Note: *The draft you are looking for begins on the next page.*

Caution: DRAFT—NOT FOR FILING

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms.** We incorporate all significant changes to forms posted with this coversheet.

However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of the form and the final revision of the form. Forms and instructions are subject to OMB approval before they can be officially released, so we post drafts of them until they are approved. Drafts of instructions and publications usually have some additional changes before their final release. Early release drafts are posted at IRS.gov/DraftForms and remain there after the final release is posted at IRS.gov/LatestForms. Also see IRS.gov/Forms.

Most forms and publications have a page on IRS.gov: IRS.gov/Form1040 for Form 1040; IRS.gov/Pub501 for Pub. 501; IRS.gov/W4 for Form W-4; and IRS.gov/ScheduleA for Schedule A (Form 1040), for example, and similarly for other forms, publications, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or publications at IRS.gov/FormsComments. Include "NTF" followed by the form or publication number (for example, "NTF1040", "NTFW4", "NTF501", etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each "NTF" message.

If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more information, click here.

TREASURY/IRS AND OMB USE ONLY DRAFT

Instructions for Form 8938

(Rev. December 2026)

Statement of Specified Foreign Financial Assets

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8938 and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form8938*.

What's New

Changes to the form. Changes have been made to many of the line item descriptions on the form to clarify how a specified person reports financial accounts that are not depositary or custodial accounts maintained by a foreign financial institution (such as a cash value life insurance contract maintained by a foreign financial institution). These accounts are reported in Part II of the form, with additional information reported in Part VI of the form.

Reminders

Continuous-use form and instructions. Form 8938 and these instructions have been converted from an annual revision to continuous use. Both the form and instructions will be updated as needed. For the most recent versions, go to *IRS.gov/Form8938*.

Continuous-use revisions. Use these instructions with the most current revision of Form 8938 for tax years beginning in 2026. Continue to use these revisions for subsequent years until we issue a superseding revision.

Reporting obligations under section 6038D not affected. Rev. Proc. 2020-17, available at *IRS.gov/IRB/2020-12_IRB#REV-PROC-2020-17*, and proposed regulations under section 6048 exempt foreign trust information reporting requirements on Forms 3520 and 3520-A, for certain U.S. individuals' transactions with, and ownership of, certain tax-favored foreign trusts that are established and operated exclusively or almost exclusively to provide pension or retirement benefits, or to provide medical disability or educational benefits. For more information, go to *Federal Register*. This does not affect any reporting obligations under section 6038D.

For more information about section 6038D information reporting, see *IRS.gov/Businesses/Corporations/Basic-Questions-and-Answers-on-Form-8938*.

Specified domestic entity reporting. Certain domestic corporations, partnerships, and trusts that are considered formed or availed of for the purpose of holding, directly or indirectly, specified foreign financial assets (specified domestic entities) must file Form 8938 if the total value of those assets exceeds $50,000 on the last day of the tax year or $75,000 at any time during the tax year.

For more information on domestic corporations, partnerships, and trusts that are specified domestic entities and must file Form 8938, and the types of specified foreign financial assets that must be reported, see *Who Must File*, *Specified Domestic Entity*, *Specified Foreign Financial Assets*, *Interests in Specified Foreign Financial Assets*, and *Assets Not Required To Be Reported*, later.

General Instructions

Purpose of Form

Use Form 8938 to report your specified foreign financial assets if the total value of all the specified foreign financial assets in which you have an interest is more than the appropriate reporting threshold. See *Types of Reporting Thresholds*, later.

Caution: Filing Form 8938 does not relieve you of the requirement to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), if you are otherwise required to file the FBAR. See FinCEN Form 114 and its instructions for FBAR filing requirements. Go to *IRS.gov/Businesses/Comparison-of-Form-8938-and-FBAR-Requirements* for a chart comparing Form 8938 and FBAR filing requirements.

When and How To File

Attach Form 8938 to your annual return and file by the due date (including extensions) for that return.

Caution: You must specify the applicable calendar year or tax year to which your Form 8938 relates in the appropriate space(s) at the top of the form.

An annual return includes the following returns.

- Form 1040.
- Form 1040-NR.
- Form 1040-SR.
- Form 1041.
- Form 1041-N.
- Form 1065.
- Form 1120.
- Form 1120-S.

A reference to an "annual return" or "income tax return" in these instructions includes a reference to any return listed here, whether it is an income tax return or an information return.

Caution: Do not send a Form 8938 to the IRS unless it is attached to an annual return or an amended return.

Who Must File

Unless an exception applies, you must file Form 8938 if you are a specified person that has an interest in specified foreign financial assets and the value of those

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assets is more than the applicable reporting threshold. See *Specified Person*, later.

If you are required to file Form 8938, you must report the specified foreign financial assets in which you have an interest even if none of the assets affects your tax liability for the year. See *Specified Individual*, *Specified Domestic Entity*, and *Types of Reporting Thresholds*, later.

Tip: Exception if no income tax return required. If you do not have to file an income tax return for the tax year, you do not have to file Form 8938, even if the value of your specified foreign financial assets is more than the appropriate reporting threshold.

Specified Person

A specified person is either a specified individual or a specified domestic entity, defined later.

Specified Individual

You are a specified individual if you are one of the following.

- A U.S. citizen.
- A resident alien of the United States for any part of the tax year (but see *Reporting Period*, later).
- A nonresident alien who makes an election to be treated as a resident alien for purposes of filing a joint income tax return.
- A nonresident alien who is a bona fide resident of American Samoa or Puerto Rico. See Pub. 570, Tax Guide for Individuals With Income From U.S. Territories, for a definition of bona fide resident.

Resident aliens. You are a resident alien if you are treated as a resident alien for U.S. tax purposes under the green card test or the substantial presence test. For more information, see Pub. 519, U.S. Tax Guide for Aliens. If you qualify as a resident alien under either rule, you are a specified individual.

Special rule for dual-resident taxpayers. If you are a dual-resident taxpayer (within the meaning of Regulations section 301.7701(b)-7(a)(1)), who determines his or her income tax liability for all or a part of the tax year as if he or she were a nonresident alien as provided by Regulations section 301.7701(b)-7, file Form 8938 as follows.

Specified individual filing as a nonresident alien at the end of his or her tax year. You are not required to report specified foreign financial assets on Form 8938 for the part of your tax year covered by Form 1040-NR, provided you comply with the filing requirements of Regulations section 301.7701(b)-7(b) and (c), including the requirement to timely file Form 1040-NR, as applicable, and attach Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).

Specified individual filing as a resident alien at the end of his or her tax year. You are not required to report specified foreign financial assets on Form 8938 for the part of your tax year reflected on the schedule to Form 1040 or 1040-SR required by Regulations section 1.6012-1(b)(2)(ii)(a), provided you comply with the filing requirements of Regulations section 1.6012-1(b)(2)(ii)(a), including the requirement to timely file Form 1040 or 1040-SR and attach a properly completed Form 8833.

Specified Domestic Entity

You are a specified domestic entity if you are one of the following.

- A closely held domestic corporation that has at least 50% of its gross income from passive income.
- A closely held domestic corporation if at least 50% of its assets produce or are held for the production of passive income. See *Passive income* and *Percentage of passive assets held by a corporation or partnership*, later.
- A closely held domestic partnership that has at least 50% of its gross income from passive income.
- A closely held domestic partnership if at least 50% of its assets produce or are held for the production of passive income. See *Passive income* and *Percentage of passive assets held by a corporation or partnership*, later.
- A domestic trust described in section 7701(a)(30)(E) that has one or more specified persons (a specified individual or a specified domestic entity) as a current beneficiary.

