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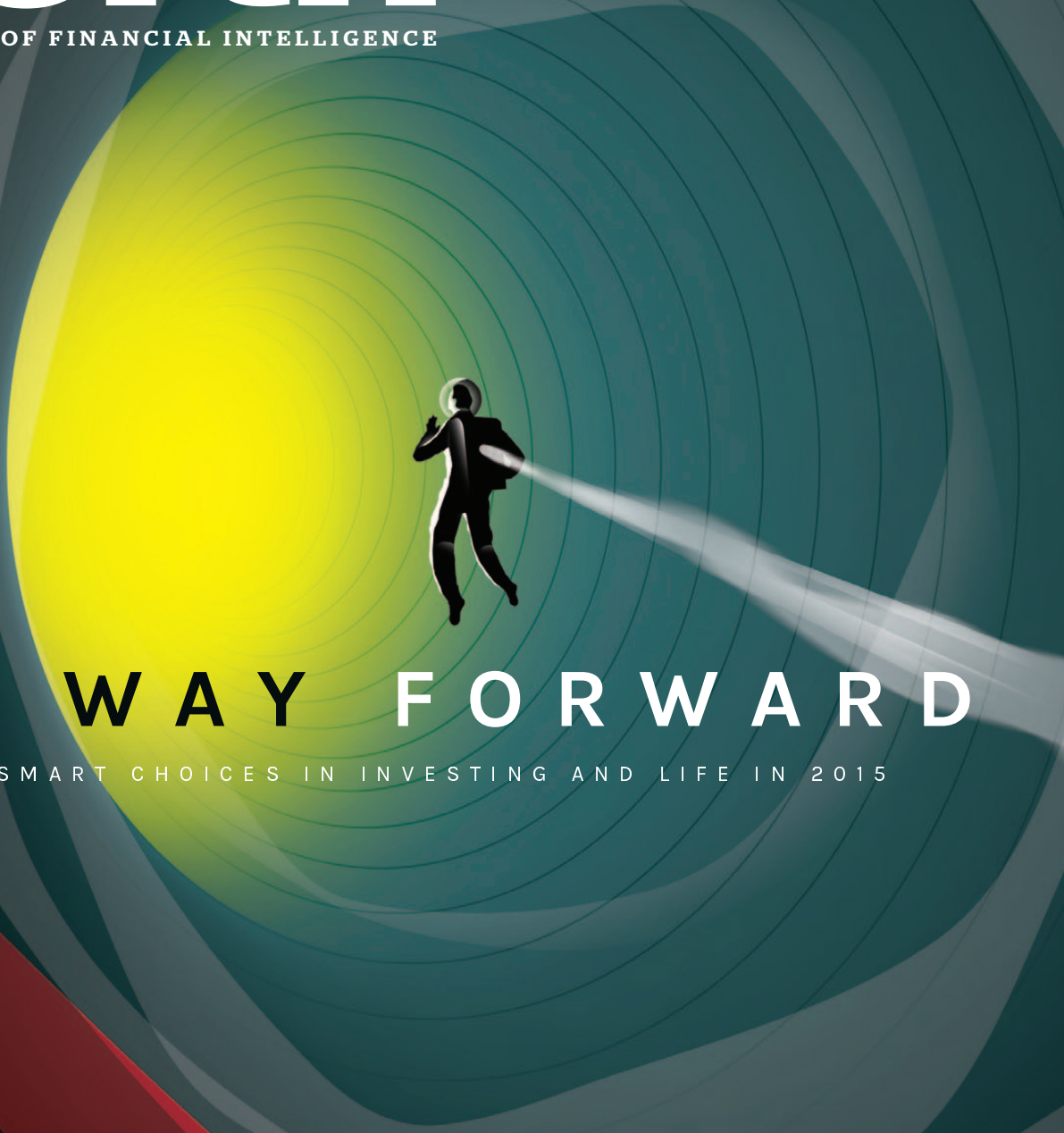
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## Transamerica Life Insurance Company

Claire Durand, CFP®, ChFC®, CLU®, CRPC®  
Director, Advanced Marketing

# “What is the **impact of FATCA** on my international assets?”

By Claire Durand

If you are a U.S. citizen or green card holder (permanent resident), you are subject to U.S. income taxes on all sources of income worldwide whether you live in America or abroad. Under FATCA (Foreign Account Tax Compliance Act), foreign financial institutions, including banks and brokerage firms, will in many, if not most, circumstances begin reporting account balances belonging to U.S. taxpayers.

