

Communications – Because our clients are located in different countries and time zones we purposefully keep abreast of the latest in communications technology maximizing the use of e-mail, Adobe PDF files, fax, phone & internet conferencing to facilitate fast, effective communications with our worldwide clientele.



“efficient communications world-wide”

We employ the latest language translation technology that allows our staff to translate financial documents in German as well as other languages in concise terms.

Switzerland - We have extensive experience with the various (Swiss) federal, state and city tax systems of the 26 cantons with respect to the U.S. reporting requirements of US taxpayers domiciled or working in Switzerland.

Legal Counsel – Our professionals work routinely with the tax attorneys of leading law firms to resolve a client’s U.S. tax issues. We perform forensic work or the filing of the returns if the forensic work has already been completed. We routinely work under Kovel letters and understand the intricacies and sensitive nature of this exact work.



For more information please visit us at:
www.lancaster-cpas.com

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**“ASSISTING CLIENTS
WORLDWIDE
INTELLIGENTLY
NAVIGATE THE U.S.
TAX CODE.”**



**U.S. TAX ACCOUNTING
SERVICES FOR:**

- **FIDUCIARIES AND TRUSTS WITH UNITED STATES OWNERS OR BENEFICIARIES (INCLUDING THE ANNUAL PREPARATION OF FIDUCIARY, OWNER AND/OR BENEFICIARY STATEMENT)**
- **CONTROLLED FOREIGN CORPORATIONS**
- **PERSONAL FOREIGN HOLDING COMPANIES**
- **PASSIVE FOREIGN INVESTMENT COMPANIES**
- **CONSULTING ON US TAX MATTERS**

SERVING CLIENTS WORLDWIDE SINCE 1984



FIRM PROFILE—Lancaster & Company's U.S. and international tax practice was established in 1984 and serves high net worth individuals, trusts with U.S. owners or beneficiaries and their fiduciaries, partnerships and corporations across the United States and abroad. Our experience covers the broad spectrum of the U.S. taxation of international transactions. We apply tax advantaged and innovative solutions to complex international tax issues to minimize a client's U.S. taxation where possible. Our international clients are located in Europe, the Middle East, Africa, South & Central America as well as the Trust & Banking Centers of the Caribbean.

Offshore - Our firm routinely provides U.S. tax compliance services for the U.S. beneficiaries (and the fiduciaries) of Foreign Trusts.

Languages - English, French, Spanish & Italian.



COMMON TAX ISSUES FACING THE U.S. OWNER OR U.S. BENEFICIARY OF A FOREIGN TRUST:

FOREIGN MUTUAL FUNDS—Foreign (non-U.S.) mutual funds in almost all cases qualify under the U.S. tax code as a Passive Foreign Investment Company (PFIC). As such they can fall under a tax regime that is particularly disadvantageous for a U.S. taxpayer including being taxed at the highest tax rate for the applicable year, disallowed capital losses and interest on tax calculated as owed pro rata over the holding period of the fund.

ANNUAL FOREIGN TRUST REPORTING REQUIREMENTS—The U.S. owner or beneficiary of a foreign trust, as determined under the Internal Revenue Code (I.R.C.), is required to file an annual report with the Internal Revenue Service. This obligation may require a fiduciary statement (signed by the fiduciary) including trust income, fair market value of trust assets and any distributions. A separate statement is required of the fiduciary to each individual U.S. beneficiary or owner. *Penalties for failure to file can be 5% of the trust's gross value as of year end for the annual report, 35% of any distributions which are not reported, as well as potential criminal penalties.*

FOREIGN FINANCIAL ACCOUNTS—Annual disclosure is required of a U.S. taxpayer that has a financial interest in, signature or *other authority* over one or more financial accounts in foreign countries if the aggregate value of all accounts exceeds \$10,000 USD at any time during the year. "Other authority" has been broadly defined by precedence and it is in the best interest of the taxpayer to file these reports timely. *Penalty for non-filing includes potential civil & criminal penalties and fines of up to \$500,000 USD.*

CONTROLLED FOREIGN

CORPORATIONS— In many cases a U.S. taxpayer or his or her trust may hold assets, such as a securities portfolio, in a foreign corporation. In such a scenario, the foreign corporation under the I.R.C. will most likely qualify as a Controlled Foreign Corporation (CFC). A U.S. taxpayer that owns or controls a CFC must file an annual report with the I.R.S. As with a foreign trust, the annual CFC report includes an income statement & balance sheet translated into USD in accordance with U.S. Generally Accepted Accounting Principals (GAAP). The annual report on a CFC includes stock ownership disclosures including stock which would be considered as owned constructively by the U.S. taxpayer, under a nominee, trust or other relationship. Certain items of income under Subpart F cannot be deferred in a CFC and must be picked up on the tax return of the U.S. entity or individual which is considered the owner of the CFC for U.S. tax purposes. *Penalties for failing to file the annual report can be \$10,000 USD for each annual report that has not been filed w/ additional penalties up to \$50,000 USD.*

OUR SERVICES:

- **TRUST CONSULTING ON U.S. TAX MATTERS**
- **ANNUAL TRUST REPORTING**
- **ANNUAL OWNER/BENEFICIARY STATEMENTS**
- **APPROPRIATE ACCOUNTING OF PFIC TAX AND REPORTING**
- **ANNUAL CFC REPORTING AND SUBPART F INCOME CALCULATION**
- **ANNUAL INCOME TAX RETURNS FOR HIGH NET WORTH INDIVIDUALS, THEIR TRUSTS AND CFCs**