Closely held domestic corporation. A domestic corporation is closely held if, on the last day of the corporation's tax year, a specified individual directly, indirectly, or constructively owns at least 80% of the total combined voting power of all classes of stock of the corporation entitled to vote or at least 80% of the total value of the stock of the corporation.

Closely held domestic partnership. A domestic partnership is closely held if, on the last day of the partnership's tax year, a specified individual directly, indirectly, or constructively holds at least 80% of the capital or profits interest in the partnership.

Constructive ownership. Sections 267(c) and (e)(3) apply for purposes of determining a specified individual's constructive ownership in a domestic corporation or partnership, except that section 267(c)(4) is applied as if the family of an individual includes the spouses of the specified individual's family members.

Passive income. Passive income means the part of gross income that consists of:

- Dividends, including substitute dividends;
- Interest;
- Income equivalent to interest, including substitute interest;
- Rents and royalties, other than rents and royalties derived in the active conduct of a trade or business conducted, at least in part, by employees of the corporation or partnership;
- Annuities;
- The excess of gains over losses from the sale or exchange of property described in Regulations section 1.6038D-6(b)(3)(i)(F) and that gives rise to the types of passive income listed above;
- The excess of gains over losses from transactions (including futures, forwards, and similar transactions) in any commodity, but not including:

1. Any commodity hedging transaction described in section 954(c)(5)(A); or

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2. Active business gains or losses from the sale of commodities, but only if substantially all the corporation's or partnership's commodities are property described in paragraph (1), (2), or (8) of section 1221(a);
- The excess of foreign currency gains over foreign currency losses (as defined in section 988(b)) attributable to any section 988 transaction; and
- Net income from notional principal contracts.

Exception from passive income treatment for dealers. In the case of a domestic corporation or partnership regularly acting as a dealer in property described in Regulations section 1.6038D-6(b)(3)(i)(F), forward contracts, options contracts, or similar financial instruments (including notional principal contracts and all instruments referenced to commodities), passive income does not include the following.
- Any item of income or gain (other than any dividends or interest) from any transaction (including hedging transactions and transactions involving physical settlement) entered into in the ordinary course of such dealer's trade or business as such a dealer.
- In the case of a corporation or partnership that is a dealer in securities (within the meaning of section 475(c)(2)), any income from any transaction entered into in the ordinary course of the corporation's or partnership's trade or business as a dealer in securities.

Passive income or assets of related corporations and partnerships. For purposes of determining whether a domestic corporation or partnership meets the passive income or asset test, domestic corporations and domestic partnerships that are closely held by the same specified individual and that are connected through stock or partnership ownership with a common parent corporation or partnership are treated as owning the combined assets and receiving the combined income of all members of that group. For this purpose, any contract, equity, or debt existing between members of the group, as well as any items of gross income arising from that contract, equity, or debt, is eliminated.

Connected stock or partnership ownership. A domestic corporation or partnership is considered connected through stock or partnership interest ownership with a common parent corporation or partnership in the following circumstances.
- Stock representing at least 80% of the total combined voting power of all classes of stock of the corporation entitled to vote or of the value of such corporation, other than stock of the common parent, is owned by one or more of the other connected corporations, connected partnerships, or the common parent.
- Partnership interests representing at least 80% of the profits interests or capital interests of the partnership, other than partnership interests in the common parent, is owned by one or more of the other connected corporations, connected partnerships, or the common parent.

Percentage of passive assets held by a corporation or partnership. For purposes of determining whether at least 50% of your assets produce or are held for the production of passive income, the percentage of passive assets held by the corporation or partnership for a tax year is the weighted average percentage of passive assets (weighted by total assets and measured quarterly). The value of assets of the corporation or partnership is the fair market value (FMV) or the book value. The book value of assets is the amount reflected on the corporation's or partnership's balance sheet and may be determined under either a U.S. or an international financial accounting standard. See *Example 1* next, for the application of this weighted average asset rule.

Example 1. Application of the weighted average asset rule. The following example illustrates the application of the weighted average asset rule.

DC is a domestic corporation, the total value of the stock of which is owned by L, a specified individual. DC is a calendar year taxpayer. Less than 50% of DC's gross income for its tax year beginning January 1, 2026, is passive income. DC has the following assets in 2026, measured quarterly:

	Passive assets	Total assets
Q1	$150	$200
Q2	$150	$300
Q3	$300	$500
Q4	$200	$1,000
Tax year totals	$800	$2,000

DC's weighted passive asset percentage for tax year 2026 is 40%, that is, DC's total passive assets divided by its total assets ($800 / $2,000 = 40%). Because fewer than 50% of DC's assets produce or are held for the production of passive income and less than 50% of DC's gross income for its tax year is passive income, DC does not meet the passive asset or passive income threshold and would not be a specified domestic entity.

Domestic trusts. A trust described in section 7701(a)(30)(E) is considered a specified domestic entity if and only if the trust has one or more specified persons (a specified individual or a specified domestic entity) as a current beneficiary for the tax year.

Current beneficiary. With respect to a tax year, a current beneficiary is any person who at any time during the tax year is entitled to, or at the discretion of any person may receive, a distribution from the principal or income of the trust (determined without regard to any power of appointment to the extent that such power remains unexercised at the end of the tax year).

Special rule for general powers of appointment. A current beneficiary also includes any holder of a general power of appointment, whether or not exercised, that was exercisable at any time during the tax year. A holder of a general power of appointment that is exercisable only on the death of the holder is not a current beneficiary.

Excepted Specified Domestic Entities

Entities described in section 1473(3). An entity described in section 1473(3) and the regulations thereunder, with the exception of a trust that is exempt from tax under section 664(c), is not a specified domestic entity.

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Certain domestic trust. A trust described in section 7701(a)(30)(E) is not considered a specified domestic entity, provided that all of the following apply.

1. The trustee is:

a. A bank that is examined by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the National Credit Union Administration;

b. A financial institution that is registered with and regulated or examined by the Securities and Exchange Commission; or

c. A domestic corporation described in section 1473(3)(A) or (B), and the regulations issued with respect to those provisions.

2. The trustee has supervisory authority over or fiduciary obligations with regard to the specified foreign financial assets held by the trust.

3. The trustee files annual returns and information returns by the due date (including any applicable extensions) on behalf of the trust.

Domestic trusts owned by one or more specified persons. A trust described in section 7701(a)(30)(E), to the extent the trust or any part of the trust is treated as owned by one or more specified persons under sections 671 through 678 and the regulations, is not a specific domestic entity.

Types of Reporting Thresholds

Reporting Thresholds Applying to Specified Individuals

If you are a specified individual, your applicable reporting threshold depends upon whether you are married, file a joint federal income tax return, and live inside (or outside) the United States.

Taxpayers living in the United States. If you do not live outside the United States, you satisfy the reporting threshold discussed next that applies to you, and no exception applies, file Form 8938 with your income tax return.

Unmarried taxpayers. If you are not married, you satisfy the reporting threshold only if the total value of your 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 the tax year.

Married taxpayers filing a joint income tax return. If you are married and you and your spouse file a joint income tax return, you satisfy the reporting threshold only if the total value of your 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 the tax year.

