

KRISHNAN COMPANY

— CERTIFIED PUBLIC ACCOUNTANT —

FOREIGN TAX CHECKLIST

1. **Report of Foreign Bank and Financial Accounts (FBAR)** — If you own or have authority over a foreign financial account, including a bank account, brokerage account, mutual fund, unit trust, or other types of financial accounts, and the aggregate value of all foreign financial accounts is over US\$10,000 at any time during year, you're required to report the account each year to the Department of the Treasury.
2. **Statement of Foreign Financial Assets** — This is a new tax form that is applicable from tax year 2011. Note that this form is different from the FBAR Form, which is still required. Specifically, this form requires more detailed information on a variety of foreign assets, including bank accounts, stocks, various types of investment accounts, and potentially other assets such as rental properties and foreign insurance policies. This form also differs in that it's included along with your 1040 filing rather than the FBAR that is sent separately to the Department of Treasury.
3. **Foreign Earned Income** — If you are an expatriate living abroad, then you may be able to exclude foreign-earned (salary) income of a certain threshold, annually increased for inflation, as well as potentially exclude or deduct housing costs using this form.
4. **Foreign Tax Credit** — If you've paid foreign taxes on foreign income (either from your salary or investments) and you haven't otherwise excluded the income from your U.S. taxes, you may be able to take a credit against any U.S. taxes owed by filing this form.
5. **Information Return of U.S. Person with Respect to Certain Foreign Corporations** — If you're a shareholder of a Controlled Foreign Corporation (CFC) you must file this form. A foreign corporation is generally classified as a CFC if you own 10% of the shares or control 10% of the voting rights.
6. **Information Return for Passive Foreign Investment Company (PFIC)** — If you own shares in a Passive Foreign Investment Company, such as a foreign-domiciled mutual fund, offshore investment scheme, or resident country tax-deferred fund, etc., you're required to file this form for each PFIC in years that you have a realized gain or distribution for that fund.
7. **Return of a U.S. Transferor of Property to a Foreign Corporation** — You are generally required to file this form in the year you transfer cash, assets, or property (tangible or intangible) to a foreign corporation. U.S. citizens who are either just setting up and providing initial capital to a foreign business or injecting fresh capital/new assets into an existing business may need to file this form.
8. **Information Return of U.S. Persons with Respect to Certain Foreign Partnerships** — If you're a partner in a foreign partnership with five or fewer U.S. partners who each own 10% or more interest and in aggregate have more than 50% of the partnership, you may need to file this form to report income and transactions between you and the partnership.

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9. **Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts** — This form is used to report transactions you may have with foreign trusts, as well as if you receive large gifts from foreign persons (greater than US\$100,000), or corporations or partnerships (greater than US\$14,139).

10. **Information Return of Foreign Trust with a U.S. Owner** — If you own a foreign trust, you need to file this form to provide information about the trust, its U.S. beneficiaries, and anyone who's treated as an owner of any portion of the trust.