

Supplementary Questions Regarding Foreign Tax Matters
(Must be completed by all clients)

EY prepares your US federal tax return based upon information provided in this questionnaire. Significant penalties can apply for failure to completely report certain information regarding foreign assets, your relationship with foreign trusts, etc. Accordingly, your proper completion of this questionnaire is essential. Please let us know if you have any questions regarding proper completion of this questionnaire.

The following questions apply to you individually, as well as to any trusts that you settled or of which you are a beneficiary. If you are answering any of the following questions on behalf of a trust you settled, and/or you are a beneficiary, please provide a written explanation or a copy of the trust agreement. Unless otherwise stated, the following questions are applicable to the 2019 calendar year.

- During any time in 2019, did your foreign holdings consist solely of foreign investments held through U.S. based publicly traded mutual funds (**NOT hedge funds**) held in a U.S. bank or securities account?

Yes

No ☐

N/A, I had no foreign holdings whatsoever including specified foreign assets as defined on page 3 of this questionnaire. ☐

If you responded "Yes" or "N/A", then you may not need to complete the remainder of this questionnaire. However, we strongly encourage you to review the full questionnaire, as the US tax rules contain broad information reporting requirements that can sometimes require reporting of assets that may not appear, on the surface, to be "foreign" holdings.

If you responded "no", please answer the questions below.

NOTE: The following forms related to foreign holdings are NOT supported by TaxChat. Penalties may apply for failing to file a required form.

You are responsible to prepare and provide a completed copy of the following forms to TaxChat to submit with your return:

- Form 3520, *Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts*. For more information, see <https://www.irs.gov/forms-pubs/about-form-3520>.
- Form 5472, *Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. For more information, see <https://www.irs.gov/forms-pubs/about-form-5472>.
- Form 8892, *Application for Automatic Extension of Time to File Form 09 and/or Payment of Gift/Generation-Skipping Transfer Tax*. For more information, see <https://www.irs.gov/forms-pubs/about-form-8892>.

You are responsible to prepare and separately submit the following forms as indicated in the form's instructions:

- Form 3520-A, *Annual Information Return of Foreign Trust with a U. S. Owner*. For more information, see <https://www.irs.gov/forms-pubs/about-form-3520-a>.
- Form 8858, *Information Return of U.S. Persons with Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs)*. For more information see <https://www.irs.gov/forms-pubs/about-form-8858>.
- Fin CEN Form 114, *Report of Foreign Bank and Financial Accounts (FBAR)*. <https://www.irs.gov/businesses/small-businesses-self-employed/report-of-foreign-bank-and-financial-accounts-fbar>.

Foreign (Non-US) Corporations(Forms 5471, 8892, 3520, 8858, 8621 and/or 926 may be required)

Note that TaxChat does not support forms 3520, 8892, or 8858. Relevant IRS guidance is referenced above. If you are required to submit a form 8858, provide a completed copy to TaxChat to include with your return.

- Did you/spouse own an interest in a foreign corporation? Yes ☒ No ☐
If so, what was your ownership proportion? Less than 10% ☐ 10% to 50% ☐ More than 50% ☐
- Did any of your family members own an interest in a foreign corporation? Yes ☐ No ☐
If so, what was their ownership proportion? Less than 10% ☐ 10% to 50% ☐ More than 50% ☐
Indicate the family relationships i.e. brother/sister, parent, spouse, child, grandchild and whether the individual is US or foreign. Please attach extra sheets if there are multiple family members with ownership interests _____
- Did you/spouse own *any* interest in non-US mutual funds, or similar types of non-US collective investments? Yes ☐ No ☐
- Did you/spouse contribute any cash/property to a non-US corporation during the year? Yes ☐ No ☐

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- Did you/spouse increase or decrease your ownership interest in a non-US corporation during the year? Yes ☐ No ☐ N/A ☐
- Are you/spouse an officer or director of any non-US corporation? Yes ☐ No ☐
- Did you/spouse receive any kind of distribution from a non-US corporation during the year? Yes ☐ No ☐
If "yes", what was the value _____
Are you treating it as a gift? Yes ☐ No ☐

Foreign (Non-US) Partnerships (Forms 8865, 8858 may be required)

Note that TaxChat does not support form 8858. Relevant IRS guidance is referenced above. If you are required to submit a form 8858, provide a completed copy to TaxChat to include with your return.

- Did you/spouse own an interest in a foreign partnership? Yes ☐ No ☐
If so, what was your ownership proportion? Less than 10% ☐ 10% to 50% ☐ More than 50% ☐
- Did any of your family members own an interest in a foreign partnership? Yes ☐ No ☐
If so, what was their ownership proportion? Less than 10% ☐ 10% to 50% ☐ More than 50% ☐
- Did you/spouse increase or decrease your ownership interest in a non-US partnership during the year? Yes ☐ No ☐ N/A ☐
- Did you/spouse contribute any cash or other asset to a non-US partnership during the year? Yes ☐ No ☐
- Did you/spouse receive any kind of distribution from a non-US partnership during the year? Yes ☐ No ☐
If "yes", what was the value _____
Are you treating it as a gift? Yes ☐ No ☐

Please provide details regarding any "yes" answers above:

US Disregarded Entities Owned by Nonresident Aliens (Form 5472 may be required)

Note that TaxChat does not support form 5472. Relevant IRS guidance is referenced above. If you are required to submit a form 5472, provide a completed copy to TaxChat to include with your return.