Married taxpayers filing separate income tax returns. If you are married and file a separate income tax return from your spouse, you satisfy the reporting threshold only if the total value of your 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 the tax year.

Taxpayers living outside the United States. If your tax home is in a foreign country, you meet one of the presence abroad tests described next, and no exception applies, file Form 8938 with your income tax return if you satisfy the reporting threshold discussed next that applies to you.

Unmarried taxpayers. If you are not married, you satisfy the reporting threshold only if the total value of your specified foreign financial assets is more than $200,000 on the last day of the tax year or more than $300,000 at any time during the tax year.

Married taxpayers filing a joint income tax return. If you are married and you and your spouse file a joint income tax return, you satisfy the reporting threshold only if the total value of your specified foreign financial assets is more than $400,000 on the last day of the tax year or more than $600,000 at any time during the tax year.

Married taxpayers filing separate income tax returns. If you are married and file a separate income tax return from your spouse, you satisfy the reporting threshold only if the total value of your specified foreign financial assets is more than $200,000 on the last day of the tax year or more than $300,000 at any time during the tax year.

Presence abroad. You satisfy the presence abroad test if you are one of the following.

- A U.S. citizen who has been a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year.
- A U.S. citizen or resident who is present in a foreign country or countries at least 330 full days during any period of 12 consecutive months that ends in the tax year being reported.

Reporting Thresholds Applying to Specified Domestic Entities

If you are a specified domestic entity, you satisfy the reporting threshold only if the total value of your 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 the tax year.

Determining the Total Value of Your Specified Foreign Financial Assets

You must figure the total value of the specified foreign financial assets in which you have an interest to determine if you satisfy the reporting threshold that applies to you. To determine if you have an interest in a specified foreign financial asset, see *Interests in Specified Foreign Financial Assets*, later.

Valuing Specified Foreign Financial Assets

The value of a specified foreign financial asset for purposes of determining the total value of specified foreign financial assets in which you have an interest during the tax year or on the last day of the tax year is the asset's FMV. For purposes of figuring the total value of specified foreign financial assets, the value of a specified foreign financial asset denominated in a foreign currency must first be determined in the foreign currency and then converted to U.S. dollars. See *Foreign Currency*

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Conversion, later, for rules on determining and applying the appropriate foreign currency exchange rate.

Value of an Interest in a Foreign Trust During the Tax Year

If you do not know or have reason to know based on readily accessible information the FMV of your interest in a foreign trust during the tax year, the value to be included in determining the total value of your specified foreign financial assets during the tax year is the maximum value of your interest in the foreign trust. See *Valuing Interests in Foreign Trusts*, later, for rules on determining the maximum value of an interest in a foreign trust.

Value of an Interest in a Foreign Estate, Foreign Pension Plan, and Foreign Deferred Compensation Plan

If you do not know or have reason to know based on readily accessible information the FMV of your interest in a foreign estate, foreign pension plan, or foreign deferred compensation plan during the tax year, the value to be included in determining the total value of your specified foreign financial assets during the tax year is the FMV determined as of the last day of the tax year, of the currency and other property distributed during the tax year to you. If you received no distributions during the tax year and do not know or have reason to know based on readily accessible information the FVM of your interest, use a value of zero for the interest.

Asset With No Positive Value

If the maximum value of a specified foreign financial asset is less than zero, use a value of zero for the asset.

Joint Interest Valuation

If you jointly own an asset with someone else, the value that you use to determine the total value of all of your specified foreign financial assets depends on whether the other owner is your spouse and, if so, whether your spouse is a specified individual and whether you file a joint or separate return.

Joint ownership with spouse filing joint income tax return. If you and your spouse file a joint income tax return and, therefore, would file one combined Form 8938 for the tax year, include the value of the asset jointly owned with your spouse only once to determine the total value of all of the specified foreign financial assets you and your spouse own.

Joint ownership with spouse filing separate income tax return. If you and your spouse are specified individuals and you each file a separate annual return, include one-half of the value of the asset jointly owned with your spouse to determine the total value of all of your specified foreign financial assets.

Joint ownership with a spouse who is not a specified individual or someone other than a spouse. Each joint owner includes the entire value of the jointly owned asset to determine the total value of all of that joint owner's specified foreign financial assets.

Special Rules

Assets Reported on Another Form

Specified individual. If you are a specified individual, include the value of all specified foreign financial assets, even if they are reported on another form listed in *Part IV* to determine if you satisfy the reporting threshold that applies to you. See *Part IV*, later.

Specified domestic entity. If you are a specified domestic entity, exclude the value of any specified foreign financial asset reported on another form listed in *Part IV* to determine if you satisfy the applicable reporting threshold.

Bona Fide Resident of a U.S. Territory

Do not include the value of specified foreign financial assets you are not required to report because you are a bona fide resident of a U.S. territory. See *Bona Fide Resident of a U.S. Territory* under *Assets Not Required To Be Reported*, later.

Owners of Certain Domestic Trusts

Do not include the value of specified foreign financial assets you are not required to report because you are an owner of a domestic widely held fixed investment trust or a domestic liquidating trust created under chapter 7 or chapter 11 of the Bankruptcy Code. See *Domestic Investment Trusts* and *Domestic Bankruptcy Trusts*, later.

Related Domestic Corporations and Partnerships

To determine if you satisfy the applicable reporting threshold, a specified domestic entity that is a corporation or partnership and that has an interest in any specified foreign financial asset is treated as owning all specified foreign financial assets held by all related corporations or partnerships that are closely held by the same specified individual (excluding specified foreign financial assets that are excluded from reporting under *Part IV* of Form 8938 or because you are the owner of a domestic widely held fixed investment trust or a domestic liquidating trust created under chapter 7 or chapter 11 of the Bankruptcy Code).

Examples 2 through 11 may help you decide if you have to file Form 8938.

Example 2. I am not married and do not live abroad. The total value of my specified foreign financial assets does not exceed $49,000 during the tax year. You do not have to file Form 8938. You do not satisfy the reporting threshold of more than $50,000 on the last day of the tax year or more than $75,000 at any time during the tax year.

Example 3. I am not married and do not live abroad. I sold my only specified foreign financial asset on October 15, when its value was $125,000. You have to file Form 8938. You satisfy the reporting threshold even though you do not hold any specified foreign financial assets on the last day of the tax year

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because you did own specified foreign financial assets of more than $75,000 at any time during the tax year.

Example 4. I am not married and do not live abroad. An unrelated U.S. resident and I jointly own a specified foreign financial asset valued at $60,000. You each have to file Form 8938. You each satisfy the reporting threshold of more than $50,000 on the last day of the tax year.

Example 5. I am not married and do not live abroad. I own an entity disregarded for tax purposes, which owns one specified foreign financial asset valued at $30,000. In addition, I own a specified foreign financial asset valued at $25,000. You have to file Form 8938. You own both the specified foreign financial asset owned by the disregarded entity and the specified foreign financial asset you own directly, for a total value of $55,000. You satisfy the reporting threshold of more than $50,000 on the last day of the tax year.

Example 6. My spouse and I do not live abroad. We file a joint income tax return and jointly own a single specified foreign financial asset valued at $60,000. You and your spouse do not have to file Form 8938. You do not satisfy the reporting threshold of more than $100,000 on the last day of the tax year or more than $150,000 at any time during the tax year.

