

# HP & Associates, P.C.

**Certified Public Accountant**

27950 Orchard Lake Road, Suite # 110, Farmington Hills, MI 48334

Ph : ( 248 ) 626-4200, Fax : ( 248 ) 626-2800; E-mail: [tax@hpatelcpa.com](mailto:tax@hpatelcpa.com), Website: [www.hpatelcpa.com](http://www.hpatelcpa.com)

***Completely Professional Assistance!!***

***We Make Tax & Accounting Less Taxing!!***

## **FBAR REPORTING ENGAGEMENT LETTER for 2023 TAX YEAR**

Dear Respected Client:

Name of the Taxpayer \_\_\_\_\_ SSN/FEIN: \_\_\_\_\_

Thank you for choosing HP & Associates, PC to assist you with your tax year 2023 **FBAR REPORTING**. This letter, and the attached *Terms and Conditions Addendum* and any other attachments incorporated herein (collectively, "Agreement"), confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

**Engagement Objective and Scope:** We will prepare Financial Crimes Enforcement Network ("FinCEN") Form 114, *Report of Foreign Bank and Financial Accounts* ("FBAR") this report is not a tax return nor is the related filing requirement part of filing an income tax return. It is a report filed with FinCEN, an agency of the U.S. Department of the Treasury, in compliance with the Bank Secrecy Act. FinCEN may share the information in this report with other federal and state agencies, including the Internal Revenue Service ("IRS").

Generally, if you are a U.S. citizen or resident alien, you must report all income from all sources within and outside of the U.S. on your U.S. income tax returns. The information you provide (as detailed under *Client Responsibilities* below) may be used by us to determine if related IRS tax form filing requirements may apply to you. These filing requirements may include Form 8938, *Statement of Specified Foreign Assets*, and Form 1116, *Foreign Tax Credit*. If required, these forms must be filed with your U.S. income tax return. Failure to file required forms may result in the imposition of civil and criminal penalties, and the loss of income tax credits or deductions available for use in your U.S. income tax returns. Their preparation is not within the scope of this engagement. We cannot answer questions about use of the FBAR by agencies other than FinCEN. All such questions should be directed to your attorney for response prior to authorizing us to file the FBAR on your behalf. We will not prepare any reports, tax forms or tax returns except that identified above, without your written request, and our written consent to do so. We will prepare your FBAR based upon information and representations that you provide to us. We have not been engaged to and will not prepare financial statements.

We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information. We also may ask you to authorize your attorney to release information to us. We will prepare the above referenced report solely for filing with FinCEN. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose. You agree to indemnify and hold our firm and its, principals, shareholders, officers, employees, agents or assigns (collectively, "firm," "we," "us," or "our") harmless with respect to any and all claims arising from the use of the FBAR for any purpose other than filing with FinCEN regardless of the nature of the claim, including the negligence of any party. Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters. This engagement is limited to the professional services outlined above.

**CPA Firm Responsibilities:** Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services ("SSTS") issued by the American Institute of Certified Public Accountants ("AICPA") and U.S. Treasury Department Circular 230 ("Circular 230").

**Tax planning services:** Our engagement does not include tax planning services. During the course of preparing the FBAR identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

**Government inquiries:** This engagement does not include responding to inquiries by any governmental agency or tax authority. If your report is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, we will confirm this representation in a separate engagement letter.

**Client Responsibilities:** You are responsible for informing us of all foreign financial assets and interests, including any financial interest in, or signature authority over assets, or financial accounts located in a foreign country. These include but are not limited to savings accounts, checking accounts, and current accounts, securities accounts, custodial accounts, certificates of deposit, time deposits, mutual funds, annuities, insurance policies with cash surrender values, retirement accounts, and pension accounts. In addition, any ownership interests you directly or indirectly hold in an entity or company located in a foreign country such as a corporation, partnership or trust must be reported. Please disclose all items that may possibly fall within this broad definition. It is your responsibility to ask us if you have any questions about what is required to be reported. We rely upon the accuracy and completeness of the information you provide in rendering professional services to you.

