

Additional Reporting Requirements for U.S. Taxpayers with Foreign Assets Continued

The statute of limitations for assessment of tax is six years instead of the normal three years if there is an omission of gross income in excess of \$5,000 attributable to one or more foreign financial assets. The statute of limitations is suspended if the taxpayer fails to make the required disclosure, and then runs for three years after the required disclosure is made. It is not clear whether the entire return is open during the suspension and three years periods or only those items relating to foreign financial assets.

Many of the new provisions give the Internal Revenue Service authority to provide exceptions, so we will not know the full impact of these provisions until the IRS provides guidance.

Tax Section

Montgomery McCracken has the experience and talent to assist clients in all areas of federal, state, local and international taxation. We counsel clients regarding tax-free corporate reorganizations and taxable mergers and acquisitions, partnerships and joint ventures, tax efficient structures for investment vehicles and international operations, investment vehicles, international operations and tax issues faced by nonprofit and tax-exempt organizations.

Please contact a member of our Tax Section if you have questions or if we may be of assistance.

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