Example 7. My spouse and I do not live abroad. We file a joint income tax return, and jointly and individually own specified foreign financial assets. On the last day of the tax year, my spouse and I jointly own a specified foreign financial asset with a value of $90,000. My spouse has a separate interest in a specified foreign financial asset with a value of $10,000 at the end of the tax year. I have a separate interest in a specified foreign financial asset with a value of $1,000 at the end of the tax year. You and your spouse have to file a combined Form 8938. You and your spouse have an interest in specified foreign financial assets in the amount of $101,000 on the last day of the tax year. This is the entire value of the specified foreign financial asset that you jointly own, $90,000, plus the value of the asset that your spouse separately owns, $10,000, plus the value of the asset that you separately own, $1,000. You and your spouse satisfy the reporting threshold of more than $100,000 on the last day of the tax year.

Example 8. My spouse and I do not live abroad. We file separate income tax returns and jointly own a specified foreign financial asset valued at $60,000 for the entire year. Neither you nor your spouse has to file Form 8938. You each use one-half of the value of the asset, $30,000, to determine the total value of specified foreign financial assets that you each own. Neither of you satisfies the reporting threshold of more than $50,000 on the last day of the tax year or more than $75,000 at any time during the tax year.

Example 9. My spouse and I file separate income tax returns, jointly and individually own specified foreign financial assets, and do not live abroad. On the last day of the tax year, my spouse and I jointly own a specified foreign financial asset with a value of $90,000. My spouse has a separate interest in a specified foreign financial asset with a value of $10,000 at the end of the tax year. I have a separate interest in a specified foreign financial asset with a value of $1,000 at the end of the tax year. You do not have to file Form 8938 but your spouse does. Your spouse has an interest in specified foreign financial assets in the amount of $55,000 on the last day of the tax year. This is one-half of the value of the asset that you jointly own, $45,000, plus the entire value of the asset that your spouse separately owns, $10,000. You have an interest in specified foreign financial assets in the amount of $46,000 on the last day of the tax year. This is one-half of the value of the asset that you jointly own, $45,000, plus the entire value of the asset that you separately own, $1,000. Your spouse satisfies the reporting threshold of more than $50,000 on the last day of the tax year. You do not satisfy the reporting threshold of more than $50,000 on the last day of the tax year or more than $75,000 at any time during the tax year.

Example 10. My spouse and I are U.S. citizens but live abroad for the entire tax year and file a joint income tax return. The total value of our combined specified foreign financial assets on any day of the tax year is $150,000. You and your spouse do not have to file Form 8938. You do not satisfy the reporting threshold of more than $400,000 on the last day of the tax year or more than $600,000 at any time during the tax year for married individuals who live abroad and file a joint income tax return.

Example 11. My spouse and I live abroad and file separate income tax returns. My spouse is not a specified individual. On the last day of the tax year, my spouse and I jointly own a specified foreign financial asset with a value of $150,000. My spouse has a separate interest in a specified foreign financial asset with a value of $10,000 at the end of the tax year. I have a separate interest in a specified foreign financial asset with a value of $60,000 at the end of the tax year. You have to file Form 8938 but your spouse, who is not a specified individual, does not. You have an interest in specified foreign financial assets in the amount of $210,000 on the last day of the tax year. This is the entire value of the asset that you jointly own, $150,000, plus the entire value of the asset that you separately own, $60,000. You satisfy the reporting threshold for a married individual living abroad and filing a separate return of more than $200,000 on the last day of the tax year.

Specified Foreign Financial Assets

Types of Specified Foreign Financial Assets

Specified foreign financial assets include the following assets.

1. Financial accounts maintained by a foreign financial institution.

2. The following foreign financial assets if they are held for investment and not held in an account maintained by a financial institution.

   a. Stock or securities issued by someone that is not a U.S. person (including stock or securities issued by a person organized under the laws of a U.S. territory).

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b. Any interest in a foreign entity.

c. Any financial instrument or contract that has an issuer or counterparty that is not a U.S. person (including a financial contract issued by, or with a counterparty that is, a person organized under the laws of a U.S. territory).

For foreign financial assets excepted from reporting, see *Assets Not Required To Be Reported*, later.

Financial Account

A financial account is any depository or custodial account (under Regulations section 1.1471-5(b)(1)(i) or (ii)) maintained by a foreign financial institution as well as any equity or debt interest in a foreign financial institution (other than interests that are regularly traded on an established securities market) or any cash value life insurance or annuity contract maintained by an insurance company or other foreign financial institution. A specified foreign financial asset includes a financial account maintained by a financial institution that is organized under the laws of a U.S. territory (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, or the U.S. Virgin Islands).

Foreign financial institution. In most cases, a foreign financial institution is any financial institution that is not a U.S. entity and satisfies one or more of the following.

- It accepts deposits in the ordinary course of a banking or similar business.
- It holds financial assets for the account of others as a substantial part of its business.
- It is engaged (or holds itself out as being engaged) primarily in the business of investing, reinvesting, or trading in securities; partnership interests; commodities; or any interest (including a futures or forward contract or option) in such securities, partnership interests, or commodities.

Other Specified Foreign Financial Assets

Examples of other specified foreign financial assets include the following, if they are held for investment and not held in a financial account.

- Stock issued by a foreign corporation.
- A capital or profits interest in a foreign partnership.
- A note, bond, debenture, or other form of indebtedness issued by a foreign person.
- An interest in a foreign trust or foreign estate.
- An interest rate swap, currency swap, basis swap, interest rate cap, interest rate floor, commodity swap, equity swap, equity index swap, credit default swap, or similar agreement with a foreign counterparty.
- An option or other derivative instrument with respect to any of these examples or with respect to any currency or commodity that is entered into with a foreign counterparty or issuer.

Assets held for investment. You hold an asset, including a partnership interest, for investment if you do not use it in, or hold it for use in, the conduct of any trade or business.

Stock is not considered used or held for use in the conduct of a trade or business.

Caution: If you are required to file Form 8938, in addition to reporting retirement and pension accounts and nonretirement savings accounts described in Regulations section 1.1471-5(b)(2)(i), you must report retirement and pension accounts, nonretirement savings accounts, and accounts satisfying conditions similar to those described in Regulations section 1.1471-5(b)(2)(i) that are otherwise excluded from the definition of a financial account by an applicable Model 1 IGA or Model 2 IGA. Thus, such accounts are subject to uniform reporting rules and must be reported without regard to whether the account is maintained in a jurisdiction with an IGA.

Interests in Specified Foreign Financial Assets

You have an interest in a specified foreign financial asset if any income, gains, losses, deductions, credits, gross proceeds, or distributions from holding or disposing of the asset are or would be required to be reported, included, or otherwise reflected on your income tax return.

You have an interest in a specified foreign financial asset even if no income, gains, losses, deductions, credits, gross proceeds, or distributions from holding or disposing of the asset are included or reflected on your income tax return for this tax year.

Interests in Property Transferred in Connection With the Performance of Services

You are first considered to have an interest in property transferred in connection with the performance of services on the first date that the property is substantially vested (within the meaning of Regulations section 1.83-3(b)) or, if you have made a valid section 83(b) election with respect to the property, on the date of transfer of the property.

Interests in Assets Held by Disregarded Entities

If you are the owner of a disregarded entity, you have an interest in any specified foreign financial assets owned by the disregarded entity.

