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About Us

Since our founding in 1986, our firm's core values have been a belief in the virtue of hard work and dedicated service to our clients. Through steadfast adherence to these values, we have earned a reputation in the Denver business community as expert accountants, tax advisors, and business counselors.

Tax Planning & Preparation

As your tax advisor, we want you have the very best information available to be able to make sound financial decisions. As your tax preparer, we want you to have confidence that your compliance requirements are met despite an increasingly complex tax code.

International Tax Specialization

We are a local firm with a global reach. We specialize in U.S. income tax compliance and disclosure for multi-national taxpayers. Our clients include foreign businesses with U.S. subsidiaries, domestic businesses operating outside the United States, and individuals with assets and investments around the globe. When our clients have foreign holdings or transactions, we have the knowledge and experience to provide them with the advice they need.

Jordan Friedman, CPA, M.T.

Jordan Friedman is a Colorado-licensed CPA and one of two principals of The Schaffer Group, PC. He has been a frequent speaker and writer on foreign asset disclosure and business ethics. Jordan holds a Master of Taxation from the University of Denver's schools of business and law.



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U.S. Tax Compliance for Multi-National Taxpayers Presented By: Jordan Friedman, CPA, MT

Coming to America – The Biggest Mistakes

- Tax compliance in the U.S. is much harder than many people expect
 - Know your residency status
 - Substantial Presence Test: 183 days of physical presence in the U.S. using a weighted-average of the last three years
 - Green Card Test: Physical presence while holding a U.S. Green card
 - The U.S. taxes worldwide income
 - Citizens must always file a tax return
 - Expatriation is not as simple as just deciding to leave the U.S.

- Take a financial inventory to avoid disclosure errors
 - Bank accounts
 - Investment accounts and holdings of stocks & bonds
 - Mutual Funds - ~~Ⓢ~~The PFIC Hazard!
 - Pensions & retirement plans **(Don't forget your RRSP!)**
 - Life insurance & annuities
 - Real estate
 - Business activities
 - Trusts

Disclosure, Disclosure, Disclosure

- Tax maintenance costs less than tax remediation
- Penalties
 - Many disclosure violations are criminal matters, not just tax
 - Non-willful violations carry penalties of \$10,000 or more
 - Willful violations can carry jail time

- FATCA, FinCen, PFIC, and other acronyms you don't want to hear
 - Form 8938 – Specified Foreign Asset Disclosure
 - Form 8621 – Passive Foreign Investment Company (PFIC) reporting
 - Form 3520 & Form 3520-A – Foreign Trust, Gift, or Inheritance Disclosure
 - W-8BEN, 1042, and more...

Tax Avoidance – Can you too be Dutch like U2 and Irish your coffee like Starbucks?

- Home is where the tax rates are the lowest.
- What does Starbucks sell and where is their income?

Going Global – All it takes is a laptop and a dream (and a CPA)

- The United States taxes businesses on their world wide income (sort of)
- “As seen on TV!” – Deferring taxes on foreign profits is not as simple as it seems
- “There’s a form for that!” – Remember that if you run a business abroad, you have to file disclosure
 - Form 926 – Transfer of money to a foreign corporation
 - Form 5471 – Report of foreign corporations owned or directed by U.S. persons
 - Form 8865 – Disclosure of ownership in a foreign partnership
 - Form 8858 – Disclosure of ownership of a foreign disregarded entity
 - Form 5472 – Disclosure of foreign ownership of a U.S. corporation and related parties
 - Form 8805 – Disclosure of foreign members of a partnership
 - Form FinCEN 114 – “The FBAR” Foreign Bank Account Report for aggregate accounts greater than \$10,000

Recent History of Tax Enforcement

- UBS and the beginning of the end for hiding assets
- Offshore Voluntary Disclosure Program – The Presumption of Guilt



54. I have a Canadian registered retirement savings plan (RRSP), registered retirement income fund (RRIF), or other similar Canadian plan. I did not make a timely election pursuant to Article XVIII(7) of the U.S. - Canada income tax treaty to defer U.S. income tax on income earned by the RRSP or RRIF that has not been distributed, but I would now like to make an election. What should I do?

The answer depends upon whether you are participating in the OVDP announced by the IRS on January 9, 2012, the 2011 OVDI, or the 2009 OVDP.

Taxpayers who are participating in the OVDP announced by the IRS on January 9, 2012, should provide the following information (see FAQ 7):

- A statement requesting an extension of time to make an election to defer income tax
- Forms 8891 for each of the tax years and type of plan covered under the voluntary disclosure
- A dated statement signed by the taxpayer under penalties of perjury describing:
 - Events that led to the failure to make the election
 - Events that led to the discovery of the failure
 - If the taxpayer relied on a professional advisor, the nature of the advisor's engagement and responsibilities

Taxpayers who are participating in the 2011 OVDI should wait until they are contacted by an examiner about their case. Once they are contacted, they should inform the examiner of their desire to make an election and provide the examiner the information listed above.