**Documentation:** You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your FBAR. You should retain all documents that provide evidence and support for reported balances on your FBAR, as required under applicable laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if needed, to respond to any audit or inquiry by FinCEN, or other tax authorities. You agree to hold harmless our firm and its partners, shareholders, officers, directors, members, employees, agents or assigns with respect to any civil or criminal penalties, tax or interest imposed on you by FinCEN or any other tax authority resulting from inadequate documentation in support of the information provided to us to prepare the FBAR.

# HP & Associates, P.C.

## Certified Public Accountant

27950 Orchard Lake Road, Suite # 110, Farmington Hills, MI 48334

Ph : ( 248 ) 626-4200, Fax : ( 248 ) 626-2800; E-mail: [tax@hpatelcpa.com](mailto:tax@hpatelcpa.com), Website: [www.hpatelcpa.com](http://www.hpatelcpa.com)

**Foreign filing obligations:** You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

**Ultimate responsibility:** You have final responsibility for your FBAR. We will provide you with a copy of your electronic FBAR and accompanying schedules and statements for review prior to filing with FinCEN. You agree to review and examine it carefully for accuracy and completeness. You will be required to verify and sign a completed FinCEN Form 114a, *Record of Authorization to Electronically File FBARs*, before your FBAR can be filed electronically.

**Timing of the Engagement:** We expect to begin our services upon receipt of all information and documents necessary to prepare the report. Our services will conclude upon the filing and acceptance of your 2023 FBAR by Fin CEN,

**Extensions of Time to File the FBAR Report:** The original filing due date for the FBAR is April 15, 2024. **Due to the high volume of tax returns prepared by our firm, the information needed to complete the FBAR must be received no later than April 01, 2024 so that the FBAR may be completed by the original filing due date.** It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for FinCEN to review your report or may extend the statute of limitations to file a legal action. Extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

**To the extent you wish to engage our firm to apply for extensions of time to file your FBAR on your behalf, you must notify us of this request in writing. Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for extension. In some cases, your signature may be needed on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file FBARs, which accrue from the original due date of the returns, and can be substantial.** We are available to discuss this matter with you at your request. Additional charges will apply for such services.

**Penalties and Interest Charges:** Failure to file an FBAR when required, or to fully disclose all information requested in the report may result in the imposition of civil or criminal penalties, and interest charges on unpaid penalties. Additional penalty and interest charges can be assessed by the IRS and other tax authorities on income earned outside of the U.S. if it is not reported on income tax returns. These penalties and related interest charges may be significant. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

**Professional Fees:** This fee is based upon the complexity of the work to be performed, and our professional time, as well as out-of-pocket expenses. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the FBAR.

We appreciate the opportunity to be of service to you. Please date and execute the enclosed copy of this Agreement and return it to us to acknowledge your acceptance. We will not initiate services until we receive the executed Agreement. **Whether you return a signed copy of this engagement letter to us or not, the receipt of any information from you for the preparation of your FBAR Reporting, will be your confirmation of your agreement to the terms of this letter, including your affirmative representation that you have substantiation to support all deductions claimed and that you have provided us with all information necessary to prepare a complete and accurate return.**

We want to express our appreciation for this opportunity to work with you. Visit our web site for privacy policy and frequently asked questions and answers. Your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.

Sincerely,

**HP & Associates, P.C.**

Certified Public Accountants

### Credit Card Information (Required for FBAR REPORTING Fee Payment)

| Type of Card                  | Number | Exp. Date | CVV Code | Cardholder Name as displayed on the card | Billing Address & Phone Number |
|-------------------------------|--------|-----------|----------|--|--------------------------------|
| Visa/<br>Master/<br>Discover/ |        |           |          |  |                                |
|                               |        |           |          |  |                                |
|                               |        |           |          |  |                                |
|                               |        |           |          |  |                                |

Accepted By: \_\_\_\_\_ (Signature of Taxpayer) Dt: \_\_\_\_\_ / \_\_\_\_\_ /2024

**Note: As per AICPA & IRS guidelines, we will not proceed the FBAR REPORTING preparation Unless the Tax Engagement letter is signed.**

# HP & Associates, P.C.

**Certified Public Accountant**

27950 Orchard Lake Road, Suite # 110, Farmington Hills, MI 48334

Ph : ( 248 ) 626-4200, Fax : ( 248 ) 626-2800; E-mail: [tax@hpatelcpa.com](mailto:tax@hpatelcpa.com), Website: [www.hpatelcpa.com](http://www.hpatelcpa.com)

**FBAR REPORTING PREPARATION WILL NOT BE STARTED WITHOUT THIS INFORMATION**

## **FBAR REPORTING CHECKLIST**



Reporting Bank  
Information.xlsx

### **New FBAR filing procedures for 2023 year**

Dear Respected clients,

We would like to bring to your attention that, information about FBAR Reporting requirements, which is a separate filing requirement with IRS, besides your annual tax filing and is due April 15, 2024 for the year 2023. Effective July 1, 2014, electronic filing of FBARs is mandatory through the Financial Crimes Enforcement Network's (FinCEN's) [BSA E-Filing System](#).