Interests in Jointly Owned Assets

A joint owner of an asset has an interest in the entire asset. For special rules for interests in assets jointly owned by spouses, see *Joint Interest Valuation*, earlier, and *Reporting the Value of Jointly Owned Assets*, later.

Interests in Assets Held in Financial Accounts

If you have an interest in a financial account that holds specified foreign financial assets, you do not have to report the assets held in the account.

Interests in Assets Generating Certain Unearned Income of Children

If you file Form 8814, Parents' Election To Report Child's Interest and Dividends, with your income tax return to elect to include in your gross income certain unearned income of your child (the "kiddie tax" election), you have an interest in any specified foreign financial asset held by the child.

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Interests in Assets Held by Entities That Are Not Disregarded Entities

In most cases, you do not own an interest in any specified foreign financial asset held by a partnership, corporation, trust, or estate solely as a result of your status as a partner, shareholder, or beneficiary.

Interests in Assets Held by Grantor Trust

If you are considered the owner under the grantor trust rules (sections 671 through 679) of any part of a trust, you have an interest in any specified foreign financial asset held by that part of the trust you are considered to own. For exceptions from reporting for owners of certain domestic investment or bankruptcy trusts, see *Domestic Investment Trusts* and *Domestic Bankruptcy Trusts*, later.

Interests in Foreign Estates and Foreign Trusts

An interest in a foreign trust or a foreign estate is not a specified foreign financial asset unless you know or have reason to know based on readily accessible information of the interest. If you receive a distribution from the foreign trust or foreign estate, you are considered to know of the interest.

Interests in Foreign Pension Plans and Foreign Deferred Compensation Plans

Report in *Part VI* your interest in the foreign pension plan or foreign deferred compensation plan. Do not separately report the assets held by the plan. See *Valuing Interests in Foreign Estates, Foreign Pension Plans, and Foreign Deferred Compensation Plans*, later.

Reporting Period

Unless an exception applies, the reporting period for Form 8938 is your tax year.

Exception for Partial Tax Years of Specified Individuals

If you are a specified individual for less than the entire tax year, the reporting period is the part of the year that you are a specified individual.

Example 12. John is a calendar year taxpayer. The Form 8938 reporting period begins on January 1 and ends on December 31.

Example 13. Agnes was a single calendar year taxpayer who died on March 6. The Form 8938 reporting period begins on January 1 and ends on March 6.

Example 14. George, a calendar year taxpayer, is not a U.S. citizen or married. George arrived in the United States on February 1 and satisfied the substantial presence test for the tax year. The Form 8938 reporting period begins on George's U.S. residency starting date, February 1, and ends on December 31.

Reporting Maximum Value

You must report the maximum value during the tax year of each specified foreign financial asset reported on Form 8938. In most cases, the value of a specified foreign financial asset is its FVM. An appraisal by a third party is not necessary to estimate the maximum FMV during the year. See *Valuing Financial Accounts* and *Valuing Other Specified Foreign Financial Assets*, later.

Assets With No Positive Value

If the maximum value of a specified foreign financial asset is less than zero, use a value of zero as the maximum value of the asset.

Foreign Currency Conversion

If your specified foreign financial asset is denominated in a foreign currency during the tax year, the maximum value of the asset must be determined in the foreign currency and then converted to U.S. dollars.

In most cases, you must use the U.S. Treasury Bureau of the Fiscal Service foreign currency exchange rate for purchasing U.S. dollars. You can find this rate on *fiscal.treasury.gov/fsreports/rpt/treasRptRateExch/treasRptRateExch_home.htm*. If no U.S. Treasury Bureau of the Fiscal Service exchange rate is available, you must use another publicly available foreign currency exchange rate for purchasing U.S. dollars and disclose the rate on Form 8938.

Currency Determination Date

Use the currency exchange rate on the last day of the tax year to figure the maximum value of a specified foreign financial asset or the value of a specified foreign financial asset for the purpose of determining the total value of your specified foreign financial assets to see whether you have met the reporting threshold. Use this rate even if you sold or otherwise disposed of the specified foreign financial asset before the last day of the tax year.

Exception for Financial Account Statement Currency Conversion Rate

You may rely on the foreign currency conversion rate reflected in a financial account statement issued at least annually by the financial institution maintaining the account.

Reporting the Value of Jointly Owned Assets

If you own an asset jointly with one or more persons, you must report the asset's maximum value as follows.

Married Specified Individuals Filing a Joint Income Tax Return

If you are married and you and your spouse file a joint income tax return, report any specified foreign financial asset that you jointly own only once and include the maximum value of the entire asset (and not just the maximum value of your interest in the asset). Also, you must report any specified foreign financial asset that you or your spouse separately owns and include the maximum value of the entire asset. If you and your spouse file a joint income tax return that includes Form 8814, you must report any specified foreign financial asset your child owns only once and include the maximum value of the entire asset.

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Married Specified Individuals Filing Separate Income Tax Returns

If you are married and you and your spouse are specified individuals who file separate income tax returns, both you and your spouse report any specified foreign financial asset that you jointly own on your separate Forms 8938, and both you and your spouse must include the maximum value of the entire asset on your separate Forms 8938. You must also report any specified foreign financial asset that you own individually on your separate Form 8938 and include the maximum value of the entire asset. If you file Form 8814, you must report any specified foreign financial asset your child owns and include the maximum value of the entire asset.

Other Joint Ownership

If you are a joint owner of a specified foreign financial asset and you cannot use one of the special rules for married individuals who file a joint tax return, you must report the specified foreign financial asset and include the maximum value of the entire asset.

Valuing Financial Accounts

You may rely on periodic account statements for the tax year to report a financial account's maximum value unless you know or have reason to know based on readily accessible information that the statements do not reflect a reasonable estimate of the maximum account value during the tax year.

Valuing Other Specified Foreign Financial Assets

In most cases, you may use the value of a specified foreign financial asset that is not a financial account and that is held for investment and not held in an account maintained by a financial institution as of the last day of the tax year, unless you know or have reason to know based on readily accessible information that the value does not reflect a reasonable estimate of the maximum value of the asset during the tax year.

Example 15. I have publicly traded foreign stock not held in a financial account that has a FMV as of the last day of the tax year of $100,000, although, based on daily price information that is readily available, the 52-week high trading price for the stock results in a maximum value of the stock during the tax year of $150,000. If you are required to file Form 8938, the maximum value of the foreign stock to be reported is $150,000, based on readily available information of the stock's maximum value during the tax year.

Valuing Interests in Foreign Trusts

If you are a beneficiary of a foreign trust, the maximum value of your interest in the trust is the sum of the following amounts.

- The value of all of the cash or other property distributed during the tax year from the trust to you as a beneficiary.
- The value using the valuation tables under section 7520 of your right as a beneficiary to receive mandatory distributions as of the last day of the tax year.

Valuing Interests in Foreign Estates, Foreign Pension Plans, and Foreign Deferred Compensation Plans

If you have an interest in a foreign estate, foreign pension plan, or foreign deferred compensation plan, the maximum value of your interest is the FMV of your beneficial interest in the assets of the estate, pension plan, or deferred compensation plan as of the last day of the tax year. If you do not know or have reason to know based on readily accessible information the FMV as of the last day of the tax year, the maximum value is the FMV, determined as of the last day of the tax year, of the cash and other property distributed during the tax year to you as a beneficiary or participant. If you received no distributions during the tax year and do not know or have reason to know based on readily accessible information the fair FMV of your interest as of the last day of the tax year, use a value of zero as the maximum value of the asset.

