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United States – FBAR Filing Reminder, IRS Issues More Information

by KPMG LLP's Washington
National Tax practice,
Washington, D.C. (KPMG LLP
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The deadline for filing the *Report of Foreign Bank and Financial Accounts* (FinCen Form 114, otherwise known as "the FBAR") for calendar year 2013 is June 30, 2014. Paper filings of the former FBAR form (Form TD F 90-22.1) are no longer permitted because filers must now e-file their FBARs using the BSA E-Filing System (<http://bsaefiling.fincen.treas.gov/main.html>).¹

Why This Matters

Individuals who are covered by the FBAR rules and responsible for their own e-filing of the FBAR should be aware of the rules and processes.

It is important to note this year's new filing procedures as compared with last year. There is no more paper filing of FBARs. Calendar year 2013 FBAR filings must be submitted electronically by June 30, 2014.

Failure to comply on a timely basis may subject the individual to civil penalties. The penalties for non-willful failure can generally range from \$500 to \$10,000 *per account*, depending on the severity of the failure. Harsher penalties can be imposed for willful reporting failures. If willfulness is found, the penalty is the greater of \$100,000 or 50 percent of the amount in the account at the time of the violation.

There are no extensions for the June 30 deadline.

Background in Brief: Who Must File?

A U.S. person must file an FBAR if he or she has a financial interest in or signature authority over any financial account(s) outside of the United States and the aggregate maximum value of the account(s) exceeds \$10,000 at any time during the calendar year. A U.S. person includes a U.S. citizen or resident of the United States.

E-Filing: Some Specifics

After the FBAR is submitted using the BSA E-Filing System, an immediate confirmation page is displayed and an e-mail confirmation is also sent. Within two business days, an additional e-mail is sent listing the BSA Identifier assigned to the filed FBAR. This BSA Identifier should be used to amend or correct, if necessary, the FBAR filing. As in the past, filers must ensure that their FBAR is *received* by the Department of Treasury by the June 30 due date (i.e., filers should maintain the electronic confirmation of filing dated on or before June 30).

An important change from prior years is that individuals with signature or other authority over their employer's foreign financial accounts can report such accounts separately from any personal accounts the individual is required to report. Although FinCEN did not highlight this change in an announcement, the modified rule is explained in a list of "frequently asked questions" ("FAQs") on the BSA E-filing System Web site.² Thus, more than one FBAR can be filed on behalf of individuals or entities based on their taxpayer identification numbers (TINs).³

More Information

The IRS has recently posted to its Web site an FBAR Reference Guide.⁴

In addition, the IRS is offering a free Webinar on FBAR filing on June 4, 2014, "Reporting of Foreign Financial Accounts on the Electronic FBAR," from 2:00 pm (EDT; GMT -5) (Contact: SB/SE Webinars; E-mail: sbse.webinars@irs.gov). The Webinar is offered for all tax professionals and FBAR filers. If you wish to register, please visit the following Web site: <http://www.visualwebcaster.com/IRS/99033/reg.asp?id=99033>. According to the IRS announcement, this event will be archived on the [IRS Video Portal](#) for later viewing approximately three weeks after the date of the event.

KPMG LLP (U.S.) has produced a video entitled "2014 FBAR Filing Update," (approx. 7 minutes), which you may view at: <http://www.kpmginstitutes.com/taxwatch/insights/2014/2014-fbar-filing-update.aspx>.

Footnotes:

1 When reporting their own accounts, individuals are not required to register and log-in before downloading, completing, and submitting the report into the system.

2 See: http://bsaefiling.fincen.treas.gov/docs/FBAR_EFILING_FAQ.pdf .

3 For an in-depth article on FBAR filing, see: S. Friedman and T. McCormally, "The FBAR Revisited: Gone Electric," in KPMG LLP's *What's News in Tax* (April 14, 2014) at: <http://usportal.us.kworld.kpmg.com/us/Functions/tax/wnt/WNiT/041414-FBAR.pdf> .

4 See: http://www.irs.gov/pub/irs-utl/IRS_FBAR_Reference_Guide.pdf .

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The information contained in this newsletter was submitted by KPMG LLP's Washington National Tax practice. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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