**Tax filing obligations for US citizens & residents living outside the US – Are you up to date?**

**US tax filing obligations on certain Subject Persons**

In terms of United States (“US”) tax law, certain individuals (“Subject Persons”) are taxable on their worldwide income regardless of where they reside. Indeed, such persons continue to attract a number of US tax filing obligations even if they no longer reside or are connected with the US and even if they do not have US source income or US assets.

**Subject Persons include:**
- US residents
- US citizens
- US Green Card holders
- Persons born in the US
- Persons born to US citizens
- Persons who lived in the US

**If you qualify as a Subject Person, then you may need to consider your US tax filing status**

Regardless of where they live now, Subject Persons are required to file a yearly tax return with the US Internal Revenue Service (“IRS”). This filing obligation arises irrespective of whether any US tax is due or otherwise.

Apart from the annual income tax returns, Subject Persons are also required to report specific information in relation to their holdings of non-US financial accounts (Reports of Foreign Banks and Financial Accounts - FBAR form).

The IRS has recently also released a new reporting requirement for Subject Persons who hold non-US assets exceeding a certain threshold (Form 8938).

The recently introduced Foreign Account Tax Compliance Act (“FATCA”) imposes new reporting obligations on financial institutions (including Maltese banks, custodians, investment companies and funds).

In terms of the FATCA rules, such entities must identify account holders who are Subject Persons and disclose to the IRS information relevant to the holdings and financial transactions (including income received) of Subject Persons.

In this manner, FATCA will make it easier for defaulting Subject Persons to be identified and followed up by the IRS.
Bringing your filing obligations up to date

In view of this indirect consequence of FATCA and in order to help Subject Persons bring their US tax compliance obligations up to date, the IRS has introduced systems to enable Subject Persons to come in line with their tax obligations without incurring material interest and penalties.

As the IRS remains active in investigations of non-compliant individuals, Subject Persons should seek advice on the available options to bring all their US tax compliance obligations up to date as soon as possible and particularly prior to the implementation of the FATCA regulations.

How can PwC help?

Through its international network, PwC can help you to bring your US tax compliance position up to date by providing the following services:

- Assess and advise persons whether they qualify as Subject Persons for US tax filing purposes;
- Assist Subject Persons in identifying their US tax filing obligations and consequently help them identify whether they are US tax compliant or otherwise;
- Assist non-compliant Subject Persons on available disclosure options, including providing tax and penalties computations under each option, and (where appropriate) whether there is a basis for requesting a reduction or removal of penalties;
- Assisting with disclosures to the IRS and subsequent negotiations to ensure penalties and interest are fairly assessed and to take advantage of any available opportunities to reduce penalties;
- Assist with the preparation and filing of the outstanding income tax forms and other returns.

If you would like to discuss your position further or if you require additional information, please reach out to one of our experts listed below or to any one of the other partners or senior consultants of the firm.

David Ferry  
+356 2564 6712  
david.ferry@mt.pwc.com

Diane Difesa  
+356 2564 6742  
diane.difesa@mt.pwc.com