Assets Not Required To Be Reported

You are not required to report the following assets.

Certain Financial Accounts

The following financial accounts and the assets held in such accounts are not specified foreign financial assets and do not have to be reported on Form 8938.

1. A financial account that is maintained by a U.S. payer, such as a domestic financial institution. In general, a U.S. payer also includes a domestic branch of a foreign bank or foreign insurance company and a foreign branch or foreign subsidiary of a U.S. financial institution. Examples of financial accounts maintained by U.S. financial institutions include:
   - U.S. mutual funds accounts,
   - IRAs (traditional or Roth),
   - Section 401(k) retirement accounts,
   - Qualified U.S. retirement plans, and
   - Brokerage accounts maintained by U.S. financial institutions.
2. A financial account that is maintained by a dealer or trader in securities or commodities if all of the holdings in the account are subject to the mark-to-market accounting rules for dealers in securities or an election under section 475(e) or (f) is made for all of the holdings in the account.

Certain Financial Assets

You do not have to report any asset that is not held in a financial account if the asset is subject to the mark-to-market accounting rules for dealers in securities or commodities or an election under section 475(e) or (f) is made for the asset.

Foreign Equivalent to U.S. Social Security

Payments or the rights to receive the foreign social security equivalent to U.S. social security, social insurance benefits, or another similar program of a foreign government are not specified foreign financial assets and are not reportable. The foreign social security equivalent to U.S. social security does not include an interest in a foreign pension plan, which, as described above, is subject to section 6038D reporting.

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Exceptions To Reporting

Duplicative Reporting

You do not have to report any asset on Form 8938 if you report it on one or more of the following forms that you timely file with the IRS for the same tax year.

- Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts (in the case of a specified person who is a beneficiary of a foreign trust, see Part III of Form 3520 and its instructions).
- Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations.
- Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.
- Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships.

Instead, you must identify on Form 8938 the form(s) on which you report the specified foreign financial asset and how many of these forms you file. See *Part IV*, later.

Joint Form 5471 or Form 8865 Filers

If you are included as part of a joint Form 5471 or Form 8865 filing and provide the notification required by Regulations section 1.6038-2(i) or 1.6038-3(c), you are considered to have filed that form for purposes of the requirement to report specified foreign financial assets on Form 8938. See *Part IV*, later.

Foreign Grantor Trusts

If you are considered the owner under the grantor trust rules (sections 671 through 679) of any part of a foreign trust, you do not have to report any of the specified foreign financial assets held by the part of the trust you are considered to own if you satisfy the following conditions.

- You report the trust on a Form 3520 that you timely file with the IRS for the same tax year. See Part III of Form 3520 and its instructions.
- You ensure that the trust timely files Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner, or you timely file a substitute Form 3520-A, with the IRS for the same tax year. See Form 3520-A and its instructions.
- You report the filing of Form 3520 and 3520-A on Form 8938.

Instead, you must identify on Form 8938 how many of these forms you file. See *Part IV*, later.

Caution: If you are a specified individual, you must include the value of the assets reported on Forms 3520, 3520-A, 5471, 8621, and 8865 in determining whether you satisfy the reporting threshold that applies to you. See *Reporting Thresholds Applying to Specified Individuals*, earlier.

Domestic Investment Trusts

If you are considered the owner under the grantor trust rules (sections 671 through 679) of any part of a domestic widely held fixed investment trust under Regulations section 1.671-5, you do not have to report any specified foreign financial asset held by the part of the trust you are considered to own.

Domestic Bankruptcy Trusts

If you are considered the owner under the grantor trust rules (sections 671 through 679) of any part of a domestic liquidating trust under Regulations section 301.7701-4(d) that is created under chapter 7 or chapter 11 of the Bankruptcy Code, you do not have to report any specified foreign financial asset held by the part of the trust you are considered to own.

Bona Fide Resident of a U.S. Territory

If you are a bona fide resident of a U.S. territory (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, or the U.S. Virgin Islands), do not include the value of the following assets to determine if you satisfy the reporting threshold that applies to you. If you are required to file Form 8938, you do not have to report the following specified foreign financial assets on Form 8938.

- A financial account maintained by a financial institution organized under the laws of the U.S. territory of which you are a bona fide resident.
- A financial account maintained by a branch of a financial institution not organized under the laws of the U.S. territory of which you are a bona fide resident, if the branch is subject to the same tax and information-reporting requirements that apply to a financial institution organized under the laws of the U.S. territory of which you are a bona fide resident.
- Stock or securities issued by an entity organized under the laws of the U.S. territory of which you are a bona fide resident.
- An interest in an entity organized under the laws of the U.S. territory of which you are a bona fide resident.
- A financial instrument or contract held for investment, provided each issuer or counterparty that is not a U.S. person is either an entity organized under the laws of the U.S. territory of which you are a bona fide resident, or a bona fide resident of the U.S. territory of which you are a bona fide resident.

Penalties

You may be subject to penalties if you fail to timely file a correct Form 8938 or if you have an understatement of tax relating to an undisclosed specified foreign financial asset.

Failure-To-File Penalty

If you are required to file Form 8938 but do not file a complete and correct Form 8938 by the due date (including extensions), you may be subject to a penalty of $10,000.

Continuing Failure To File

If you do not file a correct and complete Form 8938 within 90 days after the IRS mails you a notice of the failure to file, you may be subject to an additional penalty

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of $10,000 for each 30-day period (or part of a period) during which you continue to fail to file Form 8938 after the 90-day period has expired. The maximum additional penalty for a continuing failure to file Form 8938 is $50,000.

Married Taxpayers Filing a Joint Income Tax Return

If you are married and you and your spouse file a joint income tax return, the failure-to-file penalties apply as if you and your spouse were a single person. Your and your spouse's liability for all penalties is joint and several.

Presumption of Maximum Value

If the IRS determines that you have an interest in one or more specified foreign financial assets and asks you for information about the value of any asset, but you do not provide enough information for the IRS to determine the value of the asset, you are presumed to own specified foreign financial assets with a value of more than the reporting threshold that applies to you. See *Determining the Total Value of Your Specified Foreign Financial Assets*, earlier. In such case, you are subject to the failure-to-file penalties if you do not file Form 8938.

Reasonable Cause Exception

No penalty will be imposed if you fail to file Form 8938 or to disclose one or more specified foreign financial assets on Form 8938 and the failure is due to reasonable cause and not to willful neglect. You must affirmatively show the facts that support a reasonable cause claim.

The determination of whether a failure to disclose a specified foreign financial asset on Form 8938 was due to reasonable cause and not due to willful neglect will be determined on a case-by-case basis, taking into account all pertinent facts and circumstances.

Effect of foreign jurisdiction laws. The fact that a foreign jurisdiction would impose a civil or criminal penalty on you if you disclose the required information is not reasonable cause.

Accuracy-Related Penalty

If you underpay your tax as a result of a transaction involving an undisclosed specified foreign financial asset, you may have to pay a penalty equal to 40% of that underpayment.

Examples of underpayments due to transactions involving an undisclosed specified foreign financial asset include the following.

