Pre-US Immigration Tax Planning Using Insurance Wrappers and Using Life Insurance to Mitigate the Throwback Tax

By Michael Kosnitzky and Damien Rios

1. Gift, estate and income tax planning for non-U.S. persons is vastly different than gift, estate and income tax planning for U.S. persons.
    a. U.S. tax residents are taxed by the U.S. on:
        i. Worldwide income for income tax purposes (IRC §§ 1, 61).
            1. These rules also apply to domestic non-grantor trusts.
        ii. World-wide assets for gift, estate and generation skipping transfer (GST) tax purposes. (IRC §§ 2011, 2031-2046, 2601).
            1. Each person has an Annual Gift Tax Exclusion of $15,000 per donee (IRC § 2503(b)), or $30,000 if "gift splitting with a spouse who is a U.S. tax resident or U.S. citizen at the time of the gift (IRC § 2513).
            2. The current "lifetime exemption" for gift and estate tax purposes is $11,580,000 (IRC § 2010), in excess of the Annual Gift Tax Exclusion. However, the lifetime exemption will revert to $5,000,000, adjusted for inflation, on January 1, 2026.
            3. There is an unlimited gift and estate tax exemption for transfers to a U.S. citizen spouse. (IRC §§ 2056, 2523). There is no unlimited gift or estate tax exemption for transfers to a non-U.S. citizen spouse. However, there is $157,000 annual gift tax exclusion for transfers to a non-U.S. citizen spouse. (IRC § 2523(i)).
    b. Non-U.S. Tax Residents
        i. Non-U.S. tax residents are taxed by the U.S. for income tax purposes only on U.S. source income and US Effectively Connected Income for income tax purposes (IRC § 871(a)).
            1. U.S. source income includes:
                a. Dividends from U.S. corporations, but not proceeds from sale of U.S. securities;
                b. Rent from U.S. real property;
                c. Profits from sale of U.S. real property or real property holding company that owns U.S. real property, which is subject to a special withholding rule, discussed below;
                d. Interest from U.S. obligors, however, the "portfolio interest exemption" applies to most publicly traded bonds issued after July 18, 1984 (IRC § 871(h));

e. U.S. royalties; and

f. Salary or other compensation paid for services rendered in U.S.

2. U.S. source income is typically subject to a withholding requirement. (IRC § 1445). If the buyer fails to withhold the appropriate amount, they will be personally liable for the amount that should have been withheld.

a. Generally, the buyer must withhold 30% of the amount paid (IRC § 871(a)(1)) unless a lower amount is permitted under an applicable treaty.

b. Under the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) the amount that must be withheld in connection with the sale of real property located in the US or the sale of a real property holding company that owns real property located in the US is 15% of the total amount realized by the seller (there is no reduction for the seller's basis in the property or real property holding company), unless the buyer makes a timely election by filing Form 8288. (IRC § 1445(b)(4))

3. These rules apply to foreign non-grantor trusts.

ii. Non-resident aliens are subject to gift, estate and GST taxes in connection with U.S. situs assets (generally, real property and tangible property located in the U.S.) (*see, e.g.,* Treas. Reg. §§ 20.2104-1, 20.2105-1).

1. Intangibles are generally <u>not</u> U.S. situs property for gift or estate tax purposes. However, shares of stock in a U.S. corporation are treated as U.S. situs property for estate tax purposes.

2. Non-resident aliens are entitled to the $15,000 annual <u>gift</u> tax exclusion and are entitled to a $60,000 <u>estate</u> tax exemption. They are <u>not</u> entitled to the $11,580,000 lifetime exemption.

3. Non-resident aliens are entitled to unlimited gift and estate tax exemptions with respect to gifts or bequests made to a spouse who is a U.S. citizen.

c. The vast difference between the imposition of taxes on U.S. residents or citizen and the imposition of taxes on non-resident aliens highlights the importance of pre-immigration planning. Failure to do pre-immigration planning could expose some or all of a non-resident alien's assets to taxation in the U.S. that could have been avoided.

d. The rules determining when a person becomes a U.S. taxpayer differ for income tax purposes, and gift and estate tax purposes.

2. Income Tax Resident (IRC § 7701)

    a. An individual will be a U.S. person for income tax purposes if the person is either a U.S. citizen or a Green Card holder (IRC § 7701(b)(1)(A)).

        i. There are special rules for the first year and last year of lawful residence as a Green Card holder.

            1. First year – If the person was not a U.S. resident in the prior year, then tax residence begins on the first day that the person was in the U.S. as a Green Card holder.

            2. Final year – If the person formally surrenders his or her Green Card and leaves the U.S., he or she will only be a U.S. person for the portion of the year that he or she was in the U.S.

            3. Formal procedures for surrendering the Green Card must be followed!!! Merely leaving the U.S. is not sufficient.

        ii. Substantial Presence Test (IRC § 7701(b)(3)(A)). An individual will be a U.S. person for income tax purposes if the person has a substantial presence in the U.S. A person is deemed to have a substantial presence in the U.S. if:

            1. The person has been in the U.S. for 183 days or more; **or**

            2. The person has been in the U.S. for at least 31 days, **and** the sum of the number of days on which such individual was present in the U.S. during the current year and the 2 preceding calendar years equals or exceeds 183 days, using the following adjustments (IRC § 7701(b)(3)(A)):

                a. Current year – count every day;

                b. First preceding year – multiply days by 1/3; and

                c. Second preceding year – multiply days by 1/6

                d. If an individual is present in the US no more than 121 days per year, that person will never be in the US more than 183 days under the substantial presence calculation.

                e. "Closer Connection Test" – An individual (non-U.S. citizen and non-Green Card holder) will not be treated as a U.S. resident for income tax purposes under this rule if the individual is in the U.S. for less than 183 days in the calendar year, the individual has a tax home in another country, and the individual has a "closer connection" to that country. (IRC § 7701(b)(3)(B).