- Are you/spouse a nonresident alien (i.e., not a US citizen or US resident for federal income tax purposes) who owns or owned during 2019 100% of a US disregarded entity (such as a single member limited liability company)? Ownership can be direct or indirect, such as through another disregarded entity or grantor trust, regardless of whether such disregarded entity or grantor trust is domestic or foreign. Yes ☐ No ☐

Foreign (Non-US) Trusts (Forms 3520 or 3520-A may be required)

Note that TaxChat does not support forms 3520 or 3520-A. Relevant IRS guidance is referenced above. If you are required to submit a form 3520-A, provide a completed copy to TaxChat to include with your return.

A "foreign trust" can include an account or entity that is not specifically termed as a "trust," including: a foundation, a stichting (Netherlands), a stiftung (Germany, Switzerland), a stiftelse (Norway, Sweden), a foreign tax-free savings account, or a foreign educational savings plan. Note that review of the trust instrument/organizational document may be required to determine whether something qualifies as a foreign trust.

Additionally, a trust is "foreign" if either: (1) it is administered outside of the US; or (2) a non-US person can control any of the trust's "substantial decisions" (e.g., ability to determine amount or timing of distributions, determine identity of beneficiaries, add/remove/replace a trustee, make investment decisions, terminate the trust, sue on behalf of the trust/defend suits, or determine whether receipts are allocable to income/principal). A trust may be a foreign trust if a foreign person controls one of the trust's substantial decisions in any capacity – trustee, protector, investment advisor,

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settlor, beneficiary, etc. **Accordingly, it is possible for a trust established in a US jurisdiction to be treated as "foreign" for tax purposes if a non-US person controls one of the trust's substantial decisions.**

- Did you/spouse contribute any property (including cash) to a foreign trust during the current tax year? Yes ☐ No ☐
This includes contributions that you made through a nominee or agency arrangement.
- Have you/spouse contributed any property (including cash) to a foreign trust in a previous tax year? Yes ☐ No ☐
This includes contributions that you made through a nominee or agency arrangement.
- Were you/spouse a beneficiary of a foreign trust? Yes ☐ No ☐
If you were a trust beneficiary, did you use trust property during the current year (home, boat, aircraft, jewelry, etc.)? Yes ☐ No ☐
- Were you/spouse a trustee of any foreign trust? Yes ☐ No ☐
- Did you/spouse receive a distribution from a foreign trust? Yes ☐ No ☐

Foreign (Non-US) Pensions and Retirement Plans (Form 3520, Form 3520A, FinCEN 114(FBAR), and Form 8938 may be required)

- Are you/spouse a participant in a pension or retirement plan that was established outside of the US? This includes, but is not limited to: Australian Superannuation Funds, UK Self-Invested Personal Pension ("SIPP") and Individual Savings Accounts ("ISAs"), Canadian Registered Retirement Savings Plans ("RRSP"), or retirement accounts administered by insurance companies. Yes ☐ No ☐
If yes, please indicate the country in which the plan was established: _____
If no, please move to Foreign (Non-US) Gifts and/or Inheritance, below.
- Did employer make more than 50% of the contributions to the pension/retirement plan? Yes ☐ No ☐
Did employer make any contributions to the pension/retirement plan during the current year? Yes ☐ No ☐
- Did you/spouse make more than 50% of the contributions to the pension/retirement plan with "pre-tax" funds (i.e., contributions for which you received tax relief, similar to a traditional 401k or IRA)? Yes ☐ No ☐
- Did you/spouse make more than 50% of the contributions to the pension/retirement plan with "after-tax" funds (i.e., contributions for which you did not receive tax relief, similar to a Roth IRA)? Yes ☐ No ☐
- Did you/spouse receive any distributions or make any withdrawals from the foreign pension/retirement plan during the current tax year? This includes a rollover of a pension/retirement plan. Yes ☐ No ☐

If you/spouse are a participant in multiple foreign pensions or retirement plans, please provide the information requested above on the continuation page. For each foreign pension/retirement plan in which you are a participant, please provide a calendar-year financial statement/account summary for the current year.

Financial Interests (FinCEN 114 and Form 8938)

Note that TaxChat does not support FinCEN Form 114. Relevant IRS guidance is referenced above.