- You do not report ownership of shares in a foreign corporation on Form 8938, and you received taxable distributions from the company that you did not report on your income tax return.
- You do not report ownership of shares in a foreign company on Form 8938, and you sold the shares in the company for a gain and did not report the gain on your income tax return.
- You do not report a foreign pension on Form 8938, and you received a taxable distribution from the pension plan that you did not report on your income tax return.

Fraud

If you underpay your tax due to fraud, you must pay a penalty of 75% of the underpayment due to fraud.

Criminal Penalties

In addition to the penalties already discussed, if you fail to file Form 8938, fail to report an asset, or have an underpayment of tax, you may be subject to criminal penalties.

Statute of Limitations

If you fail to file Form 8938 or fail to report a specified foreign financial asset that you are required to report, the statute of limitations for the tax year may remain open for all or a part of your income tax return until 3 years after the date on which you furnish the IRS the information required to be reported on Form 8938.

Extended Statute of Limitations for Failure To Include Income

If you do not include in your gross income an amount relating to one or more specified foreign financial assets, and the amount you omit is more than $5,000, any tax you owe for the tax year can be assessed at any time within 6 years after you filed your return.

For this purpose, specified foreign financial assets include any specified foreign financial assets in which you have an interest without regard to the reporting threshold that applies to you and regardless of any exception from reporting a specified foreign financial asset on Form 8938.

Specific Instructions

Before you begin. If you are a specified individual and report all of your specified foreign financial assets on a timely filed Form 3520, 3520-A, 5471, 8621, or 8865, you do not have to report them on Form 8938. Instead, enter your name(s) and taxpayer identification number (TIN) at the top of the form and complete Part IV only. If you are a specified individual or a specified domestic entity and report only a part of your specified foreign financial assets on one or more of these forms, report the remaining assets on Form 8938 and complete Part IV.

Additional statements. If you have more than one account or asset to report in Part V or VI, or more than one issuer or counterparty to report in Part VI, make additional copies of page 2 of this form and attach them to your form. Check the box at the top of page 1 of the form to indicate that you are attaching additional statements, and enter the number of additional statements in the space provided.

Period Covered

For filing calendar year and fiscal year returns, fill in the tax year of the specified individual or specified domestic entity for whom you are furnishing information in the space at the top of the form.

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TREASURY/IRS AND OMB USE ONLY DRAFT

Identifying Information

Lines 1 and 2

Enter your name(s) and TIN as shown on the annual return you are filing with Form 8938. If you are a specified individual, enter the first TIN shown on your income tax return. See *Specified Individual*, earlier. A TIN is a social security number (SSN) or individual taxpayer identification number (ITIN). In the case of a specified domestic entity, enter the entity's employer identification number (EIN). See *Specified Domestic Entity*, earlier.

Line 3

Indicate the type of filer by checking the applicable box on line 3. If you are a specified individual, check box 3a. See *Specified Individual*, earlier. In the case of a specified domestic entity, check the applicable box for partnership (3b), corporation (3c), or trust (3d). See *Specified Domestic Entity*, earlier.

Line 4

If you checked box 3a (specified individual), do not complete this line 4. If you checked box 3b (partnership) or 3c (corporation), enter the name and TIN of the specified individual who closely holds the partnership or corporation. See *Specified Individual*, earlier. If you checked box 3d (trust), enter the name and TIN of the specified person who is a current beneficiary of the trust. See *Specified Person*, earlier.

Note: If you are a paper filer and you have more than one specified individual or specified person, attach a statement listing the name and TIN of each such specified individual or specified person.

Tip: If you are a specified individual for less than the entire tax year, you only have to report the information for the part of the year that you are a specified individual. See *Specified Individual*, earlier

Part I. Foreign Deposit and Custodial Accounts Summary

Use Part I to summarize information regarding foreign deposit and custodial accounts reported in all Parts V.

Line 5

Report the number of deposit accounts reported in all Parts V.

Line 6

Report the total maximum value of these deposit accounts during the tax year.

Line 7

Report the number of custodial accounts reported in all Part V.

Line 8

Report the total maximum value of these custodial accounts during the tax year.

Line 9

Indicate whether any foreign deposit or custodial accounts were closed during the tax year.

Part II. Other Foreign Assets and Accounts Summary

Use Part II to summarize information regarding financial accounts (other than foreign deposit and custodial accounts) and other specified foreign financial assets reported in all Part VI.

Line 10

Report the number of accounts and assets reported in all Parts VI.

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Line 11

Report the total maximum value of these accounts and assets.

Line 12

Indicate whether any account was opened or closed or any asset was acquired or disposed of during the tax year.

Caution: An account reportable in Part II is a financial account maintained by a foreign financial institution (FFI) reportable on Form 8938 that is not reportable in Part I (such as a cash value insurance contract issued by an FFI).

Part III. Summary of Tax Items Attributable to Specified Foreign Financial Assets

Enter the following items for your total assets reported in Part V or Part VI and the schedule, form, or return on which you reported the items.

- Interest.
- Dividends.
- Royalties.
- Other income.
- Gains or (losses).
- Deductions.
- Credits.

Part IV. Excepted Specified Foreign Financial Assets

If you reported a specified foreign financial asset on certain other forms listed below for the same tax year, you may not have to report it on Form 8938. However, you must identify the form where you reported the asset by indicating how many forms you filed.

For more information, see *Duplicative Reporting*, earlier. If you reported a specified foreign financial asset on one or more of the following forms, enter the number of forms filed.

- Form 3520.
- Form 3520-A.
- Form 5471.
- Form 8621.
- Form 8865.

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Foreign Grantor Trusts

If you are treated as an owner of any part of a foreign grantor trust, you may have to file Form 8938 to report specified foreign financial assets held by the trust. If you are a beneficiary of the foreign trust, you may have to file Form 8938 to report your interest in the trust. You do not have to report on Form 8938 any specified foreign financial asset held by the trust or your interest in the trust if you report the trust on a Form 3520, you timely file for the tax year, and the trust timely files Form 3520-A for the tax year.

Part V. Detailed Information for Each Foreign Deposit and Custodial Account Included in the Part I Summary

Use Part V to report information for foreign deposit and custodial accounts. If you have more than one account, attach an additional statement with the required information for each additional account and check the box at the top of page 1 of the form.

Lines 20 Through 28

Enter the following information for each foreign deposit or custodial account.

Line 20

Check the box to indicate if this is a depository or a custodial account.

Line 21

Enter the account number of the account or other specific identifying information for the account if there is no account number.

Line 22

Check one or more boxes to indicate if any of the following applies.

- The account was opened during the tax year.
- The account was closed during the tax year.
- The account was jointly owned with your spouse.
- You did not report any tax item in Part III for this asset.

Line 23

Enter the maximum value of the account during the tax year.

Tip: See *Reporting Maximum Value*, earlier, for information on determining the maximum value of the account.

Joint Interests in Foreign Deposit and Custodial Accounts

Use the following rules to determine the maximum value to report.

Spouses Filing a Joint Return

You and your spouse report the maximum value of an account held jointly by you and your spouse only once on the single Form 8938 filed with your joint income tax return.

Spouses Filing Separate Returns

You and your spouse each report the maximum value of an account held jointly by you and your spouse on your separate Forms 8938 filed with your separate income tax returns.

Other Joint Owners

Report the maximum value of the entire jointly held account on your Form 8938 filed with your income tax return, regardless of the value of your separate interest in the account.

