



Galaria Capital MANAGEMENT

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New Foreign/Offshore Account Regulations: Effective July 1st, 2014

June 2014

[Financial Topics Newsletter, 2nd Quarter 2014 \(Click Here\)](#)

Dear Client:

New Foreign/Offshore Account Regulations Take Effect July 1st, 2014!

Over the past few years, the IRS has been honing in on bringing US taxpayers into compliance with the reporting and payment obligations regarding their offshore accounts. In 2010, Congress enacted FATCA, the Foreign Account Tax Compliance Act, to urge foreign institutions and countries to disclose information to the IRS regarding US taxpayers' accounts in their countries. Two years later, in 2012, the IRS announced the Offshore Voluntary Disclosure Program (OVDP) which encouraged US taxpayers with offshore accounts to come forward and disclose their foreign holdings in order to limit potential penalties.

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Currently, the IRS is making a stronger effort to reduce US tax evasion on undisclosed foreign accounts. Modifications have been made within the Offshore Voluntary Disclosure Program to encourage further full disclosure of offshore accounts. These modifications will take effect on submissions made on or after July 1st, 2014. Please see

(<http://www.irs.gov/Individuals/International-Taxpayers/Offshore-Voluntary-Disclosure-Program-Frequently-Asked-Questions-and-Answers-2012-Revised>) for more information.

Furthermore, also before July 1st, 2014, through FATCA, the Foreign Account Tax Compliance Act, many foreign institutions and countries will register with the IRS and disclose information regarding assets held by US persons. Foreign institutions and countries that do not comply with FATCA will be subject to withholding. Please see

(<http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA>) for more information.

US persons, US citizens & green-card holders working or living abroad and/or foreign citizens working in the United States can all be affected by these new IRS modifications and regulations. Issues to review in regards to new OVDP and FATCA requirements regarding offshore assets are as follows:

- Accounts/Assets
- Investments
- Business Ventures
- Real Estate
- Life Insurance
- Retirement Savings Plans
- Wages
- Trusts
- Charitable Contributions
- Home Mortgage Interest
- Divorce Settlements
- Estate and Gift Taxes

Affected persons should seek professional advice from their accountant before July 1st, 2014 to avoid penalties.



I. Galaria
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Investment Planning

- Active Portfolio Management
- Retirement Planning
- Financial Planning & Education
- Asset Allocation Analysis

Insurance

- Annuities
- Whole Life, Term Life,
Disability
- Long-Term Care

Small Business **Retirement Plans**

- Design, Implementation &
Management

Further Questions? Please feel free to call us directly at 1.800.957.1079 or email Galaria@galariacapital.com .

Access to Charles Schwab Online

As always, your account information and details are accessible 24/7 via the Charles Schwab website, www.schwab.com . If you haven't already, please be sure to take the time to create a personal "login" on the Charles Schwab website so that you are able to view your accounts. If you need assistance in creating your "login", please feel free to call 1-800-515-2157 between the hours of 8am-7pm EST to access a Charles Schwab service representative who will gladly walk you through the necessary steps.

You will need your account number(s) (listed on the documents mailed to your registered address by Charles Schwab), the account holder's Social Security Number and a computer (to access the Charles Schwab website). This phone call should take approximately 10-15 minutes. If you should have any further questions, please do not hesitate to contact us directly.

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