**How does FATCA work?** FATCA was created to capture the nearly \$100 billion in lost U.S. tax revenue, due to tax noncompliance on foreign accounts. Under FATCA, foreign financial institutions must report account numbers, balances, names, addresses and U.S. taxpayer identification numbers or face significant restrictions on U.S. business. U.S.-owned foreign entities must report the name, address, and U.S. TIN (tax identification number) of each substantial U.S. owner. There can also be a penalty to the foreign financial institutions for not complying with these requirements: the withholding of up to 30 percent of dividends or interest due to them from U.S. accounts.

**How far-reaching is FATCA?** The latest figures from the U.S. Treasury

indicate that more than 100 countries are in various stages of FATCA compliance: 43 countries have signed actual intergovernmental agreements; the remaining countries are still negotiating to put a formal FATCA treaty in place but have agreed in substance. Some of the participating countries are the United Kingdom, France, Germany, Denmark, Switzerland, the Netherlands, Norway, Spain, Mexico, Bermuda, Canada, the Cayman Islands, Australia, Japan and South Africa.<sup>1</sup>

Coming on the heels of FATCA is a similar effort, GATCA (Global Account Tax Compliance Act). GATCA's purpose is not to change FATCA but to set a global standard for the automatic exchange and reporting of information. Under GATCA, other countries, following the lead of FATCA, would require foreign financial institutions to report similar information to ensure the tax compliance of their own citizens.

**How does FATCA affect me?** Under FATCA, as a U.S. citizen or permanent resident, you are now required to file a Form 8938 with your U.S. income tax return, reporting all income in excess of \$50,000 in foreign accounts or in foreign entities in which you hold a substantial ownership interest.

### KEEP IN MIND:

- Failure to report foreign financial assets will result in a penalty of \$10,000. Continued noncompliance after notification by the IRS will result in a penalty of up to \$50,000.
- Understatements greater than 25 percent of gross income are subject to a longer, six-year statute of limitations period.
- You are also now required to report financial assets not held in custodial accounts, such as physical securities certificates.

Some accounts, such as retirement savings or other tax-favored products, may be excluded from reporting. Other exceptions or exemptions may apply to your situation, depending on where your assets are held and the type of FATCA agreement in place. It is therefore important to speak with your tax advisor or attorney to fully understand your possible tax exposure under FATCA. Take advantage of tax-deferral when possible.

Life insurance and annuity products provide significant tax advantages when you're faced with increasing income tax liabilities. Talk with your financial planner or tax advisor to see if there's a need in your portfolio. ☺

<sup>1</sup> <http://www.treasury.gov/resource-center/tax-policy/treaties/pages/fatca-archive.aspx>

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*“Under FATCA, U.S. citizens or permanent residents must now report all income in excess of \$50,000 in foreign accounts or foreign entities.”*

—Claire Durand

#### How to reach **Claire Durand**

Claire Durand and the members of the Transamerica Advanced Marketing team may be reached at 877.238.6758. We look forward to hearing from you.



Left to right: Caroline Elrod, Robert Ahearn, Carey Rokovich, Claire Durand, John Oliver, Mike Thaxton

#### About Claire Durand

As a seasoned financial planner, Claire Durand leverages her experience to manage Transamerica’s advanced marketing team. Ms. Durand has a talent for taking complicated concepts and giving them a sound sales focus when consulting with distributors. She also shares her expertise on how producers can avoid pitfalls, overcome objections and keep clients interested. Transamerica’s experts leverage years of experience to offer life insurance solutions for the issues that are important to today’s consumers, including complex U.S. tax and estate-planning issues, charitable donation legacies, business planning and the special needs of a blended family or foreign national client. Our goal is to help independent general agents and producers be the best advocates possible for their clients. Together, we can create more secure tomorrows.

Email  
[experts@transamerica.com](mailto:experts@transamerica.com)  
 Website  
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Claire Durand, CFP®, ChFC®, CLU®, CRPC®  
*Director, Advanced Marketing*

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**Transamerica Life Insurance Company**

1150 South Olive Street, T-26  
Los Angeles, CA 90015  
Tel. 877.238.6758

experts@transamerica.com  
www.transamerica.com

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