



**CERTIFIED PUBLIC ACCOUNTANTS**

**2017 Tax Reform – U.S. Shareholders of Non-U.S. Corporations**

As you may be aware, the U.S. Congress passed substantial tax reform legislation at the end of 2017. While most of these provisions do not go in effect until 2018, **there is one significant provision that may affect your 2017 taxable income.**

U.S. shareholders owning at least 10 percent of a specified foreign corporation generally will need to include in income the shareholder’s pro rata share of the net post-1986 historical earnings and profits (E&P), determined as of November 2, 2017, or December 31, 2017 (whichever is higher). The income inclusion year is based on the taxable year of the foreign corporation. As a result, taxpayers will be subject to this inclusion in either 2017 or 2018, or possibly both.

The portion of the E&P comprising cash or cash equivalents would be taxed at a reduced rate of 15.5 percent, while any remaining E&P would be taxed at a reduced rate of 8 percent. At the election of the U.S. shareholder this tax liability would be payable over a period of up to 8 years. The due date of the first installment will vary based on your income inclusion year, but may be as early as **April 15<sup>th</sup>, 2018.** Failure to make timely installments may result in an acceleration of the tax payments.

To help us identify if this provision applies to you please provide the following information:

**Did you own directly, indirectly, or by attribution (you may be attributed ownership of close relatives if you own shares of the same corporation), 10% or more of any non-U.S. corporation during the year?**

If so, please list the corporation(s), ownership percentages and the year date of the company:

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Please do not hesitate to contact our office with any questions.



1. GENERAL INFORMATION

Full Legal Name: \_\_\_\_\_

U.S. Social Security Number or U.S. ITIN: \_\_\_\_\_

Date of Birth (MM/DD/YYYY): \_\_\_\_\_

Country of Birth: \_\_\_\_\_

Country(ies) of Citizenship: \_\_\_\_\_

Do you have a U.S. "green card"? Yes (please provide a copy) No

Address to be used for IRS purposes:

Street \_\_\_\_\_

City \_\_\_\_\_ State/Prov. \_\_\_\_\_ Postal Code \_\_\_\_\_

Country \_\_\_\_\_

Address for overnight shipping of returns and/or invoices: Check if same

\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Occupation: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Employer Address: \_\_\_\_\_

Which of the following describe your employer?

Non-U.S. entity Non-U.S. affiliate of a U.S. company U.S. company Self

Marital Status: \_\_\_\_\_

Spouse's Full Legal Name: \_\_\_\_\_

Is your spouse a U.S. citizen, lawful permanent resident, or resident? Yes No

Spouse's U.S. Tax ID# (if any): \_\_\_\_\_

Will you be filing a joint U.S. return with your spouse? Yes No

Spouse's Date of Birth (MM/DD/YYYY): \_\_\_\_\_

Spouse's Occupation (only required if filing jointly): \_\_\_\_\_

Country of residence: \_\_\_\_\_

Date residency began in current country (MM/YYYY): \_\_\_\_\_

Do you rent or own your residence? \_\_\_\_\_

What year did you last file a U.S. tax return? \_\_\_\_\_ If VSH did not prepare, provide a copy.

Did you receive any correspondence from the IRS regarding your prior year tax return? Yes No

*If yes, provide copies of all correspondence.*

Do you want us to provide a copy of your U.S. tax return to your Canadian accountant? Yes No

Name and email: \_\_\_\_\_

Did you make any estimated U.S. tax payments for the calendar year? Yes No

*If yes provide amounts and dates.*

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Provide the following information for each dependent you claim for **tax purposes**. Attach additional sheets if necessary.

1. Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

State/Province and Country of Birth: \_\_\_\_\_

Country(ies) of Citizenship: \_\_\_\_\_

U.S. ID# (SSN or ITIN): \_\_\_\_\_ Relationship to you: \_\_\_\_\_

2. Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

State/Province and Country of Birth: \_\_\_\_\_

Country(ies) of Citizenship: \_\_\_\_\_

U.S. ID# (SSN or ITIN): \_\_\_\_\_ Relationship to you: \_\_\_\_\_

**2. INFORMATION NEEDED TO BEGIN PREPARATION**

The following is required to begin preparation of your U.S. tax return:

	Already Sent	Sending Now	N/A
Non-U.S. tax return (Canadian T1)			
Non-U.S. income reporting slips received (Canadian T3, T4, T5, etc.)			
U.S. tax reporting slips received (W-2, K-1, 1099, 1042-S, etc.)			
VSH Foreign Account Reporting Spreadsheet			
Signed Engagement Letter			
Additional statements and information requested in this organizer			

**PLEASE NOTE:** Our fees are based on hourly rates; therefore, missing or late information may result in additional fees.