            3. There are other limited exceptions, such as when a person was unable to leave the U.S. because of a medical condition which arose <u>while</u> such individual was present in the U.S. This exception does not apply a person traveling to the U.S. for medical treatment,

because anyone coming to the U.S. for medical treatment would have a medical condition that arose before coming to the U.S. The exception also does not apply to any days spent in the U.S. after the person is healthy enough to leave the U.S.

iii. Exceptions to Substantial Presence Test. The Substantial Presence Test does not apply to anyone who is living in the U.S. under the following conditions (IRC § 7701):

1. Diplomatic visa.
2. Full-time student visa.
3. Full-time employee of an international organization.
4. Teacher or trainee visa.
5. Professional athlete competing in a charitable sports event.
6. "Treaty Tie-Breaker" - if a person is a tax resident of the U.S. and another country, and the U.S. has a tax treaty with the other country, the treaty might determine the person's tax residency so that the person is treated as the tax resident of only one country. A person who qualifies for tax relief under the Treaty Tie-Breaker is not limited to being in the U.S. less than 183 days.

3. Gift and Estate Tax Residency: The imposition of gift and estate taxes is determined by citizenship or domicile, not residency. The estate and gift tax will be imposed on the worldwide assets of an individual who is:

a. A U.S. Citizen.

b. A person who is domiciled in the U.S. (Treas. Reg. § 20.0-1; Treas. Reg. § 25.2501-(1)(b)). A person is domiciled in the U.S. if he or she resides in the U.S., for even a brief period of time, with no definite present intention of moving therefrom. Residence in the U.S. without the requisite intention to remain indefinitely will not constitute domicile. This is a subjective test, based on the individual's "intent."

4. Pre-Immigration Planning Techniques

a. Avoid or delay U.S. tax residency.

i. Use a Visa instead of a Green Card **and** avoid being present in the U.S. for more than 182 days in any year. This is the default "substantial presence" test, but may provide easier entry into the U.S.

ii. Example: EB-5 Visa

1. Must invest, without borrowing, the following **minimum** qualifying capital dollar amounts in a qualifying commercial enterprise:

a. $1,000,000, **or**

        b. $500,000 in a high-unemployment or rural area, considered a targeted employment area.

    2. Within 2 years, must create full-time jobs for at least 10 U.S. citizens, lawful permanent residents, or other immigrants authorized to work in the U.S., not including the investor, the investor's spouse, or the investor's children.

    3. Can enter the U.S. freely without becoming a U.S. income tax resident as long as the person avoids substantial presence in the U.S.

b. If the individual is in a lower tax jurisdiction, realize income and gains before becoming a U.S. tax resident and delay deductions and losses until becoming a U.S. tax resident.

c. Step-up basis of appreciated assets.

    i. Sell appreciated assets to a spouse who is a nonresident alien, a non-grantor trust or an unrelated third-party if the person's current tax jurisdiction will impose little or no income tax on the sale.

    ii. Repurchase the assets or invest the sales proceeds in other assets.

    iii. Liquidate a C-corporation or make a "check the box election."

        1. Need U.S. tax relevance for the election.

d. Dispose of troublesome assets before becoming a U.S. tax resident.

    i. Sell ownership interests in companies that will be treated as CFC's when the person becomes a U.S. tax resident or reduce U.S. shareholder ownership interest below the threshold amounts <u>or</u> make a check the box election.

    ii. Sell ownership interests in companies that will be treated as PFIC's when the person becomes a U.S. tax resident.

        1. Alternatively, the individual may make a QEF election to make the entity a pass-through entity.

        2. The individual should not take distributions while he or she is a U.S. resident.

    iii. Make gifts of non-U.S. situs assets to non-U.S. spouse so that the spouse has sufficient assets to take advantage of the lifetime exclusion amount once the spouse is domiciled in the U.S.

    iv. Transfer non-U.S. situs assets to irrevocable trusts prior to becoming U.S. tax resident for gift tax purposes.

        1. Gifts of non-U.S. situs assets by non-U.S. persons are exempt from the gift and GST transfer taxes.

2. Assets can be removed from the donor's U.S. taxable estate even if the transfer is done immediately before the donor becomes a U.S. person for estate tax purposes.

3. Can use perpetual or long-term trust to extend the tax and asset protection benefits.

4. Can use a domestic or foreign trust.

    a. If the trust has 1 or more U.S. beneficiaries and is created within 5 years of the grantor becoming a U.S. tax resident, then the trust will be treated as a grantor trust. (IRC § 679(a)(4))

        i. Income from non-U.S. sources or certain U.S. sources that were once exempt from U.S. income taxation will be subject to U.S. income taxation because Grantor is a U.S. tax resident and taxed on global income.

    b. If the trust is a foreign trust, must deal with the UNI issues if the trust becomes a non-grantor trust and has 1 or more U.S. beneficiaries. This issue is discussed below.

5. Must coordinate with the donor's local tax counsel to avoid or minimize transfer taxes in the donor's current country.

6. Donor should retain enough assets so that he or she can remain solvent and live comfortably.

e. Foreign Currency Denominated Mortgages. If there is a "gain" based on the currency exchange rate between the foreign currency and the U.S. dollar, the individual will have to recognize that gain when he or she pays off the mortgage. (IRC § 988). The individual should consider paying off the mortgage or converting it to a U.S. dollar denominated mortgage prior to becoming a U.S. resident.

f. Review and modify trusts where the client is a settlor and/or beneficiary before becoming a U.S. tax resident.

    i. Analyze the income tax consequences that will result once the settlor and/or beneficiary become U.S. tax residents.

        1. Modify the trust so that the client (whether the settlor or beneficiary) will not be treated as the owner of the trust's assets under the grantor trust rules when the individual becomes a U.S. tax resident.

        2. Distribute the trust UNI before the person becomes a U.S. tax resident.

        3. Step-up the basis of appreciated trust assets.

4. Use a "drop-off trust" (i.e., an irrevocable foreign non-grantor trust) to own assets that may otherwise become taxable for income or estate tax purposes once the settlor becomes a U.S. tax resident or becomes domiciled in the U.S.