Lines 24 and 25

If you used a foreign currency exchange rate to convert the value of the account into U.S. dollars, check the "Yes" box on line 24 and go to line 25. Otherwise, check the "No" box and go to line 26.

Line 25

If you answered "Yes" on line 24, enter the following information.

1. The foreign currency in which the account is maintained.
2. The foreign currency exchange rate used to convert the value of the account into U.S. dollars.
3. If the U.S. Treasury Bureau of the Fiscal Service did not provide an exchange rate, the source of the foreign currency exchange rate that you used.

Caution: You must use the foreign currency exchange rate on the last day of the tax year, even if you closed or disposed of the account before the last day of the tax year.

Line 26a

Enter the name of the financial institution in which the account is maintained.

Line 26b

If you have been furnished the Global Intermediary Identification Number (GIIN) associated with the financial account listed on line 26a, enter it here.

If you have not been provided a GIIN by your financial institution, you can look it up by using the FATCA Foreign Financial Institution (FFI) List Search and Download tool. You can access the tool at *IRS.gov/Businesses/Corporations/FATCA-Foreign-Financial-Institution-List-Search-and-Download-Tool*.

If your search returns multiple instances of the same name for the financial institution, use the one that most closely matches the information that you have. You will not be subject to penalties if you enter the wrong GIIN or leave this field blank. Completing this information may reduce the need for the IRS to contact you.

Lines 27 and 28

Enter the mailing address of the financial institution in which the account is maintained.

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Part VI. Detailed Information for Each "Other Foreign Asset and Account" Included in the Part II Summary

Use *Part VI* to report information for financial accounts (other than foreign deposit and custodial accounts) and other specified foreign financial assets not held in a financial account. If you have more than one asset or account, attach an additional statement with the required information for each additional asset or account and check the box at the top of page 1 of the form.

Lines 29 Through 36

Enter the following information for each financial account and specified foreign financial asset not held in a financial account reported in *Part II*. For examples of specified foreign financial assets not held in a financial account, see *Other Specified Foreign Financial Assets*, earlier.

You must provide the additional information on line 35 for a specified foreign financial asset that is stock or securities issued by a non-U.S. person or an interest in a foreign entity. You must provide the additional information on line 36 for a financial account that is not a a foreign deposit or custodial account (and that is not reportable on line 35), or an asset (other than a financial account) that is a financial instrument or contract that has a non-U.S. issuer or counterparty. Complete the applicable line even when the specified foreign financial asset is a financial account or is held in an account maintained by a financial institution.

Line 29

Enter a description of the account or asset. If the asset is stock or securities, include the class or issue of the stock or securities.

Example 16. You own 100 shares of XYZ Company, an Italian S.A. A sufficient description is "100 Class A shares of XYZ Company, S.A."

Example 17. You own a bond issued by AB GmbH, a German GmbH. A sufficient description is "Bond of AB GmbH, maturing on December 31, 2019."

Line 30

Enter the identifying number or other information identifying the account or asset.

Line 31

Enter the following information about the account or asset, if required.

1. If the account was opened or closed, or the asset was acquired or disposed of during the year, enter the date of opening and/or closure, or acquisition and/or disposition, as applicable. If the assets were acquired or disposed of during different dates in the year, enter "Various."

2. If you own the account or asset jointly with your spouse, check the box on line 31c.

3. If you did not report any income, gain, loss, deduction, or credit for this account or asset on your income tax return or any schedule or form attached to your income tax return filed for the tax year, check the box on line 31d.

Line 32

Check the box for the value range that represents the maximum value of the account or asset during the tax year. If the maximum value is more than $200,000, enter the maximum value on line 32e.

Tip: See *Reporting Maximum Value*, earlier, for information on determining the maximum value of the account or asset.

Joint Interest in Other Foreign Assets

Use the following rules to figure the maximum value to report.

Spouses Filing a Joint Return

You and your spouse report the maximum value of an account or asset held jointly by you and your spouse only once on the single Form 8938 filed with your joint income tax return.

Spouses Filing Separate Returns

You and your spouse each report the maximum value of an account or asset held jointly by you and your spouse on your separate Forms 8938 filed with your separate income tax returns.

Other Joint Owners

Report the maximum value of the entire jointly held account or asset on your Form 8938 filed with your income tax return, regardless of the value of your separate interest in the account or asset.

Lines 33 and 34

If you used a foreign currency exchange rate to convert the value of the account or asset into U.S. dollars, check the "Yes" box on line 33 and go to line 34. Otherwise, check the "No" box and go to line 35.

Line 34

If you answered "Yes" on line 33, enter the following information.

1. The foreign currency in which the account or asset is denominated.

2. The foreign currency exchange rate used to convert the value of the account or asset into U.S. dollars.

3. If the U.S. Treasury Bureau of the Fiscal Service did not provide an exchange rate, the source of the foreign currency exchange rate that you used.

Caution: You must use the foreign currency exchange rate on the last day of the tax year, even if you closed the account or sold or disposed of the asset before the last day of the tax year.

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Lines 35a Through 35e

If the account or asset you reported on line 29 is stock of a foreign entity or an interest in a foreign entity, complete lines 35a through 35e.

Line 35a

Enter the name of the foreign entity.

Line 35b

If you have been furnished the GIIN associated with the financial account or asset listed on line 29, enter it here.

If you have not been provided a GIIN by your financial institution, you can look it up by using the FATCA Foreign Financial Institution (FFI) List Search and Download tool. You can access the tool at *IRS.gov/Businesses/Corporations/FATCA-Foreign-Financial-Institution-List-Search-and-Download-Tool*.

If your search returns multiple instances of the same name for your financial institution, use the one that most closely matches the information that you have. You will not be subject to penalties if you enter the wrong GIIN or leave this field blank. Completing this information may reduce the need for the IRS to contact you.

Line 35c

Check the box on line 35c to indicate the type of foreign entity.

Lines 35d and 35e

Enter the mailing address of the foreign entity.

Lines 36a Through 36e

If the account or asset you reported on line 29 is not stock of a foreign entity or an interest in a foreign entity, complete lines 36a through 36e.

Note: If this account or asset has more than one issuer or counterparty, copy page 2 as many times as needed and complete a separate line 36 for each issuer or counterparty. Check the box at the top of page 1 of the form.

Tip: You must complete lines 36a through 36e if the account or asset you reported on line 29 is a financial instrument or contract (including a cash value insurance contract).

Line 36a

Enter the name of the issuer or counterparty and check the appropriate box to indicate if you are reporting for an issuer or a counterparty.

Line 36b

Check the appropriate box to indicate the type of issuer or counterparty.

Line 36c

Check the box to indicate if the issuer or counterparty is a U.S. person or a foreign person.

Lines 36d and 36e

Enter the mailing address of the issuer or counterparty. If the issuer or counterparty has a mailing address in the United States, you can enter the U.S. mailing address.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. Our legal right to ask for this information is in section 6038D, which requires specified individuals and specified domestic entities to report specified foreign financial assets in which they have an interest. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for filing this form is approved under OMB control numbers 1545-0074 for individual filers, 1545-0092 for trust and estate filers, and 1545-0123 for business filers. See the instructions for your income tax return for the estimated average burden.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the income tax return with which this form is filed.

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TREASURY/IRS AND OMB USE ONLY DRAFT

Index

DRAFT

DRAFT