25	
			26 Wages (less employment credits)	26	
			27a Other expenses (from line 48)	27a	
			b Reserved for future use	27b	
28 Total expenses before expenses for business use of home. Add lines 8 through 27a	28				
29 Tentative profit or (loss). Subtract line 28 from line 7	29				
30 Expenses for business use of your home. Attach Form 8829 . Do not report such expenses elsewhere	30				
31 Net profit or (loss). Subtract line 30 from line 29.					

- If a profit, enter on both **Form 1040, line 12** (or **Form 1040NR, line 13**) and on **Schedule SE, line 2**. (If you checked the box on line 1, see instructions). Estates and trusts, enter on **Form 1041, line 3**.
- If a loss, you **must** go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

- If you checked 32a, enter the loss on both **Form 1040, line 12**, (or **Form 1040NR, line 13**) and on **Schedule SE, line 2**. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on **Form 1041, line 3**.
- If you checked 32b, you **must** attach **Form 6196**. Your loss may be limited.

- 32a** ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 11334P

Schedule C (Form 1040) 2012

Taxation of US Citizen Employees

Self-Employment Tax

- For Social Security tax purposes only, US citizens working at the Danish Embassy/Consulate and UN Mission are taxed as if they were self-employed. For all other purposes they are considered employees.
- Dual Danish/US citizens are covered by the Danish Social Security system and are not subject to self-employment tax in the US
- Computation of self-employment tax is done on Schedule SE
- For 2013 the SE tax rate is 15.3%
- A portion of self-employment taxes may be deducted on Form 1040, Line 27

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

▶ **Attach to Form 1040 or Form 1040NR.** ▶ **See separate instructions.**

OMB No. 1545-0074

2011
Attachment
Sequence No. **17**

Name of person with **self-employment** income (as shown on Form 1040)

EMBASSY EMPLOYEE

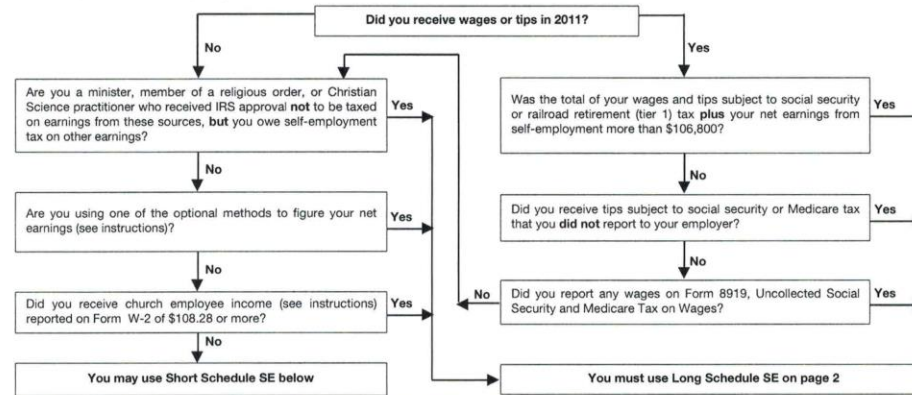
Social security number of person
with **self-employment** income ▶

999-99-9999

Before you begin: To determine if you must file Schedule SE, see the instructions.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see *Who Must File Schedule SE* in the instructions.



Section A—Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Y	1b ()
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report	2	50,000
3 Combine lines 1a, 1b, and 2	3	50,000
4 Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b ▶ Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4	46,175
5 Self-employment tax. If the amount on line 4 is: • \$106,800 or less, multiply line 4 by 13.3% (.133). Enter the result here and on Form 1040, line 56, or Form 1040NR, line 54 • More than \$106,800, multiply line 4 by 2.9% (.029). Then, add \$11,107.20 to the result. Enter the total here and on Form 1040, line 56, or Form 1040NR, line 54	5	6,141
6 Deduction for employer-equivalent portion of self-employment tax. If the amount on line 5 is: • \$14,204.40 or less, multiply line 5 by 57.51% (.5751) • More than \$14,204.40, multiply line 5 by 50% (.50) and add \$1,067 to the result. Enter the result here and on Form 1040, line 27, or Form 1040NR, line 27	6	3,531