5. Consider making the trust a grantor trust if the grantor is a non-U.S. taxpayer

6. Unwind the trust before the person becomes a U.S. tax resident.

ii. Trusts created by non-resident aliens are often revocable by the donor or give the donor control that would cause estate tax inclusion under U.S. law.

iii. Ensure that completed gifts of non-U.S. situs assets occur before settlor is domiciled in the U.S.

iv. As noted above, if the trust has 1 or more U.S. beneficiaries and is created within 5 years of the grantor becoming a U.S. tax resident, then the trust will be treated as a grantor trust. (IRC § 679(a)(4))

v. Distribute UNI before any beneficiary becomes a U.S. tax resident.

g. Use Private Placement Life Insurance (PPLI), discussed below.

Foreign Trusts with U.S. Beneficiaries

1. Definition of a trust for tax purposes.

a. Regulatory view under Treas. Reg. Section 301.7701-4(a) defines a "trust" as "an arrangement created either by will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries under the ordinary rules applied in chancery or probate courts….Generally speaking an arrangement will be treated as a trust under the Internal Revenue Code if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of his responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit."

b. Foreign trust like entities that may or not be treated as trusts for U.S. tax purposes.

i. A Stiftung Foundation is generally treated as a trust for U.S. tax purposes. See, Estate of Swan, 247 F.2d. 144 (2d Cir.1957); AM 2009-012; PLR 200302005.

ii. The status of certain other foreign entities is generally unclear or have been found not to be trusts. Examples are: Fideicomiso (not a trust for U.S. tax purposes where trustee served merely as a nominee for the taxpayer; Rev. Rul. 2013-14); Usufruct (not a trust for U.S. tax purposes; Rev. Rul. 64-249; PLR 201032021; contra, PLR 9121035); Anstalt (unclear Rev. Rul. 79-116; AM 2009-012).

iii. Foreign entities that are not treated as trusts for U.S. tax purposes may be subject to the PFIC, CFC and IRC Section 672(f) purported gift rule among other provisions not applicable to trusts a well as reporting obligations.

2. U.S. Trusts versus Foreign Trusts
    a. U.S. Trust IRC -IRC Section 7701(a)(30)(E).
        i. A trust is a U.S. trust if both the court test and the control test are satisfied.
            1. The court test requires that a court within the U.S. is able to exercise primary supervision over the administration of the trust.
            2. The control test requires that one or more U.S. persons have authority to control all substantial decisions of the trust.
    b. Foreign Trust -IRC Section 7701(a)(31)(B).
        i. Any trust that is not a U.S. Trust.
    c. The Court Test.
        i. A U.S. Court has the authority to render orders or judgments concerning administration.
        ii. A U.S. court has authority to determine substantially all issues regarding administration.
        iii. The trust does not contain and automatic migration clause.
        iv. The trust document does not direct foreign administration and there is actual U.S. administration.
        v. Should have clear nexus that supports the stated governing law of the trust; examples: domicile of the settler; beneficiaries and/or the trustee.
        vi. See. Treas. Reg. Section 301.7701-7(c).
    d. The Control Test.
        i. A non-U.S. person cannot control or veto a substantial decision. See, Treas. Reg. Section 301.7701-7(d)(1).
        ii. Substantial decisions means those decisions that persons are authorized or required to make under the terms of the trust instrument and applicable law and that are not ministerial including the timing or amount of distributions; selection of beneficiaries; allocation of receipts between income and principal; whether to revoked or terminate the trust; whether to sue or defend a suit; whether to remove, add or replace a trustee, investment decisions. See, Treas. Reg. Section 301.7701-7(d)(1)(ii).
        iii. Ministerial decisions include bookkeeping, collection of rents and the execution of investment decisions.

3. Foreign Grantor versus Foreign non-Grantor Trusts

    a. A foreign grantor can be treated as the income tax owner of a grantor trust only if:

        i. The foreign grantor's power to revest title to trust property must be exercisable solely by the grantor without the approval or consent of any other person or with the consent of a related or subordinated party who is subservient to the grantor; <u>or</u>

        ii. The only amounts distributable from the trust (whether income or corpus) during the life of the grantor are amounts distributable to the grantor or the spouse of the grantor.

        iii. The foreign grantor is taxed as an NRA and therefore only on FDAPI or ECI.

    b. Foreign Non-Grantor Trusts

        i. A beneficiary who receives a distribution includes it in gross income. IRC Section 662.

        ii. Distributions to beneficiaries are treated as consisting of a pro rata share of the character of the income consisting of Distributable Net Income (DNI). IRC Section 661(b)

            1. DNI generally means the taxable income of a trust with modifications. IRC Section 643(a).

            2. Does not include capital gains in the case of a U.S. Trust but capital gains are included in the DNI of a foreign trust. IRC Section 643(a)(6)(c).

            3. If current year distributions are less than or equal to DNI then the income taxation of the U.S. beneficiaries of a foreign non-grantor trust is the same as the taxation of a U.S. trust whose capital gains are included in DNI.

        iii. A trust deducts any amounts properly paid up to the amount of DNI. IRC Section 661(a).

    c. The Throwback Tax Applicable to Foreign Non-Grantor Trusts.

        i. An "accumulation distribution" to a U.S. beneficiary incurs a throwback tax to the extent a "discretionary" distribution comes from a foreign non-grantor trust's Undistributed Net Income (UNI). The goal of these rules is to inhibit tax deferral opportunities and the purpose of these rules is to tax U.S. beneficiaries at the tax rate that would have been paid if the income had been distributed in the year the trust originally earned such income. Once classified as UNI, an interest penalty is also applied to the tax on the accumulation distribution. This interest charge is compounded over the period of time when the foreign non-grantor trust has UNI. Also, capital gains are taxed as ordinary income.

ii. UNI is he amount for any taxable year by which the DNI of the foreign non-grantor trust for such taxable year exceeds the amount properly distributed under IRC Sections 661(a)(1) and 661(a)(2) and the amount of taxes imposed on the trust attributable to such remaining DNI.

iii. The accumulation distribution is allocated to UNI on a FIFO basis beginning with the earliest year and the distribution is subject to tax as if it had been distributed in such year and is subject to an interest charge at the IRC Section 6621 rate on a daily weighted average basis.

iv. Only applies to discretionary distributions and not to specific gifts or bequests. IRC Section 663.

v. Only apples to distributions exceeding Fiduciary Accounting Income (FAI) discussed in Section 4.d. below.

d. Avoiding the Throwback Tax.

i. Distribute DNI annually.

ii. Structure the foreign non-grantor trust to qualify for the specific gift or bequest exception.

