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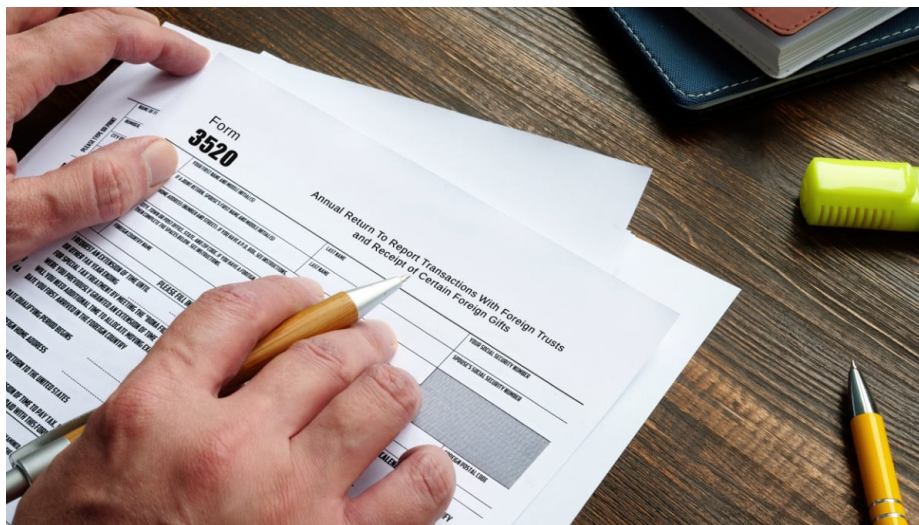
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LARGE GIFTS OR BEQUESTS FROM FOREIGN PERSONS



I. General Rule: Foreign Gifts and Bequests

In general, a foreign gift or bequest is any amount received from a person other than a U.S. person (a foreign person) that the recipient treats as a gift or bequest and excludes from gross income. A foreign gift does not include amounts paid for qualified tuition or medical payments made on behalf of the U.S. person.

A foreign person includes a nonresident alien individual or foreign corporation, partnership or estate, as well as a domestic trust that is treated as owned by a foreign person. Distributions from a foreign trust are reportable on Part III of Form 3520. See instructions to Part IV of Form 3520 for more information.

II. Reporting Requirements

You are required to report the receipt of foreign gifts or bequests only if the applicable threshold is exceeded. For purposes of determining the reporting thresholds, you must aggregate gifts received from related parties.

- For gifts or bequests from a nonresident alien or foreign estate, you are required to report the receipt of such gifts or bequests only if the aggregate amount received from that nonresident alien or foreign estate exceeds \$100,000 during the taxable year. If the gifts or bequests exceed \$100,000, you must separately identify each gift in excess of \$5,000.
- For purported gifts from foreign corporations or foreign partnerships, you are required to report the receipt of such purported gifts only if the aggregate amount received from all entities exceeds \$16,815 for 2021 (adjusted annually for inflation). You must separately identify each gift and the identity of the donor. Note that the IRS may recharacterize purported gifts from foreign corporations or foreign partnerships.

File Form 3520 separately from your income tax return by following the directions in the Instructions to the Form 3520. In general, the due date for a U.S. person to file a Form 3520 is the 15th day of the 4th month following the end of the U.S. person's tax year. If you are a U.S. citizen or resident who lives outside the United States and Puerto Rico or if you are in the military or naval service on duty outside the United States and Puerto Rico, then the due date to file a Form 3520 is the 15th day of the 6th month following the end of the U.S. person's tax year. If a U.S. person is granted an extension of time to file an income tax return, the due date for filing Form 3520 is also extended to the 15th day of the 10th month following the end of the U.S. person's tax year. For example, if you are a U.S. person with a December 31 calendar year-end, for tax year 2021, you are required to file your income tax return by April 15, 2022. If you live outside of the United States, your return is due June 15, 2022. If you properly filed an extension Form 4868 before the due date of your return, you will be granted an extension to file your return by October 15, 2022. See the Instructions for Form 3520 for additional information.

Filing tips to avoid penalties

If an extension was filed with respect to your income tax return, be sure to check Form 3520, Box 1K, and enter the form number of the income tax return to avoid your Form 3520 being treated as filed late.

III. Special Rules applicable to Gifts or Bequests from Covered Expatriates

U.S. citizens and residents who receive gifts or bequests from covered expatriates under IRC 877A may be subject to tax under IRC section 2801, which imposes a transfer tax on U.S. persons who receive gifts or bequests on or after June 17, 2008, from former U.S. citizens or former U.S. lawful permanent residents that are treated as covered expatriates under IRC 877A. However, the imposition of the section 2801 tax is deferred pending the issuance of final regulations.

IV. Where to File Form 3520

Mail Form 3520 to the following address:

Internal	Revenue	Service	Center
P.O.	Box		409101
Ogden, UT 84409			

V. Penalties for Failure to File Part IV of Form 3520

If your Part IV of Form 3520 is late, or is incomplete or incorrect, the IRS may determine the income tax consequences of the receipt of the foreign gift or bequest. In addition, you may be subject to a penalty equal to five percent of the value of the gift or bequest for each month in which the gift or bequest is not reported, not to exceed 25 percent of the gift, unless you have reasonable cause for the failure to timely or accurately file. See the Instructions for Form 3520 for more information.

Note: You may also be required to file FinCEN Form 114.

We hope this alert has been informative to you.

As always, we strive to provide our clients with the highest quality of legal representation in the complex area of tax law. This alert has provided only general information and specific factual scenarios may change any legal conclusions that would apply. Please call to discuss your specific situation with our legal and accounting experts.

Should you need additional information it will be our pleasure to assist you.

Sincerely,

Ruben Flores, Attorney & CPA

As requirement of the United States Treasury Regulations, you should be conscious of the fact that this notice has not been written to be used and it should not be used by the recipient to prevent penalties that could be imposed by U.S. Federal Law.