

Upcoming Events

NATP National Conference

Anaheim CA, Anaheim Marriott
August 6-9, 2018

NATP Tax Forums

Atlantic City NJ, Harrah's
September 20-21, 2018

Las Vegas NV, Planet Hollywood
September 25-26, 2018

Indianapolis IN, Crowne Plaza
Downtown
October 17-18, 2018

The NY Chapter Summer Series

The Summer of Tax Reform!

Day One: **NATP New York Chapter Summer of Tax Reform: Individuals and Trusts**

Day Two: **NATP New York Chapter Summer of Tax Reform: Tax Reform for Small Businesses**

See Page 2 for in depth details on topics, locations

E-News

New York Chapter of NATP
Monthly Newsletter

May 2018

IRS Nationwide Tax Forums!

The IRS has released the list of locations for the IRS Tax Forums. It can be found here:

<https://www.irs.gov/newsroom/tax-preparers-register-now-for-2018-irs-nationwide-tax-forums>

#Growth#Trust#NATP offers a \$10 Discount off the Early Bird rate on IRS forums!

Use Code: **\$2018NATP\$** when you register



New York State
Chapter of NATP

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Binghamton, NY 13902



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NewYorkNATP.com

This Month's Issue

- Case Study Series
- Summer Series Topics & Dates
- Do you have Tax Season Issues?
- Updated 2018 Withholding Tables Now Available

Contributors:

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Education Committee
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Case Study:

Citizen of Country A with foreign financial assets in Country A, with potential for future inheritance, and married to a U.S. citizen

Mrs. B, a U.S. citizen, is married to Mr. B, who is a Canadian citizen. Mr. B is also a green card holder and is a long-term resident of the United States. Mr. and Mrs. B file a joint tax return.

Mr. B owns following properties/assets in Canada:

- A 25% interest in a French corporation.
- A 25% partnership in a German partnership.
- A home in Canada, which is rented year-round.
- A bank account in Canada with a minimal balance which is held largely for receiving rent from the Canadian home and paying expenses related to the same.

Mr. B's parents are quite aged, and upon their passing, he will likely receive substantial inheritance.

What does this couple need to think about?

They have been filing their tax returns in the U.S. for many years and have been declaring all income, including income from all of their Canadian holdings. That should do it, they should be home free, and should have no issues. Right?

Well, yes, provided all is done correctly. Effective since 2012, individuals with financial interests in foreign countries are required to disclose these foreign financial interests on their U.S. tax returns. Note that disclosing foreign financial interest on the U.S. tax return is not the same as declaring income from these foreign financial interests. One might not have reportable income from a given foreign financial asset, but each of these foreign financial assets must still be reported on the U.S. tax return. By the same token, not all foreign financial assets are reportable, as you will see when we take a specific example in the case of Mr. B.

As to reporting of income from these foreign financial assets, the country in which the financial assets are held may not consider income from these assets as taxable, but the U.S. may consider income from these assets as taxable in the U.S. One classic example is dividend and interest from investment. Some countries do not tax dividend and interest income. However, a U.S. citizen or resident is required to declare this income in the U.S. because dividend and interest are considered taxable income in the U.S.

Coming back to Mr. B's case: Each of the items held by Mr. B in France, Germany, and Canada are considered foreign financial assets and may be subject to foreign information reporting/disclosure under various sections of the U.S. Internal Revenue Code.

First, his 25% interest in a French corporation and German partnership: He is required to report these interests on Form 5471 and Form 8865, respectively. The year of this reporting and whether this reporting is required every year depends on a number of factors. For example, if the French corporation were 30% owned by another U.S. individual, the French corporation would be considered a CFC, and Form 5471 would have to be filed each tax year. If Mr. B is the only U.S. shareholder, his yearly filing obligation may or may not arise depending on additional factors.

Next, his rental activity in Canada: While not subject to foreign information reporting, the income therefrom must be reported on his U.S. tax return.

Finally, his bank account: While minimal and likely not meeting the threshold filing requirement for foreign disclosure, it will be advisable to report this on Form 8938 because he has other reportable foreign financial interests.