1. The throwback tax only applies to discretionary distributions not to specific bequests. IRC Section 663.

iii. Use the “default method” of calculating accumulation distributions.

2. Notice 97-34 and IRS Form 3520 provides a default method for determining the amount of an accumulation distribution.

3. Calculate the amount of the distributions the electing beneficiary has received from the trust during the prior three years and multiply the total by 1.25 and then divide this by the lesser of 3 or the number of years the trust was in existence. The amount treated as a current income distribution is the lesser of this amount or the actual distribution paid by the trust and any excess is treated as an accumulation distribution.

4. All distributions are treated as ordinary income.

5. The election is irrevocable other than in the year of trust termination.

iv. Consider the local law definition of Fiduciary Accounting Income (FAI) and distribute FAI appropriately.

1. FAI is governed by the trust instrument and applicable law and generally is a cash method of accounting (rents, royalties, dividends, interest etc.). IRC Section 643(b).

v. Distribute UNI to a new foreign trust (or to foreign beneficiaries) and domesticate the remaining trust assets.

vi. Avoid application of the IRC Section 643(h) foreign intermediary rule.

vii. Avoid application of the IRC Section 643(f) multiple trust rule.

viii. Avoid deemed distributions for loans and the use of trust property. IRC Section 643(i).

4. Using Private Placement Life Insurance (PPLI) to Avoid UNI and the Throwback Tax.

   a. Pre-UNI Planning.

      i. Newly funded foreign non-grantor trust acquires a non-MEC policy with a 953(d) issuer.

         1. Funds are only borrowed or withdrawn from the policy up to its basis so no tax implications.
         2. The account value has no accumulated UNI.
         3. Income that accumulates inside of a life insurance policy is not subject to current taxation and not included in the calculation of DNI or UNI.

      ii. Newly funded foreign non-grantor trust acquires a policy with a single pay premium for a MEC life insurance policy with a 953(d) issuer.

         1. The account value has no accumulated UNI.
         2. Income that accumulates inside of a life insurance policy is not subject to current taxation and not included in the calculation of DNI or UNI.
         3. Surrender and distribution avoid the throwback tax.
         4. Death benefit avoids the throwback tax.

   b. Legacy trusts with significant accumulated UNI- mitigation strategy utilizing PPLI and the default method

      i. Strategy is similar to the one for newly funded trust described in 4.a.ii. above but instead use some or all of the legacy trust assets to invest in a singe pay premium for a MEC policy with a 953(d) issuer. Withdrawals from a MEC policy generate DNI and distributions of this DNI to the beneficiaries in the same year as the withdrawal allows for distributions of trust assets in excess of current year non-insurance policy income to be taxed as DNI and not UNI subject to the throwback tax.

      ii. When the cash surrender value becomes significant enough the foreign non-grantor trust then surrenders the policy and receives a large distribution thus triggering a large current gain and therefore a large current year DNI.

      iii. The current year DNI/gain can then be distributed to produce a very large first year base amount and the electing beneficiary will begin using the default method described above.

      iv. The distribution of this current year DNI will be taxed at ordinary income rates but there will be no throwback tax.

v. Subsequent year distributions are also taxed at ordinary income rates under the irrevocable election but are not subject to the throwback tax.

c. Legacy trust with significant accumulated UNI-mitigation strategy utilizing PPLI and a “clean” trust.

i. Create a new “clean” foreign non-grantor trust.

ii. Tainted trust loans money to clean trust thus freezing the accumulation of UNI in the tainted trust.

1. The loan must be bona fide with arms-length interest and appropriate collateral in order to avoid being treated as a distribution from the tainted trust treated as a distribution of UNI subject to the throwback tax. The clean trust must be funded with at least 10% of the loan amount as seed capital.

2. Trusts cannot be materially identical and primary purpose in forming the two separate trusts cannot be tax avoidance. IRC Section 643(f).

iii. Clean trust uses loan proceeds to invest in a policy and upon death of the insured the death benefit is distributed out of the clean trust tax free.

5. Using Insurance Wrappers with Offshore Providers for Pre-Immigration Tax Planning.

a. Strategy allows assets to grow tax free when the client is a U.S. resident.

i. Avoids CFC and PFIC issues.

ii. Avoids current taxation.

iii. Permits tax free withdrawals up to the amount of premiums paid.

iv. Tax free loans.

v. Income tax free proceeds at death.

vi. Surrender after termination of U.S. residency.

vii. Combined with foreign trust planning shift assets out of estate for U.S. estate tax purposes and possibly for GST tax purposes.

viii. Very important to also analyze the tax laws of the nonresident alien’s existing jurisdiction prior to implementing any PPLI or foreign trust strategy.

b. Types of Insurance Wrappers.

i. PPLI (non-MEC)

ii. Private Placement Variable Annuities

iii. Frozen cash value insurance contracts.

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PROFILES IN LAW

Pillsbury's Michael Kosnitzky Won't Apologize for Representing Billionaires

by Raychel Lean

As far as client pools go, Miami attorney Michael Kosnitzky's is rather finite.

"You've got about 3,500 billionaires in the whole world," Kosnitzky said. "I'm blessed to have a few of them as clients."

Kosnitzky represents the world's 1%, and as co-chairman of Pillsbury Winthrop Shaw Pittman's private wealth group, helps them navigate their worldly desires, while paying as little in taxes as legally possible.

They're hedge fund managers, Silicon Valley tech experts, Russian oligarchs, casino and cruise line operators, Hollywood producers and members of families that have been rich for centuries.

And yes, there are perks.

"It's a lot better being on clients' yachts and planes than it is being stuck in a conference room," Kosnitzky said. "That doesn't mean I never get stuck in a conference room, but at least there are times I can be on their yachts and planes."

Unlike most private wealth practices—in such cities as New York, Los Angeles, Palo Alto or London, which the ultra-wealthy call home—Kosnitzky's is based in Miami. But his clients are worldwide, and it's not uncommon for them to summon him from afar—for reasons initially unknown.