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 11358Z

Schedule SE (Form 1040) 2011

Estimated Tax Payments

Federal Estimated Tax Computation

Either

- 90% of the current year tax due
or
- 100% of the prior year tax
(110% if the AGI from Form 1040, Line 37 is greater than \$150,000)

State Estimated Tax Computation

- NY & Maryland - 90% of the current year tax or 100% of the prior year tax
(110% if the prior year State adjusted gross income is greater than \$150,000)
- DC & Virginia - 90% of current year or 100% of prior year tax

Estimated Tax Payments

- Federal estimated tax payments are made on Form 1040ES
- Federal (IRS) due dates for the current year are:

Quarter	Federal (IRS) Due Dates	NY State Due Dates	DC/Maryland State Due Dates	Virginia State Due Dates
1 st Quarter	April 15, 2013	April 15, 2013	April 15, 2013	May 1, 2013
2 nd Quarter	June 17, 2013	June 17, 2013	June 17, 2013	June 17, 2013
3 rd Quarter	September 16, 2013	September 16, 2013	September 16, 2013	September 16, 2013
4 th Quarter	January 15, 2014	January 15, 2014	January 15, 2014	January 15, 2014

2012 Estimated Tax

**Payment
Voucher 3**

OMB No. 1545-0074

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to **"United States Treasury."** Write your social security number and "2012 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due Sept. 17, 2012

Amount of estimated tax you are paying
by check or money order.

Dollars Cents

Print or type	Your first name and initial	Your last name	Your social security number
	If joint payment, complete for spouse		
	Spouse's first name and initial	Spouse's last name	Spouse's social security number
	Address (number, street, and apt. no.)		
	City, state, and ZIP code. (If a foreign address, enter city, province or state, postal code, and country.)		

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Tear off here

2012 Estimated Tax

**Payment
Voucher 2**

OMB No. 1545-0074

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to **"United States Treasury."** Write your social security number and "2012 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due June 15, 2012

Amount of estimated tax you are paying
by check or money order.

Dollars Cents

Print or type	Your first name and initial	Your last name	Your social security number
	If joint payment, complete for spouse		
	Spouse's first name and initial	Spouse's last name	Spouse's social security number
	Address (number, street, and apt. no.)		
	City, state, and ZIP code. (If a foreign address, enter city, province or state, postal code, and country.)		

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Tear off here

2012 Estimated Tax

**Payment
Voucher 1**

OMB No. 1545-0074

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to **"United States Treasury."** Write your social security number and "2012 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due April 17, 2012

Amount of estimated tax you are paying
by check or money order.

Dollars Cents

Print or type	Your first name and initial	Your last name	Your social security number
	If joint payment, complete for spouse		
	Spouse's first name and initial	Spouse's last name	Spouse's social security number
	Address (number, street, and apt. no.)		
	City, state, and ZIP code. (If a foreign address, enter city, province or state, postal code, and country.)		

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Joint Filing Election with Nonresident Spouse

- One-time election to file a joint tax return with a nonresident alien spouse
- Written election is required in year of election
- Nonresident alien spouse is required to report worldwide income
- If a joint filing election is made, the exemption from US tax for A-2 visa holders is not affected. The tax exemption is based on the US/German tax treaty and is not lost by the joint filing election.
- The election can be revoked, but once revoked cannot be made again

Foreign Bank Account Reporting

Form TDF 90-22.1

- Required of US citizens or residents with a financial interest in or signature authority over foreign financial accounts if the total value of the accounts exceeded \$10,000 at any time during the year
- Form TDF 90-22.1 is not an IRS form; it is filed directly with the US Treasury. Do not include with your tax return.
- Form is required whether or not a tax return is filed
- Filing deadline is June 30 of each year and cannot be extended
- Filing of TDF 90-22.1 is required in addition to FATCA Form 8938 filing

Failure to file is risky – penalties are extreme

- Non-willful penalty is \$10,000 for failure to file
- Willful penalty is the greater of 50% of the account balance or \$100,000

TD F 90-22.1(Rev. January 2012)
Department of the TreasuryDo not use previous editions of
this form**REPORT OF FOREIGN BANK
AND FINANCIAL ACCOUNTS**

