

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

**Subject: Advisory Regarding Foreign Account Tax Compliance Act (FATCA) Reporting Requirements**

Dear [Client Name],

We are writing to provide you with important information regarding the Foreign Account Tax Compliance Act (FATCA). As a holder of foreign financial assets, it is essential that you understand your reporting obligations to the U.S. Internal Revenue Service (IRS).

**What is FATCA?**

FATCA is a federal law designed to prevent tax evasion by U.S. persons who hold financial assets outside of the United States. It requires certain U.S. taxpayers to report their specified foreign financial assets if the total value exceeds specific thresholds.

**Reporting Requirements**

If you meet the filing threshold, you are required to file **IRS Form 8938** (Statement of Specified Foreign Financial Assets) with your annual income tax return. Specified assets generally include:

- Savings, checking, and investment accounts held at foreign financial institutions.
- Stocks or securities issued by a non-U.S. person.
- Interests in foreign entities (partnerships, corporations, or trusts).
- Financial instruments or contracts with non-U.S. issuers or counterparties.

**Thresholds**

The reporting threshold varies based on your tax filing status (Single, Married Filing Jointly) and whether you live in the United States or abroad. Please review your account balances to determine if you have reached these limits at any point during the tax year.

**Penalties for Non-Compliance**

Failure to report these assets can result in significant financial penalties, starting at \$10,000 per violation, and potential criminal prosecution. Furthermore, the statute of limitations for your tax return may remain open indefinitely if foreign assets are not disclosed.

**Next Steps**

We recommend that you gather all year-end statements for your foreign accounts and consult with a tax professional to ensure all necessary forms are completed accurately.

If you have any questions regarding your specific situation or need assistance with the filing process, please contact our office.

Sincerely,

[Your Name/Company Name]

[Your Title]

[Phone Number]