"Not this summer but the summer before, a client needed me in Saint-Tropez. He didn't want to talk to me about it; he just needed me to get on a plane," Kosnitzky said. "So I got on a plane the next day."

Kosnitzky has co-chairs in Hong Kong and Silicon Valley, and between them

MICHAEL KOSNITZKY

Born: April 1958, Brooklyn, New York

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"You've got about 3,500 billionaires in the whole world," said Michael Kosnitzky of Pillsbury Winthrop Shaw Pittman in Miami. "I'm blessed to have a few of them as clients."

they cover "anything that affects the rich and spoiled."

"I say half-jokingly I represent the rich and the spoiled. They have to be very rich, and sometimes spoiled," Kosnitzky said. "But they do have to be very rich."

Most of Kosnitzky's clients are worth between $100 million and several billion. In addition to handling taxes, trusts and estates, he helps them buy and sell art, jets, boats, helicopters and collectible cars, and give to charity.

When casino and hotel mogul Steve Wynn's $70 million Picasso painting was accidentally damaged before auction, for instance, Kosnitzky was on hand to deal with insurance, and file a claim against the auctioneer.

BILLIONAIRES IN THE CROSSHAIRS

But above all, Kosnitzky is their defense against what he sees as government intrusion and confiscation of assets.

"Even the ultra-wealthy need protection, and maybe no more so than now," Kosnitzky said. "Because there's an unfair connotation that those who are ultra-wealthy achieved their wealth unfairly, and that is anything but the case."

Evidence of that need for protection, he says, is bipartisan support for a wealth tax in the U.S., something Kosnitzky feels is "designed to destroy the wealthy." Proposals from Democratic presidential candidates Elizabeth Warren and Bernie Sanders, in particular, have his clients worried.

After paying property tax, federal income tax, state and local income tax, gift, estate taxes and others, Kosnitzky say paying an extra wealth tax would mean clients would have to have extremely large returns on their investments just to stop their wealth from depleting.

"If you only earned 3% on your assets, if you have to pay 8%, that means every year your assets have to go down by 5%. You can do the math," Kosnitzky said. "At some point in time you're not going to have assets. They are not going to be billionaires."

Kosnitzky argued assets such as art and raw land that don't generate their own income would then end up being sold to people in other countries, who aren't subject to the same taxes.

"The stated reason is that we need that money to pay for health care for all, but the truth is the ultra-wealthy won't stay here to be taxed like that. And by [the government's] own system they'll be dissipated over time," Kosnitzky said. "So who are you going to tax next?"

Kosnitzky said he's been helping clients plan for a potential wealth tax and recommending that they obtain second passports so they can leave the U.S., if they choose.

"It hasn't gotten that drastic yet, but people are looking at it," Kosnitzky said. "They might leave the country and give up their U.S. citizenship to avoid a situation where they'll be taxed on their family's wealth and have it dissipated."

Kosnitzky said he's been promoting Malta, as it's part of the European Union and doesn't tax its citizens on outside income.

To naysayers, Kosnitzky says this: "People work hard. They should be allowed to accumulate their wealth, not be forced to dissipate."

What does need to change, in Kosnitzky's view, is America's income disparity.

"The wealthy are extremely wealthy and the poor are very poor," he said. "You can understand people's frustration. They have to work their whole lives, and aren't able to see the fruits of their labor."

To fix that, Kosnitzky argues for a focus on enterprise, to encourage growth, competition and salary increases.

"It's slow, but not all great solutions happen quickly," Kosnitzky said. "The solution isn't to hurt the people that are productive at the top. The solution is to bring people up from the bottom."

BLUE-COLLAR BEGINNINGS

Kosnitzky grew up in Brooklyn, New York, with a family that shared a "blue-collar mentality" and innate aversion to risk. His father, a Russian immigrant, was a deputy prison warden at Rikers Island. He was also, for the most part, "a super liberal, almost socialist," with a Bernie Sanders-esque philosophy—and the accent to boot.

"My own father used to criticize me for being too protective of the wealthy," Kosnitzky said. "He wasn't alive to see the last time Bernie ran, but he would have probably voted for Bernie if he had the chance."

Kosnitzky was the first in his family to graduate college, and began his career as an accountant. But after missing out on a new job opportunity in the early 1980s, he decided to switch tracks and apply to law school—days before the deadline.

After attending night school at the University of Miami, Kosnitzky graduated top of his class and migrated to tax law.

In 1991 he co-founded Zack Kosnitzky, which later merged with megafirm Boies Schiller Flexner. He's taught American tax courses at a Russian law school, and regularly speaks at the Corporate Jet Investor conference about financial issues around ownership of new and used airplanes.

It's a highly technical field that demands creative, practical solutions, rather than textbook strategies. And that's where Kosnitzky shines, according to Michael Silva of DLA Piper, who describes him as one of tax law's most interesting and gregarious professionals.

"He's very good at digesting and taking complex concepts and making them simplistic for clients to understand," Silva said. "He follows the golden rule, that he helps people out without an immediate expectation of something in return, and he builds a lot of goodwill in the community with that."

Jeffrey Rubinger of Bilzin Sumberg seconds that, noting that Kosnitzky is generous with his time, expertise … and Miami Heat tickets.

Kosnitzky discounts all work involving charitable donations, and he's far from pretentious, according to longtime colleague Stuart Singer of Boies Schiller.

"He's always willing, in all settings, to speak his piece and be very candid about the way he's thinking," Singer said.

His clients are a rainbow of characters, some incredibly congenial and appreciative, others difficult and demanding, but they all have one thing in common: "They all call me at every hour of the day or night, whenever they have something on their mind," Kosnitzky says.

Whatever the conundrum, Kosnitzky prides himself on being the man with the answers.

"It's one dollar to turn a screw," he said. "It's $999,000 knowing which screw to turn."

Raychel Lean reports on South Florida litigation for the Daily Business Review. Send an email to rlean@alm.com, or follow her on Twitter via @raychellean.

