

To: Deans, Directors, and Department Heads

From: John N. Copoulos, Tax Director

Date: March 2, 2005

Subject: Foreign Bank Accounts

As you know, the University Treasurer's Office has certain responsibility for tax planning, compliance, and regulatory matters for the University. This communication is to alert you that The American Jobs Creation Act of 2004 (AJCA) stepped up penalties for violations of reporting requirements related to foreign financial accounts. Under the Act, there is a new \$10,000 penalty for a reporting violation, even if such violation was inadvertent. Penalties for willful violations are quite severe.

Dual Tax Reporting Requirement - Reporting generally must be done to the US Treasury Department on Form TD F 90-22.1 by the University and by each individual that has signatory authority over such accounts. In other words, two separate tax returns must be filed.

Employee's Tax Return - In general, employees have an additional reporting requirement that includes correctly answering questions related to foreign accounts in Part III of Schedule B of their personal income tax returns.

Accounts not Maintained by the University Treasurer's Office - If any researcher or other University employee receives a grant or other funds, and the individual opens a foreign bank account in his or her own name, that employee generally must file Form TD F 90-22.1 and correctly answer questions related to foreign accounts in Part III of Schedule B of their personal income tax returns. Employees with accounts that have not been opened through the University Treasurer's Office are advised to consult with a personal tax advisor as soon as possible.

If you have any questions, please contact me at 413-587-2062 or jcopoulos@umassp.edu.