### 3. FINANCIAL ACCOUNT REPORTING

If your 2017 Form 114 (Report of Foreign Bank and Financial Accounts or “FBAR”) has not been filed yet, complete and return the attached “Foreign Account Reporting Spreadsheet.” Form 114 is due April 15th.

- U.S. citizens, residents, and entities must report their involvement with certain Canadian and other non-US financial accounts if the aggregate maximum amount at any time during the year exceeded \$10,000.
- The potential civil penalty for missing or incorrect information varies from \$10,000 up to the greater of \$100,000 or 50% of the value of each account. Criminal penalties and prison time are applicable in limited circumstances.

### 4. CERTAIN INVESTMENTS AND REGISTERED PLANS

Do you own any Canadian, European or other non-U.S. **mutual funds** (aside from those held within an RRSP or RRIF)?

Yes      No    *If yes, VSH will follow up with you to obtain the necessary information to disclose.*

How many of each of the following account/plan types did you own at any point during the year?

- \_\_\_\_\_ Tax-Free Savings Account (**TFSA**) – *See Section 10.1 on page 5*
- \_\_\_\_\_ Registered Education Savings Plan (**RESP**) – *See Section 10.1 on page 5*
- \_\_\_\_\_ Registered Retirement Savings Plan (**RRSP**) – *See Section 10.2 on page 5*
- \_\_\_\_\_ Registered Retirement Income Fund (**RRIF**) – *See Section 10.2 on page 5*
- \_\_\_\_\_ Registered Pension Plan (**RPP**) – *Provide the December 31<sup>st</sup> statement*
- \_\_\_\_\_ Deferred Profit Sharing Plan – *Provide the December 31<sup>st</sup> statement*

*A list of information you will need to provide in order to disclose each account/plan type can be found in the specified section on page 5.*

**Explanatory note:** *The income (interest, dividends, capital gains, etc.) earned inside your TFSAs, RESPs, LIFs, LIRAs, certain RPPs, etc. is taxable to you annually in the United States **in the current year** - even if not paid or distributed to you.*

## 5. OWNERSHIP AND INVOLVEMENT IN NON-U.S. ENTITIES

Did you own directly, indirectly, or by attribution, 10% or more of any Canadian, European, or other non-U.S. **corporation** during the year? Yes No

Entity(ies): \_\_\_\_\_

Were you an **officer or director** of any non-U.S. corporation during the year? Yes No

Entity(ies): \_\_\_\_\_

Did you own directly, indirectly, or by attribution 10% or more of any Canadian, European, or other non-U.S. **partnership** during the year? Yes No

Entity(ies): \_\_\_\_\_

Were there **changes** during the year to your ownership in any entities you previously owned? Yes No

Entity(ies): \_\_\_\_\_

*A list of information you will need to provide to disclose your ownership is found in Section 10.3 on page 5. Determination of your filing requirements may require additional follow up.*

## 6. TRUSTS, GIFTS, AND INHERITANCES

Did you **create** any non-U.S. trusts or **transfer** any money or property to a non-U.S. trust during the year? Provide the date and amount of each contribution. Yes No

Did you **receive** any money or property from a non-U.S. trust during the year? Provide the date and amount of each distribution. Yes No

Do you have any account **held in trust** for minor children? Yes No

Do you have **any connection** whatsoever with any non-U.S. trust (as the settlor, trustee, or individual with the ability to effect distributions or accumulation)? Yes No

Did you make or receive any **gifts** (>USD 14,000) or **inheritances** during the year? Yes No

*If you answered "yes" to any of the above items, please provide complete details. Substantial penalties may apply for failure to timely comply with US disclosure requirements.*

## 7. STOCK OPTIONS AND AWARDS

Have you ever been a participant in an employee stock option or similar plan? Yes No

Have you ever been issued stock or any other interest in exchange for performing services? Yes No

## 8. CAPITAL GAINS AND LOSSES

Did you **sell or dispose** of any **capital assets** (stock, bonds, real property) during the year? Yes No

*If you answered "yes", and the details below are not found in your non-U.S. income tax return, please provide:*

- *Date(s) acquired*
- *Date of sale/disposition*
- *Initial cost or other basis*
- *Sales Proceeds*

**Explanatory Note:** *In determining the gain or loss that must be reported for U.S. tax purposes you must take into consideration currency exchange rates on the date the asset was acquired and then again on the date of sale. Thus, even though you may have a notional gain or loss, the gain or loss reported for U.S. tax purposes may be significantly different.*

## 9. OTHER REPORTABLE NON-U.S. FINANCIAL ASSETS

Did you have any of the assets listed below that you have not already disclosed in the Foreign Account Reporting Spreadsheet or in Section 5? Yes No

*If yes, indicate the type below. Provide a description and maximum fair market value (FMV) during the calendar year for each.*

**Stock or securities** of a non-U.S. corporation or partnership NOT held in a financial account (if less than 10% ownership).