Private Wealth Practice

For more than a century, Pillsbury has served as trusted counsel to some of the wealthiest individuals in the world, with clientele holding in excess of U.S. $1 trillion in private wealth. We take pride in delivering perspective, protection and partnership—to our clients, but also to the fellow advisors on whom they rely. Establishing and nurturing these strong lines of communication with fellow service providers has long been a central tenet of our client service offering.

Our professionals draw on an extraordinary breadth and depth of knowledge and practical experience in private client matters to offer a strategic view of where the law is going, not only where it is today. Our Private Wealth group advises clients worldwide on a variety of sensitive business and personal affairs, including:

- Mitigating income, estate, gift and GST tax liabilities
- Multiple passport and tax residency planning for U.S. citizens and non-resident aliens, including expatriation planning, change in state tax residency planning and financial privacy and security advice
- Generational ownership of real estate, including like-kind exchanges of real property and UPREIT (umbrella partnership real estate investment trust) transactions
- Multijurisdictional taxation and tax treaty planning
- Establishment and structuring of family offices, funds and partnerships
- Wealth preservation and asset protective strategies
- Creation of pre-immigration and other foreign trusts
- Family governance advice and planning
- Controlled foreign corporation (CFC) and passive foreign investment company (PFIC) planning
- U.S. income, estate and gift taxation, both U.S. federal and state, of non-U.S. residents, individuals, partnerships, and corporations including regulatory and compliance advice
- Foreign trust planning and structuring for non-U.S. residents
- Structuring of management for family offices
- Family back office operations, administrative services, bookkeeping support, insurance management, and art and collectables management
- Succession planning for family and closely held businesses
- Reputational risk assessments and support
- Advice for financial privacy and security
- Establishing terrorist and emergency procedures for family and business
- Private placement life insurance (PPLI) planning and assessment by licensed life insurance professionals
- Elder and health law related matters
- Tax Structuring
- Estate Planning and Administration
- Estate, Probate and Family Dispute Litigation
- Philanthropy
- Aircraft, Yachts and Automobiles
- Art
- Founders Planning and Business Affairs

Michael Kosnitzky
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1.786.913.4884

DON'T PANIC.

42 Things to Look Out for at the Intersection of Business Entities and Estate Planning

Cristin C. Keane, J.D., LL.M.
Florida Bar Board Certified in Tax Law

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813.229.4211

"'The Answer to the Great Question…
Of Life, the Universe and Everything… Is…
Forty-two,'
said Deep Thought,
with infinite majesty and calm."

- Douglas Adams, *The Hitchhiker's Guide to the Galaxy*

Intersection of Business Entities and Estate Planning

He was a dreamer, a thinker, a speculative philosopher…
or, as his wife would have it, an idiot. - Douglas Adams

Whether your client has existing business entities that need to be considered in his or her estate plan or you are looking to utilize a business entity to effectuate the estate plan, the type of entity you are dealing with can make a big difference.

- Federal tax and state law considerations
- Transfers of business interests
- Choice of entity opportunities and considerations
- Charitable giving

State Law Characteristics of Various Business Entities – Pros & Cons

1. Types of Business Entities
   2. Partnership (GP, LP, LLP, LLLP)
   3. Limited Liability Company
   4. S Corporation
   5. C Corporation
   6. Business Trust

7. State Law Characteristics
   8. Limited Liability
   9. Creditor Protection
   10. Charging Orders
   11. Creature of Contract vs. Statute
   12. Flexibility (Control, Distributions, Etc.)
   13. Partners v. Members/Managers v. Shareholders/Directors/Officers

Federal Tax Law Characteristics of Various Business Entities – Pros & Cons

I'm spending a year dead for tax reasons. - Douglas Adams

14. Entity Classification for Federal Income Tax Purposes
    15. Partnership (GP, LP, LLP, LLLP, multi-member LLC *by default*)
    16. C Corporation (Corporation, single or multi-member LLC *by election*)
    17. S Corporation (Corporation, single or multi-member LLC *by election*)
    18. Disregarded Entity (single-member LLC *by default*)

CARLTON FIELDS

Federal Tax Law Characteristics of Various Business Entities – Pros & Cons

I'm spending a year dead for tax reasons. - Douglas Adams

19. Permissible Owners – S Corp Limitations

20. Pass-through Income Taxation – Partnerships, S Corps, Disregarded Entities

21. Moving Appreciated Assets – C and S Corporation Limitations

22. Valuation Issues & Tax-Affecting for Pass-Through Entities

23. Gift/sale to GRAT or IDGT

Potential Opportunities & Pitfalls with Business Entities

In the beginning the Universe was created. This has made a lot of people very angry and been widely regarded as a bad move. - Douglas Adams

24. C Corporations
    25. Preferential Rate
    26. Dividend vs. Loan Repayment
    27. QSBS Status

28. S corporations
    29. Built in Gains (BIG) Tax
    30. QSST v. ESBT

Potential Opportunities & Pitfalls with Business Entities

31. Partnerships
    32. Potential Basis Shifting
    33. Distributions within 2 years/7 years
    34. Distributions of Marketable Securities Treated as Cash
    35. Hot Assets

36. State Law
    37. Ad Valorem Tax Revaluation on Change in Control
    38. Documentary Stamp Tax Structuring
    39. State Income Tax

40. Charitable Transfers of Business Interests
    41. Public Charity vs. Private Foundation
    42. Newman's Own Exception to IRC Section 4943

So long, and thanks for all the fish. –
Douglas Adams

U.S. PERSONS HAVING INTERESTS IN NON-U.S. ESTATES AND TRUSTS

Simon P. Beck, Esq. | Baker McKenzie | New York, NY

Madelayne Cordero, JD, TEP | City National Wealth Management | Miami, FL

Maria Toledo, CPA, MST | Kaufman Rossin | Miami, FL

Introduction

- Classification of Trusts
  - Domestic vs. Foreign
  - Grantor vs. Non-Grantor

- US Federal Income Taxation

- IRS Reporting
  - Trustee / Trust Reporting
  - Beneficiary Reporting
  - Other Reporting
  - Other Reporting of the Underlying Companies

Domestic Trust vs. Foreign Trust

<u>Court Test</u> :
−"A court within the United States is able to exercise primary supervision over the administration of the trust".
<u>Control Test</u> :
−One or more United States persons have the authority to control all substantial decisions of the trust with no other person having the power to veto any of the substantial decisions.