Do NOT file with your Federal Tax Return

OMB No. 1545-2038

1 This Report is for Calendar
Year Ended 12/31Amended ☐**Part I Filer Information**

2 Type of Filer			
a <input checked="" type="checkbox"/> Individual b <input type="checkbox"/> Partnership c <input type="checkbox"/> Corporation d <input type="checkbox"/> Consolidated e <input type="checkbox"/> Fiduciary or Other—Enter type _____			
3 U.S. Taxpayer Identification Number 999-99-9999		4 Foreign identification (Complete only if item 3 is not applicable.)	
If filer has no U.S. Identification Number complete item 4.		a Type: <input type="checkbox"/> Passport <input type="checkbox"/> Other _____	
6 Last Name or Organization Name EMBASSY EMPLOYEE		b Number _____	c Country of Issue 01/15/1960
9 Address (Number, Street, and Apt. or Suite No.) ADDRESS		7 First Name	
10 City WASHINGTON		11 State DC	12 Zip/Postal Code 20024
13 Country USA		8 Middle Initial	
14 Does the filer have a financial interest in 25 or more financial accounts? <input type="checkbox"/> Yes If "Yes" enter total number of accounts _____ (If "Yes" is checked, do not complete Part II or Part III, but retain records of this information) <input checked="" type="checkbox"/> No			

Part II Information on Financial Account(s) Owned Separately

15 Maximum value of account during calendar year reported \$55,000		16 Type of account a <input checked="" type="checkbox"/> Bank b <input type="checkbox"/> Securities c <input type="checkbox"/> Other—Enter type below _____	
17 Name of Financial Institution in which account is held NAME OF BANK			
18 Account number or other designation 000112222		19 Mailing Address (Number, Street, Suite Number) of financial institution in which account is held ADDRESS	
20 City BERLIN	21 State, if known	22 Zip/Postal Code, if known 10000	23 Country GERMANY
Signature			
44 Filer Signature		45 Filer Title, if not reporting a personal account	46 Date (MM/DD/YYYY)

File this form with: U.S. Department of the Treasury, P.O. Box 32621, Detroit, MI 48232-0621

This form should be used to report a financial interest in, signature authority, or other authority over one or more financial accounts in foreign countries, as required by the Department of the Treasury Regulations 31 CFR 1010.350 (formerly 31 CFR 103.24). No report is required if the aggregate value of the accounts did not exceed \$10,000. See Instructions For Definitions.

PRIVACY ACT AND PAPERWORK REDUCTION ACT NOTICE

Pursuant to the requirements of Public Law 93-579 (Privacy Act of 1974), notice is hereby given that the authority to collect information on TD F 90-22.1 in accordance with 5 USC 552a (e) is Public Law 91-508; 31 USC 5314; 5 USC 301; 31 CFR 1010.350 (formerly 31 CFR 103.24).

The principal purpose for collecting the information is to assure maintenance of reports where such reports or records have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings. The information collected may be provided to those officers and employees of any constituent unit of the Department of the Treasury who have a need for the records in the performance of their duties. The records may be referred to any other department or agency of the United States upon the request of the head of such department or agency for use in a criminal, tax, or regulatory investigation or proceeding. The information collected may also be provided to appropriate state, local, and foreign law enforcement and regulatory personnel in the performance of their official duties. Disclosure of this information is mandatory. Civil and criminal penalties, including in certain circumstances a fine of not more than \$500,000 and imprisonment of not more than five years, are provided for failure to file a report, supply information, and for filing a false or fraudulent report. Disclosure of the Social Security number is mandatory. The authority to collect is 31 CFR 1010.350 (formerly 31 CFR 103.24). The Social Security number will be used as a means to identify the individual who files the report.

The estimated average burden associated with this collection of information is 75 minutes per respondent or record keeper, depending on individual circumstances. Comments regarding the accuracy of this burden estimate, and suggestions for reducing the burden should be directed to the Internal Revenue Service, Bank Secrecy Act Policy, 5000 Ellin Road C-3-242, Lanham MD 20706.

Name(s) shown on return

▶ Attach to Form 1040A or 1040.

► See instructions on back.

