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### **New Foreign Bank Account Disclosure Requirements** **Foreign Bank and Financial Accounts Report (FBAR)**

The Department of the Treasury has recently begun strictly enforcing a law which was first enacted in 1970. Compliance with this law has been very low until recently. All US citizens living in Israel must file this report if the total of all the following accounts, held outside of the US, exceeds \$ 10,000:

- Bank accounts (checking and savings)
- Securities and other brokerage accounts
- Life insurance and annuities
- Pension and provident funds

This report is due June 15, 2018 for Americans residing abroad and is filed separately from your regular tax return. However, there is an extended deadline till October 15, 2018, if form 4868 is filed

Penalties for not filing may include any of the following:

- \$10,000 for each violation for non-willful violation
- \$100,000 or 50% of the value of the account, for each willful violation
- \$250,000 and up to 5 years in jail if criminal penalties are imposed

We urge you to contact our office in order to get additional details on the filing requirements. We can assist you to comply with the law and avoid large potential penalties

### **Reporting Requirements Effective for 2011 and Onward**

In addition to the FBAR an additional report must be filed with your regular tax return if you meet the following requirements:

- Taxpayers living outside the US, and not filing a joint return, who have more than \$ 200,000 in financial assets at the end of the year or who had more than \$ 300,000 in assets at any time during the year.
- Taxpayers living outside the US and filing a joint return who have more than \$ 400,000 in financial assets at the end of the year or who had more than \$ 600,000 at any time during the year,

### **Reporting Requirements of Israeli Banks**

The US Treasury Department has imposed new reporting requirements which will go into effect January 1, 2014. All banks opening accounts must determine if the customer is a US citizen. If he is, the bank will require you to fill out a W-9 form which is a request of your social security number. Taxable transactions will then be reported to the Treasury department exactly as they are by US financial institutions. The US has the right to impose penalties on Israeli banks that fail to comply. Several Israeli banks are already implementing this process. Some are making intrusive requests to see the account holders US tax returns in order to make certain that taxable income is being reported. Our office as well as other offices have received inquiries from clients about this. We cannot make any comment as to the legality of requests to see an individual's US tax return. We can state that the bank is under obligation to obtain your social security number for reporting purposes.

Many US citizens are unaware as to the seriousness of these new reporting requirements. Please contact our office in order to determine if you need to file and avoid unnecessary penalties.

In order to efficiently prepare the report please fill out the following information on the next page.

Sincerely Yours,

Moshe Sadeh