Next, let's talk about potential inheritance. Until such time inheritance is received, there's nothing to worry about. However, upon the passing of his parents, the reporting of inheritance and income therefrom must be carefully reviewed. The first step is to carefully review various components of inheritance. Generally speaking and depending on the value and type of inheritance, Form 3520 and 3520-A may need to be filed. Other forms that will need to be filed will depend on the type of property received. For example, if there is an interest in a mutual fund, a Form 8621 may be required, and further review of the election that may be made should be undertaken to minimize any unwanted tax burden in the future. Stock ownership in a Canadian entity may require filing Form 5471 or Form 8865. Estate and inheritance tax issues in Canada also will need to be considered.

All in all, ownership of foreign financial assets, while lucrative for many taxpayers, requires a careful compliance review for U.S. tax purposes. What forms to file, when to file, and how to file depend on fact pattern and asset composition. The penalty associated with non-filing of these foreign information reporting forms are quite draconian. For example, non-filing of Form 5471 or 8865 can subject an individual to a penalty of \$10,000 per form per year. The penalty abatement is rarely granted. More importantly, if required to file and if not filed, the statute of limitation remains open for the entire tax return until the required form is filed.

Ragini Subramanian is a NY attorney with LL.M. in Taxation from Boston University. She is a Manager at a major accounting firm in the tri-state area. She specializes in tax planning and strategy for high net worth individuals and their associated entities including foreign information reporting obligations, IRS and State audits including OVDP representation. Ragini is a frequent contributor to NATP's TaxPro Journal.

Summer Series Dates/Locations

Summer of Tax Reform: Individuals and Trusts (8CE)

8:00 am - 5:00 pm

Tax Reform changed the face of the tax world. This hands-on seminar looks at how tax reform impacts the 1040 as well as presenting an overview of Trusts. The session will cover the changes to Schedule A, the expanded Child Tax Credit, new Family Tax Credit, changes to 529 and the how the world turned upside down.

At the end of this session, attendees will be able to:

- Recognize the new Standard Deductions and Tax Rates
- Distinguish between Qualified Child and Qualified Relative
- Calculate the 2018 federal state and local tax deduction.
- Discuss the impact of items no longer deductible on the Schedule A
- Calculate the new Kiddie Tax
- Determine the expanded Child Tax Credit
- Understand the new Family Tax Credit
- Advise clients on the expanded uses of 529 funds, including rollover to ABLE
- Understand why clients form Trust
- Recognize the different types of Trusts utilized by clients
- Determine when a Trust tax return is due

Summer of Tax Reform: Tax Reform for Small Businesses (8CE)

8:00 am - 5:00 pm

Tax Reform for Small Businesses Tax Reform radically changes how our small business clients will move forward. This session will review how Tax Reform will be implemented among our Schedule C filers as well as entity members and corporations.

At the end of this session, attendees will be able to:

- Recognize when the Small Business Deduction is available
- Calculate the Small Business Deduction
- Discuss the Small Business Accounting Method expansion
- Utilize Bonus Depreciation, Section 179
- Discuss the new Paid Family/Medical Leave credit
- Recognize the revised NOL provisions
- Discuss the previously available tax breaks no longer available

Register Online:

<https://www.natptax.com/Chapters/Pages/NewYorkChapterEducation.aspx>

By Phone: Call Member Services (800) 558-3402 Ex 3

Mail/Fax Registration forms available at the end of newsletter

Locations:

Aug. 2-3, 2018

[del Lago Resort & Casino](#)

1133 State Route 414

Waterloo, NY 13165

Room Rate Code: NYNATP

Aug. 20-21, 2018

[Hilton Garden Inn Melville](#)

575 Round Swamp Rd

Plainview, NY 11803

Room Rate Code: NYNATP

Aug. 22-23, 2018

[Adria Hotel & Conference Center](#)

221-17 Northern Blvd

Bayside, NY 11361

Room Rate Code: NYNATP

Aug. 27-28, 2018

[Hampton Inn Tarrytown](#)

200 West Main St

Elmsford, NY 10523

Room Rate Code: NYNATP

Aug. 29-30, 2018

[Courtyard Albany Airport](#)

168 Wolf Road

Albany, NY 12205

Room Rate Code: NYNATP

Tax Season Issues?

Did you have a taxpayer who asked a tricky tax question that you just couldn't answer?

Did you encounter a tax issue not common in your practice and need some guidance?

Send them to the NYS Chapter!

For the past three years, we have gathered your questions and sticky situations into our Tax Season Issues Module for our Fall Series and it has been a HUGE hit!