- *If the trust fails either the Control Test or the Court Test, the trust is treated as a* ***<u>foreign trust.</u>***

Grantor Trust vs. Non-Grantor Trust

- A trust is considered a ***grantor trust*** when the grantor retains a certain degree of dominion and control over the assets of the trust and is thus treated as the owner of the trust for US federal income tax purposes.

- All foreign trusts that are not grantor trusts are considered ***non-grantor trusts*** for U.S. purposes. For U.S. income tax purposes, foreign non-grantor trusts are not generally subject to U.S. tax, unless the trust earns U.S. source or effectively connected income.

Other Reporting of the Underlying Companies

- Estate Tax Blockers
- Stepping Up Basis
- CRS Reporting


State of New Mexico - Taxation and Revenue Department

CRS-1 - LONG FORM Supplemental

COMBINED REPORT SYSTEM

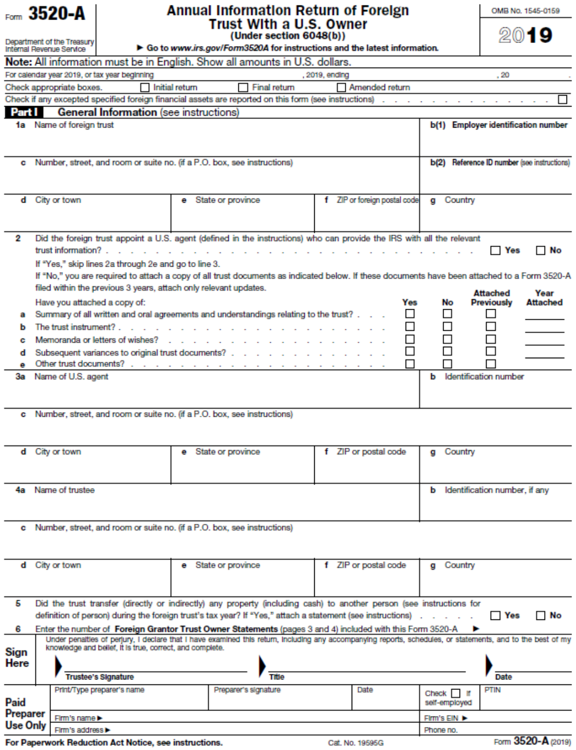
TAX PERIOD

Use this page if additional space is needed to report gross receipts from multiple locations.
Attach this page to Page 1 of the CRS-1 Long Form.

Excluded Trust vs. Non-Excluded Trust

Reporting at the Trust level

Form: 3520A



Form 3520-A — Department of the Treasury, Internal Revenue Service

Annual Information Return of Foreign Trust With a U.S. Owner
(Under section 6048(b))
▶ Go to www.irs.gov/Form3520A for instructions and the latest information.

OMB No. 1545-0159 — 2019

Note: All information must be in English. Show all amounts in U.S. dollars.

For calendar year 2019, or tax year beginning , 2019, ending , 20

Check appropriate boxes. ☐ Initial return ☐ Final return ☐ Amended return

Check if any excepted specified foreign financial assets are reported on this form (see instructions) ☐

Part I General Information (see instructions)

1a Name of foreign trust — b(1) Employer identification number

c Number, street, and room or suite no. (if a P.O. box, see instructions) — b(2) Reference ID number (see instructions)

d City or town — e State or province — f ZIP or foreign postal code — g Country

2 Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all the relevant trust information? ☐ Yes ☐ No

If "Yes," skip lines 2a through 2e and go to line 3.

If "No," you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A filed within the previous 3 years, attach only relevant updates.

Have you attached a copy of:	Yes	No	Attached Previously	Year Attached
a Summary of all written and oral agreements and understandings relating to the trust?	☐	☐	☐	
b The trust instrument?	☐	☐	☐	
c Memoranda or letters of wishes?	☐	☐	☐	
d Subsequent variances to original trust documents?	☐	☐	☐	
e Other trust documents?	☐	☐	☐	

3a Name of U.S. agent — b Identification number

c Number, street, and room or suite no. (if a P.O. box, see instructions)

d City or town — e State or province — f ZIP or postal code — g Country

4a Name of trustee — b Identification number, if any

c Number, street, and room or suite no. (if a P.O. box, see instructions)

d City or town — e State or province — f ZIP or postal code — g Country

5 Did the trust transfer (directly or indirectly) any property (including cash) to another person (see instructions for definition of person) during the foreign trust's tax year? If "Yes," attach a statement (see instructions) ☐ Yes ☐ No

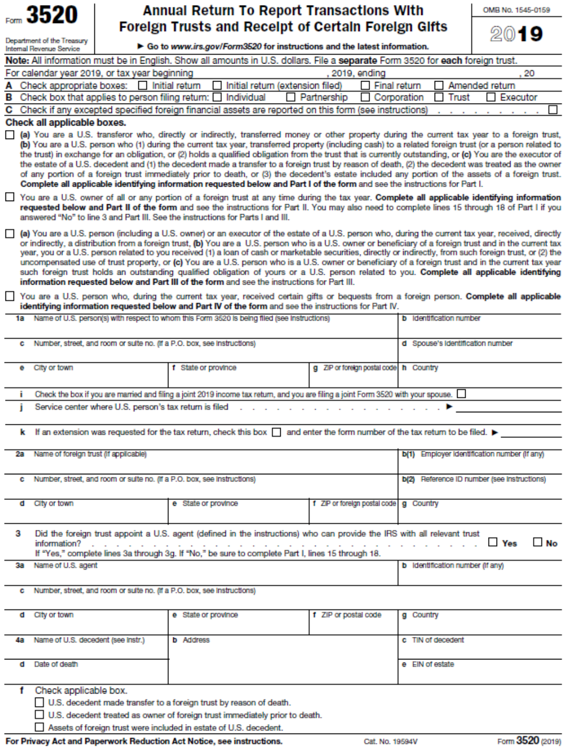
6 Enter the number of Foreign Grantor Trust Owner Statements (pages 3 and 4) included with this Form 3520-A ▶

Sign Here — Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.
Trustee's Signature — Title — Date

Paid Preparer Use Only — Print/Type preparer's name — Preparer's signature — Date — Check ☐ if self-employed — PTIN
Firm's name ▶ — Firm's EIN ▶
Firm's address ▶ — Phone no.

