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Tracking Tax News, You Need to Know



The National Taxpayer Advocate Says Foreign Account Reporting Rules Pose Financial Danger to Americans Overseas

The National Taxpayer Advocate said in an annual [report](#) to Congress that rules on offshore account reporting pose a significant financial danger to certain overseas Americans. The IRS watchdog reported that rules determining reporting requirements in the Foreign Account Tax Compliance Act and the Bank Secrecy Act were complex and could result in severe punishment if violated. The rules' objective is transparent disclosure of offshore income for U.S. citizens. However, certain accidental Americans who hold U.S. citizenship because they were born in the U.S. could be subject to the disclosure requirement.

Crypto Broker Reporting Rule Under White House Review

The Treasury Department [sent](#) proposed rules on reporting requirements for cryptocurrency brokers that will force the brokers to report to the IRS to the White House for review. According to the proposed rules, digital asset brokers will have to provide information on their clients' transactions once the final rules are released.

Tiered Partnerships Still Burdened To Report Foreign Income After IRS Final Instructions

While the IRS's final [instructions](#) for partnerships to report foreign income eased pass-through entities' burden (see prior [coverage](#)), the instructions do not ease burdens for tiered partnerships. The IRS instructions for Schedules K-2 and K-3 include a filing exception that could apply to tiered partnerships, but only specific partnerships will qualify. For partnerships with multiple tiers where partnerships are investing in other partnerships on more than one level, it will be time-consuming to figure out if the entire structure qualifies for a filing exception.



[Christopher C. Scarpa](#)
215.564.8106 | cscarpa@stradley.com



[Jin Park](#)
212.812.4140 | jpark@stradley.com

www.stradley.com | Pennsylvania | Washington, DC | New York | New Jersey | Illinois | Delaware

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