OMB No. 1545-0074

2011

Attachment
Sequence No. 08

Name(s) shown on return

<p>Your social security number</p>

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ►

FOREIGN BANK NAME

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

2 Add the amounts on line 1

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989.
Attach Form 8815

4 Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form
1040, line 8a

Note. If line 4 is over \$1,500, you must complete Part III.

5 List name of payer ▶ _____

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

6 Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a

Note. If line 6 is over \$1,500, you must complete Part III.

7a At any time during 2011, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions

If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements.

b If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ► **GERMANY**

8 During 2011, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions on back

Yes	No
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✓	
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	✓
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For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 17146N

Schedule B (Form 1040A or 1040) 2011

Embassy
Tax Services

Foreign Account Tax Compliance Act (FATCA)

Form 8938

- Required of US citizens or residents with an interest in Specified Foreign Financial Assets exceeding certain amounts
- Form 8938 is an IRS form and is required to be filed with your US tax return
- If a tax return is not required to be filed, no Form 8938 has to be filed
- Filing of FATCA Form 8938 is in addition to filing of FBAR form TDF 90-22.1

Failure to file is risky – penalties are extreme

- Penalty for failure to file starts at \$10,000 and continues up to \$50,000 for continuing failure to file after IRS notification
- Additional 40% penalty for failure to report income on tax return
- Statute of Limitations does not start until accurate Form 8938 is filed

Foreign Account Tax Compliance Act (FATCA)

Form 8938

- Specified Foreign Financial Assets include:
 - Bank and investment accounts
 - Direct ownership of foreign stock
 - Foreign retirement accounts
 - Foreign life insurance policies
 - Foreign partnership interests
 - Foreign estate and trust interests

- **When in doubt file Form 8938**

Foreign Account Tax Compliance Act (FATCA)

Form 8938

- Form 8938 must be filed when Specified Foreign Financial Assets exceed specified amounts
- File Form 8938 if Specified Foreign Financial Assets exceed either the Year-end Total or Highest Annual values in the table to the right

Filing Status / Location	Year-end Total (greater than)	Highest Annual (greater than)
Single in U.S.	\$50,000	\$75,000
Single Overseas	\$200,000	\$300,000
Joint in U.S.	\$100,000	\$150,000
Joint Overseas	\$400,000	\$600,000
Separate in U.S.	\$50,000	\$75,000
Separate Overseas	\$200,000	\$300,000

Statement of Specified Foreign Financial Assets

OMB No. 1545-2195

Attachment
Sequence No. 175

▶ See separate instructions ▶ Attach to your tax return

If you have attached additional sheets, check here ☐

Name(s) shown on return EMBASSY EMPLOYEE	Identifying number 999-99-9999
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Number, street, and room or suite no. (if a P.O. box, see instructions)

ADDRESS
City or town, province or state, and country (including postal code)

WASHINGTON, DC 20024

For tax year beginning **JANUARY 1**, 20 **11**, and ending **DECEMBER 31**, 20 **11**

Note. All information must be in English. Show all amounts in U.S. dollars. Show currency conversion rates in Part I, line 6(2), or Part II, line 6(2).

Type of filer

a Specified individual (1) ☐ Married filing a joint return (2) ☒ **Other individual**
b Specified domestic entity (1) ☐ Partnership (2) ☐ Corporation (3) ☐ Trust (4) ☐ Estate

Check this box if this is an original, amended, or supplemental Form 8938 for attachment to a previously filed return ☐

Part I Foreign Deposit and Custodial Accounts (see instructions)

If you have more than one account to report, attach a continuation sheet with the same information for each additional account (see instructions).

1 Type of account <input checked="" type="checkbox"/> Deposit <input type="checkbox"/> Custodial	2 Account number or other designation 00-0112222
3 Check all that apply a <input type="checkbox"/> Account opened during tax year b <input type="checkbox"/> Account closed during tax year c <input type="checkbox"/> Account jointly owned with spouse d <input type="checkbox"/> No tax item reported in Part III with respect to this asset	
4 Maximum value of account during tax year \$	55,000
5 Did you use a foreign currency exchange rate to convert the value of the account into U.S. dollars?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6 If you answered "Yes" to line 5, complete all that apply. (1) Foreign currency in which account is maintained EURO (2) Foreign currency exchange rate used to convert to U.S. dollars 1.45 (3) Source of exchange rate used if not from U.S. Treasury Financial Management Service OANDA.COM	

7 Name of financial institution in which account is maintained

NAME OF BANK

8 Mailing address of financial institution in which account is maintained. Number, street, and room or suite no.

ADDRESS

9 City or town, province or state, and country (including postal code)

10000 BERLIN, GERMANY

Part II Other Foreign Assets (see instructions)

Note. If you reported specified foreign financial assets on Forms 3520, 3520-A, 5471, 8621, or 8865, you do not have to include the assets on Form 8938. You must complete Part IV. See instructions.