**The new FinCEN Report 114 replaces the old Form TD F 90-22.1, which will no longer be accepted by IRS.**

- Filing an **FBAR** will now require individual **FBAR** filers and those with supervisory roles to submit FBARs online. [FinCEN Report 114](#) supersedes Treasury Form TD F 90-22.1 and is available online only through the [BSA E-Filing System](#). Paper FBARs, the earlier Form TD F 90-22.1) will *not* be accepted. Individuals, attorneys, CPAs or other enrolled agents with documented authority should be ready to file 2021 FBARs using this new (FinCEN's) BSA E-Filing System.
- The new reporting requirements cover those who are required to file a **2023 FBAR** by April 15, 2024, for foreign financial accounts held in 2023. If the report is being filed late (i.e., filed after April 15 of the year following the reporting year), filers must indicate the reason on the [FinCEN Report 114](#). If one of the provided selections does not explain the reason, the filer must select "other" and provide a written explanation in the text box provided. Filers must also disclose whether they have signature authority over but no financial interest in 25 or more financial accounts, and they will be given an opportunity to check a box indicating whether the maximum account value is unknown.

**REPORTING FOREIGN BANK ACCOUNTS, RENTAL PROPERTIES, CORPORATIONS AND INCLUDING WORLDWIDE INCOME IN THE US TAX RETURNS UNDER FBAR**

#### **1. What is FBAR?**

Foreign **B**ank **A**ccount **R**eporting.

#### **2. Who Must File an FBAR**

United States persons are required to file an FBAR if:

- a. The United States person had a financial interest in or signature authority over at least one financial account located outside of the United States; and
- b. The aggregate value of all foreign financial accounts exceeded \$10,000 (\$10,000 \*Exchange Rate) at any time during the calendar year to be reported.

United States person means United States citizens; United States residents (includes visa holders H1B, H4, L1B, L2, EAD, Green Card); entities, including but not limited to, corporations, partnerships, or limited liability companies created or organized in the United States or under the laws of the United States; and trusts or estates formed under the laws of the United States.

#### **3. How to Report and Filing Information**

A person who holds a foreign financial account may have a reporting obligation even though the account produces no taxable income. The FBAR is **not filed with the filer's federal income tax return**. If you want us to file FBAR, it is a Separate Engagement Letter. The granting, by the IRS, of an extension to file federal income tax returns also extend the due date for filing an FBAR. For 2023 Tax Returns you can request an extension for filing the FBAR. The FBAR must be received by the IRS without extension on or before April 15<sup>th</sup>, 2024 and with extension up to six months, for a final deadline of Oct. 15 2024

# HP & Associates, P.C.

**Certified Public Accountant**

27950 Orchard Lake Road, Suite # 110, Farmington Hills, MI 48334

Ph : ( 248 ) 626-4200, Fax : ( 248 ) 626-2800; E-mail: [tax@hpatelcpa.com](mailto:tax@hpatelcpa.com), Website: [www.hpatelcpa.com](http://www.hpatelcpa.com)

If you want us to prepare FBAR, also sign FBAR Form 114a along with FBAR Engagement Letter. [Fin CEN Report 114a](#)

4. **What if I do not report FBAR?**

Account holders who do not comply with the FBAR reporting requirements may be subject to civil penalties, criminal penalties, or both.

5. **FBAR Assistance**

Help in completing FBAR is available by calling 1-866-346-9478 and instructions for Fin Cen Form 114 (PDF) is available at [FBAR instructions](#). Questions regarding FBAR can be sent to [FBARquestions@irs.gov](mailto:FBARquestions@irs.gov). Help with electronic filing questions is available at [BSAEFilingHelp@fincen.gov](mailto:BSAEFilingHelp@fincen.gov).