For this coming year we would love to keep Tax Season Issues fresh and exciting for our seminars, but we can't do it without your help!

Send your "Tax Season Issues" to Rick Rottkamp at rh1040@aol.com

You may just find the answer in our 2018 Fall Seminar!

NY Chapter Founders Award

Ralph Sommers
2013

Wendy C. Loomis
2014

Karl Herba
2015

Dwayne "Rocky" Rhodes
2016

Kathryn M. Keane
2017



Newsletter Committee:

Kathryn M. Keane, EA
Christina Parisi &
Tricia Santana

From the IRS Desk

Updated 2018 Withholding Tables Now Available

Taxpayers Could See Paycheck Changes on February Paystubs

Click below for more information and to read the IRS' post in its entirety

<https://www.irs.gov/newsroom/2018-withholding-tables-now-available>

Purchasing a Quickfinder?

Will you be buying a Quickfinder for the coming season? The NY Chapter receives a donation for each book ordered when you use the Association Code below, mention NATP or use the Special Order Form provided at:

<http://newyorknatp.com/quickfinder-purchase/>

Quickfinder Association Code Q680

You also receive a discount when you mention our codes!

The NY Chapter THANKS YOU FOR YOUR SUPPORT!!



**NATP New York Chapter
Summer of Tax Reform:
Individuals and Trusts**

8:00 am – 5:00 pm

Name: _____ Member ID#: _____

Designation(s): _____ License #: _____ PTIN #: _____

Address: _____

City: _____ State: _____ Zip: _____

Email: _____ Phone: _____

Emergency Contact Name & Phone Number _____

Check here if the above address should be your main mailing address.

Registration Fees	Member	Non-Member
Early Bird <i>(ends 8 days prior to seminar)</i>	\$225	\$250
Standard	\$250	\$275
Guest Meal Ticket	\$25	
Paper Materials	\$20	

*Registration includes
E-Materials
and
Lunch*

Location – Please check the box in front of the location you wish to attend.		
<input type="checkbox"/>	Plainview – Hilton Garden Inn - Melville	Aug. 20, 2018
<input type="checkbox"/>	Bayside – Adria Hotel & Conf. Center - Queens	Aug. 22, 2018
<input type="checkbox"/>	Elmsford – Hampton Inn – Tarrytown	Aug. 27, 2018
<input type="checkbox"/>	Albany – Courtyard - Albany Airport	Aug. 29, 2018
<input type="checkbox"/>		

Payment Method: Credit Card or Checks made payable to NATP

Name as it appears on CC: _____

CC #: _____ Exp. Date: _____ CVV # _____

Signature: _____

How To Register:

Mail To: NATP, PO Box 8002 Appleton, WI 54912-8002

Phone: 800.558.3402, Ext. 3

Fax: 800.747.0001

Online: <https://www.natptax.com/Chapters/Pages/NewYorkChapterEducation.aspx>

Cancellation Policy: Cancellations must be submitted to NATP no later than 8 days prior to the seminar to receive a refund. Cancellation is subject to a \$25 fee.



**NATP New York Chapter
Summer of Tax Reform:
Tax Reform for Small Businesses**

8:00 am – 5:00 pm

Name: _____ Member ID#: _____

Designation(s): _____ License #: _____ PTIN #: _____

Address: _____

City: _____ State: _____ Zip: _____

Email: _____ Phone: _____

Emergency Contact Name & Phone Number _____

Check here if the above address should be your main mailing address.

Registration Fees	Member	Non-Member
Early Bird <i>(ends 8 days prior to seminar)</i>	\$225	\$250
Standard	\$250	\$275
Guest Meal Ticket	\$25	
Paper Materials	\$20	

*Registration includes
E-Materials
and
Lunch*

Location – Please check the box in front of the location you wish to attend.		
<input type="checkbox"/>	Plainview – Hilton Garden Inn - Melville	Aug. 21, 2018
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<input type="checkbox"/>	Elmsford – Hampton Inn – Tarrytown	Aug. 28, 2018
<input type="checkbox"/>	Albany – Courtyard - Albany Airport	Aug. 30, 2018
<input type="checkbox"/>		

Payment Method: Credit Card or Checks made payable to NATP

Name as it appears on CC: _____

CC #: _____ Exp. Date: _____ CVV # _____

Signature: _____

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Mail To: NATP, PO Box 8002 Appleton, WI 54912-8002

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