Taxpayers who participated in the 2009 OVDP whose cases have not been resolved and closed with a Form 906 closing agreement should inform the examiner working their case of their desire to make an election and provide the examiner the information listed above.

Taxpayers who participated in the 2009 OVDP whose cases have been resolved and closed with a Form 906 closing agreement who believe that the account balance of the RRSP or RRIF was included in the calculation of the miscellaneous Title 26 offshore penalty and would now like to make an election should provide a statement to this effect including all pertinent contact information (name, address, SSN, home/cell phone numbers), the name of the examiner assigned to their case, and a copy of the closing agreement. This information should be sent to:

Internal Revenue Service
3651 S. I Hi 35 Stop 4301 AUSC
Austin, TX 78741
Attn: 2009 OVDP Determination

Upon receipt of this information, the case will be

		<p>assigned to an examiner. The examiner will provide the taxpayer with further instructions on making the election.</p> <p>Making this election does not preclude an OVDP participant from electing to opt out of the civil settlement structure of the program.</p>
54.1	If my election is granted, will the RRSP or RRIF balance be included in the offshore penalty base?	No.
55.	I have a retirement or pension plan in a foreign country (other than a plan described in FAQ 54) that I do not believe should be included in the offshore penalty base. What should I do?	If you have a retirement or pension plan in a foreign country (other than a plan described in FAQ 54) for which you believe there is no U.S. reporting requirement and that you believe should not be included in the offshore penalty base, you should contact the OVDI hotline at (267) 941-0020.

From: www.irs.gov Offshore Voluntary Disclosure Program Q&A



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Israeli Account Holders Beware, Uncle Sam Wants You
By Jordan Friedman, M.T.

Excerpted From Article Published by The Intermountain Jewish News

Bank Leumi, Israel's largest bank, is asking its clients to identify themselves as U.S. residents and advising them to disclose their Israeli accounts to the Department of the Treasury (Reuters, 11/01/10). Bank Leumi's advice reflects a trend in the banking industry to raise awareness about the heightened scrutiny of U.S. residents with assets held abroad. It follows the well-publicized prosecution of UBS for enabling U.S. residents to avoid taxation of their foreign income by taking advantage of Swiss banking secrecy laws. Now that the U.S. has successfully prodded the Swiss government to change its banking laws and reached a settlement with UBS, other financial institutions are rightly concerned about who will be the next target of an IRS investigation.

The peril of failing to disclose foreign assets can be enormous. The law requires U.S. residents, a category including holders of both extended visas and Green Cards, to report bank and securities accounts whose aggregate value exceeds \$10,000 or face stiff penalties. Penalties of up to \$500,000 and five years of imprisonment can be imposed on those who try to hide money from Uncle Sam. Any foreign account holder would do well to learn from the experience of UBS clients who participated in the IRS Offshore Voluntary Disclosure Program. This program provided an incentive for UBS clients to avoid criminal prosecution by coming forward voluntarily, yet they remained subject to a penalty equal to 20% of the highest balance held in their foreign accounts since 2003. These severe penalties serve as a stern warning to others who might have unreported financial holdings.

Although the case against UBS is the most well-known subject of IRS enforcement, there are many requirements placed on those who maintain assets abroad or do business in other countries that can lead to tax trouble. Failures to report certain transfers of money or property to foreign corporations or partnerships are subject to penalties up to \$10,000. Creating an unreported grantor trust abroad can result in a 35% penalty. Even a well-intentioned relative who bequeaths property to a U.S. resident that is worth more than \$100,000 can cause the recipient who fails to report the transfer to be subject to a penalty as high as 25%. The harshest consequences of all are reserved for U.S. residents who invest their money in foreign mutual funds. These funds are frequently tainted as Passive Foreign Investment Companies (PFICs), which is the worst of all worlds for investors. PFIC income is treated as ordinary income, meaning that there is no favorable capital gains tax treatment when the investment is sold. At the same time, all losses are treated as capital losses, meaning that an investor who loses money might only be able to deduct \$3,000 of that loss each year against his other income for tax purposes.

The IRS is not specifically targeting accounts in Israel, but Bank Leumi is wise to preemptively encourage its clients to stay on the right side of the law. Compliance can be a nuisance since the IRS requires taxpayers who fail to report foreign accounts to amend their prior years' tax returns for as little as \$1 in unreported income. Of course, that nuisance pales in comparison with the painful penalties that are the reward for not reporting foreign assets.