



IRA Financial Group **Newsletter**

June 2014

Do I have to File a Tax Return for My Solo 401(k) Plan?

A Solo 401(k) Plan is not a taxable entity, thus, a Solo 401(k) Plan is not required to file an annual Federal Income Tax return.

However, if your Solo 401(k) Plan contains assets with a fair market value greater than \$250,000, an IRS Form 5500-EZ is required to be filed. For Solo 401(k) Plans that were established in 2013, the IRS Form 5500-EZ is due by July 31, 2014.

For more information, please visit our website at:

www.irafinancialgroup.com



FBAR reporting for Self-Directed IRA LLC or Solo 401(k) Plan Clients with a *foreign* bank account is due by June 30th

If your retirement account has a financial interest in or signature authority over a foreign financial account, including a bank account, brokerage account, mutual fund, trust, or other type of foreign financial account, the Bank Secrecy Act may require you to report the account yearly to the Internal Revenue Service by filing Form TD F 90-22.1, *Report of Foreign Bank and Financial Accounts (FBAR)* by June 30, 2014. The FBAR is required because foreign financial institutions may not be subject to the same reporting requirements as domestic financial institutions. The FBAR is a tool to help the United States government identify persons who may be using foreign financial accounts to circumvent United States law. Investigators use FBARs to help identify or trace funds used for illicit purposes or to identify unreported income maintained or generated abroad.

In general, unless an exception applies, all United States persons are required to file an FBAR if: (i) 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 (ii) The aggregate value of all foreign financial accounts exceeded \$10,000 at any time during the calendar year to be reported. According to the Internal

Revenue Service, a financial interest arises when the owner of record or holder of legal title is the agent or representative or the U.S. person would have a sufficient interest in the entity that is the owner of record or holder of legal title.

According to the IRS, an IRA and 401(k) Plan would generally be exempt from filing the FBAR form. However, it is unclear whether a Self-Directed IRA LLC would be exempt from the FBAR requirement since the exception only states "IRA owners and beneficiaries" and there is no guidance as to whether the IRS would view the LLC as separate and distinct from the IRA. As a result, Self-Directed IRA LLC clients with foreign bank accounts should contact their tax accountant for additional information on the FBAR filing requirements.

In addition, taxpayers with specified foreign financial assets that exceed certain thresholds must report those assets to the IRS on Form 8938, Statement of Specified Foreign Financial Assets. The new Form 8938 filing requirement does not replace or otherwise affect a taxpayer's requirement to file FBAR. The Form 8938 is due when the taxpayer's income tax return is filed, including extensions.

If one buys foreign real estate and holds it via a foreign corporation that itself is owned by a retirement account, IRS Form 5471 will likely have to be filed since the retirement account will own an interest in a foreign corporation.

For more information on the foreign reporting rules in connection with using a Self-Directed IRA, please contact a retirement tax specialist at 800-472-0646.

Deadline for filing the IRS form 5500 for your Business Acquisition (ROBS) 401(k) Plan is July 31

Every 401(k) Plan that has been used to buy or finance a business by purchasing "qualifying



employer" corporate stock is required to file the IRS Form 5500.



The deadline for filing the IRS form 5500 for your 401(k) Plan for the 2013 taxable year is July 31, 2014.

In addition to filing Form 5500 for your 401(k) Plan, you must document that your plan has complied with all IRS and ERISA testing requirements. Accordingly, if you would like to engage IRA Financial Group to complete and file the IRS Form 5500 for your 401(k) Plan as well as have IRA Financial Group complete all required ERISA plan testing, please view the [engagement agreement](#) (which you can download by [clicking here](#)) and please indicate the number of plan participants, sign and date the agreement and return it to Stacy Sanders at stacys@irafinancialgroup.com or via fax at 305-466-4148.



Questions?

Consult with a Retirement Tax Expert Today!

800-IRA-0646

Monday-Friday:
9am - 7pm EST



Unlocking a World of Investment Opportunities

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