- Did you/spouse have a financial interest in or signature authority over any financial accounts or other investments in a foreign country at any time during 2019? Yes ☐ No ☐
Which country were the accounts located in? _____
- During 2019 did you own "specified foreign financial assets" (see definition) which in aggregate had a value on December 31, 2019, in excess of \$50,000, or in excess of \$75,000 at any time during the year? Yes ☐ No ☐
If you answered "Yes", are you a US citizen or permanent resident (green card holder) who resided outside the US during 2019? Yes ☐ No ☐
If you answered "Yes", you may be entitled to a higher reporting threshold for the dollar limits above if you have a tax home in a foreign country(ies) and meet an additional test regarding time spent/residence in a foreign country.
- During 2019, did your spouse own "specified foreign financial assets" (see definition) which in aggregate had a value on December 31, 2019, in excess of \$50,000, or in excess of \$75,000 at any time during the year? Yes ☐ No ☐

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If you answered "Yes", is your spouse a US citizen or permanent resident (green card holder) who resided outside the US during 2019?

Yes ☐ No ☐

If you answered "Yes", your spouse may be entitled to a higher reporting threshold for the dollar limits above if your spouse has a tax home in a foreign country(ies) and meet an additional test regarding time spent/residence in a foreign country.

If you answered "yes", to any of these questions, please provide additional detail on the continuation page, including: Name and address of each financial institution where these accounts are held, type of account, maximum value of the account during 2019, and the value of the account on December 31, 2019.

"Specified foreign financial assets" include, but are not limited to, financial accounts (depository or custodial) maintained by a non-US financial institution or other entity in the business of investing, trading, or holding financial assets for the account of others; non-US mutual funds, hedge funds and private equity funds; non-US stocks, bonds; investments in non-US partnerships held for investment; options, derivatives, investment swap agreements with a non-US counterparty or issuer; interest in a non-US trust or estate; interest in a non-US pension or deferred compensation plan. Note that foreign financial assets held through a brokerage or investment account maintained at US financial institutions are not subject to the foreign financial asset reporting requirements. The aggregate value for determining the minimum threshold should include any assets purchased and sold during the tax year.

Please note that these rules do not require employers to provide information related to the value of foreign pension plans or foreign deferred compensation plans (including, for example, equity awards in the stock of a foreign employer, which includes American Depositary Shares). Taxpayers are to use readily accessible information to report the fair market value of their specified foreign financial assets. If the value cannot be determined by the taxpayer using readily accessible information, then report the aggregate value of any distributions received during the year, if the taxpayer received no distributions, then value may be reported as zero. This may often be the case for a defined benefit pension plan, where actuarial calculations would be needed to estimate the current value of the plan. The employer is not required to provide such calculations if they are not otherwise available to the employee.

Passive Foreign Investment Company Reporting. In general, foreign financial assets that qualify as "passive foreign investment companies" ("PFICs") must now be reported annually on Form 8621, regardless of whether the foreign assets are held in a US account. As a general rule a PFIC will include foreign mutual funds, foreign exchange traded funds, and equity interests in private or public foreign corporations whose assets consist primarily of investment assets (cash, securities, loans, rental real estate, or assets generating royalty income) or whose income is derived primarily from investment assets (e.g., income consisting primarily of interests, dividends, rents and/or royalties).

• During 2019, did you own any foreign financial assets that may qualify as "PFICs" at any time during the year?

Yes ☐ No ☐

• During 2019, did your spouse own any foreign financial assets that may qualify as "PFICs" at any time during the year?

Yes ☐ No ☐

If you answered yes to either of these questions, please provide additional detail regarding the PFIC on the continuation page

Section 965 Transition Tax

The "Tax Cuts and Jobs Act" signed into law on December 22, 2017 contains a tax on a foreign corporation's unremitted earnings and profits as part of a transition to a territorial tax system. The tax impacts not only domestic corporations but also certain individuals with interests in foreign corporations depending on their percentage of ownership whether held directly, indirectly or constructively. Therefore, depending on the responses below we may need to follow-up with further questions regarding the ownership structure and the nature of the foreign corporation. The analysis requires financial statements (income statements and balance sheets) to determine whether there is any post 1986 earnings and profits that should be included in income as a base for the transition tax.

The Transition Tax applies in the last taxable year of certain foreign corporations starting before January 1, 2019. Many taxpayers who were subject to transition tax reported the tax with their 2017 federal income tax returns or 2018 returns if a fiscal year foreign corporation. Taxpayers may have elected to pay their transition tax liability in installments over 8 years or may have deferred paying transition tax if the tax liability arose through ownership of an S corporation. Additional, annual filing of Form 965 may be required.

• Did you/spouse report transition tax on your 2017 or 2018 tax return?

Yes ☐ No ☐

If "yes," please provide a copy of the IRC 965 Transition Tax Statement that was included with your 2017/2018 federal income tax return. If "no," please disregard the remaining questions regarding the Section 965 Transition Tax.

• Did you/spouse elect to pay your transition tax liability in installments pursuant to Section 965(h)?

Yes ☐ No ☐

If "yes," please provide a copy of the "Election to Pay Net Tax Liability Under Section 965 in Installments Under Section 965(h)(1)" that was included with your 2017/2018 federal income tax return.

• Did you/spouse elect to defer payment of your transition tax liability pursuant to Section 965(i)?

Yes ☐ No ☐

If "yes," please provide a copy of the "S Corporation Shareholder Deferral Election Under Section 965(i)(1)" that was included with your 2017/2018 federal income tax return.