**Non-US Pension or Deferred Compensation Plan** (If information on the FMV is not available, the reportable amount is the value of cash/property distributions to you during the year, which may be \$0).

**Financial instruments** or contracts that have a non-U.S. issuer or counterpart.

## 10. INFO NEEDED FOR SPECIFIC ACCOUNTS/PLANS AND OWNERSHIP/INVOLVEMENT IN NON-U.S. ENTITIES

### 10.1 Tax-Free Savings Accounts and/or Registered Education Savings Plans

Provide the following for each TFSA or RESP:

1. December 31<sup>st</sup> account statement. *If any of the details below can be found on the December 31<sup>st</sup> statement, there is no need to provide them separately.*
2. Date plan began (if VSH has not previously reported this account)
3. FMV of plan at January 1<sup>st</sup> and December 31<sup>st</sup> (provide separate amounts for the cash balance and the balance invested in securities)
4. Total current year:
  - Contributions to plan
  - Withdrawals from plan
  - Earnings/expenses of plan, totaled by:
    - Interest income
    - Dividend income
    - Realized capital gains/losses
    - Account fees and other income/expenses

### 10.2 Registered Retirement Savings Plans and/or Registered Retirement Income Funds

Provide the following for each RRSP/RRIF from which you received a distribution in the current year:

1. Amount of total distribution
2. Amount of taxable portion of distribution. Please note that ONLY the income (interest, dividends, and capital gains) that has been earned by and accumulated in the plan is taxable for U.S. purposes. The amount of the distribution/withdrawal that represents your prior contributions to the account isn't taxable. Determine these amounts to the best of your ability or provide an estimate.

### 10.3 Ownership and/or Involvement in Non-U.S. Entities

Provide the following for each Canadian, European or other non-U.S. entity:

1. Financial statements (if the fiscal year-end is not December 31, provide statements for the period that ended in 2017)
2. Amounts and descriptions of related party transactions (between the non-US corporation, you, other entities controlled by you, and other U.S. owners). Reportable transactions include total annual sales, purchases, compensation/wages, rents, royalties, dividends, and interest received or paid, as well as amounts loaned or borrowed.
3. U.S. income tax return if filed by the corporation (if any)

Provide the following only if not provided to VSH previously or if there have been changes in the current year:

1. Date of Incorporation
2. Complete and detailed chart or list of ownership including:
  - Ownership percentages
  - Number of each class of shares owned
  - Other owners of the corporation (include information on any relationships between owners)
  - Any subsidiaries of the corporation
  - The total number of shares authorized and issued for each class
  - Name, address, and U.S. tax ID# (SSN, ITIN or EIN) for each U.S. individual (citizen, green-card holder, or resident) or entity on the ownership chart/listing

## Common forms filed by U.S. persons living outside of the U.S.

Your tax return may require the following forms. Please be advised that this is NOT an all-inclusive list.

Form	Explanation
<b>Form 114</b> <b>Report of Foreign Bank and Financial Accounts</b>	Filed by a U.S. person that has an interest in or signature authority over non-U.S. financial accounts if the aggregate value of the individual's non-US accounts exceeds \$10,000 at any time during the calendar year.
<b>Form 8938</b> <b>Statement of Specified Foreign Financial Assets</b>	Filed by a U.S. person for taxation and reporting of investments held outside the U.S. when total of financial assets exceeds threshold of \$200,000 (for American residents in the U.S., the threshold is \$50,000).
<b>Form 3520 and 3520-A</b> <b>Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts</b> <b>Annual Information Return of Foreign Trust with a U.S. Owner</b>	Filed to report transactions with non-U.S. trusts or gifts from nonresident aliens. Tax Free Savings Accounts (TFSA) and Registered Education Savings Plans (RESP) are considered non-US trusts and must complete these forms. TFSAs and RESPs are also not tax free investments in the U.S. and must report all earnings in the current year.
<b>Form 5471</b> <b>Information Return of U.S. Persons With Respect to Certain Foreign Corporations</b>	Filed by a U.S. person who is a shareholder, officer, or director in certain non-U.S. corporations. Filing requirements depend on level of ownership and control. Direct ownership in a non-U.S. corporation requires analysis to determine the filing requirement.
<b>Form 8621</b> <b>Information Return by a Shareholder of a Passive Foreign Investment Company (PFIC) or Qualified Electing Fund</b>	Filed by a U.S. person to report ownership in and income from non-U.S. mutual funds, hedge funds and many insurance products. Your bank account could also potentially be included if it is a money-market account. A separate form is filed for each PFIC investment owned. Ownership in corporations with high levels of investment income or assets held to produce investment income can also lead to this filing requirement.