If you have more than one asset to report, attach a continuation sheet with the same information for each additional asset (see instructions).

1 Description of asset	2 Identifying number or other designation
3 Complete all that apply a Date asset acquired during tax year, if applicable b Date asset disposed of during tax year, if applicable c <input type="checkbox"/> Check if asset jointly owned with spouse d <input type="checkbox"/> Check if no tax item reported in Part III with respect to this asset	
4 Maximum value of asset during tax year (check box that applies) a <input type="checkbox"/> \$0 - \$50,000 b <input type="checkbox"/> \$50,001 - \$100,000 c <input type="checkbox"/> \$100,001 - \$150,000 d <input type="checkbox"/> \$150,001 - \$200,000 e If more than \$200,000, list value \$	
5 Did you use a foreign currency exchange rate to convert the value of the asset into U.S. dollars? <input type="checkbox"/> Yes <input type="checkbox"/> No	

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 37753A

Form **8938** (11-2011)

Part II Other Foreign Assets (continued)**6** If you answered "Yes" to line 5, complete all that apply.

(1) Foreign currency in which asset is denominated	(2) Foreign currency exchange rate used to convert to U.S. dollars	(3) Source of exchange rate used if not from U.S. Treasury Financial Management Service
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7 If asset reported in Part II, line 1, is stock of a foreign entity or an interest in a foreign entity, report the following information.

a Name of foreign entity _____

b Type of foreign entity (1) ☐ Partnership (2) ☐ Corporation (3) ☐ Trust (4) ☐ Estate

☐ Check if foreign entity is a PFIC

d Mailing address of foreign entity. Number, street, and room or suite no. _____

e City or town, province or state, and country (including postal code) _____

8 If asset reported in Part II, line 1, is not stock of a foreign entity or an interest in a foreign entity, enter the following information for the asset.**Note.** If this asset has more than one issuer or counterparty, attach a continuation sheet with the same information for each additional issuer or counterparty (see instructions).

a Name of issuer or counterparty _____
Check if information is for ☐ Issuer ☐ Counterparty

b Type of issuer or counterparty (1) ☐ Individual (2) ☐ Partnership (3) ☐ Corporation (4) ☐ Trust (5) ☐ Estate

c Check if issuer or counterparty is a ☐ U.S. person ☐ Foreign person

d Mailing address of issuer or counterparty. Number, street, and room or suite no. _____

e City or town, province or state, and country (including postal code) _____

Part III Summary of Tax Items Attributable to Specified Foreign Financial Assets (see instructions)

Asset Category	Tax item	Amount reported on form or schedule	Where reported	
			Form and line	Schedule and line
I. Foreign Deposit and Custodial Accounts	a Interest	\$ 900 1040		SCH B, LINE 1
	b Dividends	\$		
	c Royalties	\$		
	d Other income	\$		
	e Gains (losses)	\$		
	f Deductions	\$		
	g Credits	\$		
II. Other Foreign Assets	a Interest	\$		
	b Dividends	\$		
	c Royalties	\$		
	d Other income	\$		
	e Gains (losses)	\$		
	f Deductions	\$		
	g Credits	\$		

Part IV Excepted Specified Foreign Financial Assets (see instructions)

If you reported specified foreign financial assets on the following forms, check the appropriate box(es). Indicate number of forms filed. You do not need to include these assets on Form 8938 for the tax year.

☐ 3520 Number of forms _____ ☐ 3520-A Number of forms _____ ☐ 5471 Number of forms _____

☐ 8621 Number of forms _____ ☐ 8865 Number of forms _____

Taxation of US Citizens

Questions?