**REPORTING FOREIGN BANK INTEREST, DIVIDENDS, RENTAL INCOME, CORPORATION INCOME, ETC.**

6. **Do I have to show the Bank Interest & Dividends from a foreign bank account including my home country?**

Yes. When you file a resident tax return in USA, you are supposed to report your worldwide income. Whether you are a Citizen/Green Card holder/H1B/L1/EAD status, if you file 1040 resident tax return then you have to report worldwide income.

7. **What if we already paid taxes on that income in my home country?**

Still, you have to report that income in your US tax return and claim Foreign Tax Credit for the taxes paid in a foreign country.

8. **Do I need to report my rental income from a foreign/home country?**

Rental Income from a foreign/home country should also be included in your US tax return. The rental Income will be calculated in the same manner for US rental income except a different depreciation rate. If you already paid Income Taxes for the rental income, you'll get a Foreign Tax Credit.

**FORM 8938 REPORTING FOREIGN ASSETS UNDER FATCA RULES.**

9. **Do I have to report my foreign/home country assets like House, Bank Accounts, and Corporations in my 2023 US tax return?**

If you are unmarried taxpayer filing a resident tax return Form 1040 and if the total value of specified foreign financial assets is more than \$50,000 on the last day of the tax year or more than \$75,000 at any time during 2023, then you are supposed to file form 8938 along with your Tax Return.

If you are married taxpayer filing a Joint resident tax return Form 1040 and if the total value of Specified foreign financial assets is more than \$100,000 on the last day of the tax year or more than \$150,000 at any time during 2023, then you are supposed to file form 8938 along with your Tax Return.

If you are a US Citizen or green card holder and resided abroad for more than 330 full days during any period of 12 consecutive months in 2023, and filing a resident tax return Form 1040 and if you are not filing joint return, the total value of your specified foreign assets is more than \$200,000 on the last day of the tax year or more than \$400,000 at any time during 2023, and those filing joint total value of your specified foreign assets is more than \$400,000 on the last day of the tax year or more than \$600,000 at any time during 2023, then you are supposed to file form 8938 along with your Tax Return.

10. **What should be done and how to report the Filing information?**

A person who holds a foreign financial account may have a reporting obligation even though the account produces no taxable income. The FBAR is not filed with the filer's federal income tax return. The department of Treasury must receive the FBAR on or before April 15, 2024 for the year 2023.

11. **What should be done if you have delinquent FBARs?**

Taxpayers who have not filed a required FBAR and are not under a civil examination or a criminal investigation by the IRS, and have not already been contacted by the IRS about a delinquent FBAR, should file any delinquent FBARs. The IRS will not impose a penalty for the failure to file the delinquent FBARs if income from the foreign financial accounts reported on the delinquent FBARs is properly reported and taxes are paid on your U.S. tax return, and you have not previously been contacted regarding an income tax examination or a request for delinquent returns for the years for which the delinquent FBARs are submitted.

# HP & Associates, P.C.

**Certified Public Accountant**

27950 Orchard Lake Road, Suite # 110, Farmington Hills, MI 48334

Ph : ( 248 ) 626-4200, Fax : ( 248 ) 626-2800; E-mail: [tax@hpatelcpa.com](mailto:tax@hpatelcpa.com), Website: [www.hpatelcpa.com](http://www.hpatelcpa.com)

12. **What is Streamlined Foreign Offshore Reporting?**

Taxpayers who meet the applicable non-residency requirements (both spouses must meet non-residency requirements in case of joint filers) and have failed to report the income from a foreign financial asset and pay tax as required by U.S law, may have failed to file an FBAR because of negligence, inadvertence or misunderstanding in good faith may be eligible to file under Streamlined Foreign Offshore Reporting.

13. **What to do when I receive IRS or State Notice?**

Please fax us your notice as soon as you received at 248-626-2800 or e-mail it to us at [tax@hpatelcpa.com](mailto:tax@hpatelcpa.com). We preferred that you send your contact number and e-mail address with the notice. We will review your notice within **5 to 7 business days**. Notice reply would be considered as a separate engagement and the charges will depend upon subject matter of the notice and the time it takes to reply. We will need your direct debit authorization form before we start replying your notice.