For Paperwork Reduction Act Notice, see instructions. Cat. No. 19595G Form 3520-A (2019)

Form :3520



Form 3520 — Department of the Treasury, Internal Revenue Service

Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts
▶ Go to www.irs.gov/Form3520 for instructions and the latest information.

OMB No. 1545-0159 — 2019

Note: All information must be in English. Show all amounts in U.S. dollars. File a **separate** Form 3520 for **each** foreign trust.

For calendar year 2019, or tax year beginning , 2019, ending , 20

A Check appropriate boxes: ☐ Initial return ☐ Initial return (extension filed) ☐ Final return ☐ Amended return

B Check box that applies to person filing return: ☐ Individual ☐ Partnership ☐ Corporation ☐ Trust ☐ Executor

C Check if any excepted specified foreign financial assets are reported on this form (see instructions) ☐

Check all applicable boxes.

☐ (a) You are a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust, (b) You are a U.S. person who (1) during the current tax year, transferred property (including cash) to a related foreign trust (or a person related to the trust) in exchange for an obligation, or (2) holds a qualified obligation from the trust that is currently outstanding, or (c) You are the executor of the estate of a U.S. decedent and (1) the decedent made a transfer to a foreign trust by reason of death, (2) the decedent was treated as the owner of any portion of a foreign trust immediately prior to death, or (3) the decedent's estate included any portion of the assets of a foreign trust. **Complete all applicable identifying information requested below and Part I of the form** and see the instructions for Part I.

☐ You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. **Complete all applicable identifying information requested below and Part II of the form** and see the instructions for Part II. You may also need to complete lines 15 through 18 of Part I if you answered "No" to line 3 and Part III. See the instructions for Parts I and III.

☐ (a) You are a U.S. person (including a U.S. owner) or an executor of the estate of a U.S. person who, during the current tax year, received, directly or indirectly, a distribution from a foreign trust, (b) You are a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year, you or a U.S. person related to you received (1) a loan of cash or marketable securities, directly or indirectly, from such foreign trust, or (2) the uncompensated use of trust property, or (c) You are a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year such foreign trust holds an outstanding qualified obligation of yours or a U.S. person related to you. **Complete all applicable identifying information requested below and Part III of the form** and see the instructions for Part III.

☐ You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. **Complete all applicable identifying information requested below and Part IV of the form** and see the instructions for Part IV.

1a Name of U.S. person(s) with respect to whom this Form 3520 is being filed (see instructions) — b Identification number

c Number, street, and room or suite no. (if a P.O. box, see instructions) — d Spouse's identification number

e City or town — f State or province — g ZIP or foreign postal code — h Country

i Check the box if you are married and filing a joint 2019 income tax return, and you are filing a joint Form 3520 with your spouse. ☐

j Service center where U.S. person's tax return is filed ▶

k If an extension was requested for the tax return, check this box ☐ and enter the form number of the tax return to be filed. ▶

2a Name of foreign trust (if applicable) — b(1) Employer identification number (if any)

c Number, street, and room or suite no. (if a P.O. box, see instructions) — b(2) Reference ID number (see instructions)

d City or town — e State or province — f ZIP or foreign postal code — g Country

3 Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? ☐ Yes ☐ No
If "Yes," complete lines 3a through 3g. If "No," be sure to complete Part I, lines 15 through 18.

3a Name of U.S. agent — b Identification number (if any)

c Number, street, and room or suite no. (if a P.O. box, see instructions)

d City or town — e State or province — f ZIP or postal code — g Country

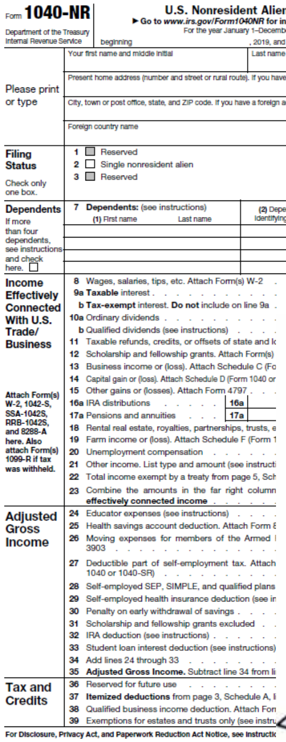
4a Name of U.S. decedent (see instr.) — b Address — c TIN of decedent

d Date of death — e EIN of estate

f Check applicable box.
☐ U.S. decedent made transfer to a foreign trust by reason of death.
☐ U.S. decedent treated as owner of foreign trust immediately prior to death.
☐ Assets of foreign trust were included in estate of U.S. decedent.

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 19594V Form 3520 (2019)

Form: 1040NR



Form 1040-NR — Department of the Treasury, Internal Revenue Service

U.S. Nonresident Alien Income Tax Return
▶ Go to www.irs.gov/Form1040NR for instructions and the latest information.
For the year January 1–December 31, 2019, or other tax year beginning , 2019, and ending , 20

OMB No. 1545-0074 — 2019

Please print or type — Your first name and middle initial — Last name — Identifying number (see instructions)
Present home address (number and street or rural route). If you have a P.O. box, see instructions. — Apt. no. — Check if: ☐ Individual ☐ Estate or Trust
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. See instructions.
Foreign country name — Foreign province/state/county — Foreign postal code

Filing Status — Check only one box.
1 ☐ Reserved — 4 ☐ Reserved
2 ☐ Single nonresident alien — 5 ☐ Married nonresident alien
3 ☐ Reserved — 6 ☐ Qualifying widow(er) (see instructions)
Child's name ▶

Dependents — If more than four dependents, see instructions and check here. ☐
7 Dependents: (see instructions) (1) First name Last name — (2) Dependent's identifying number — (3) Dependent's relationship to you — (4) ✔ if qualifies for (see instr.): Child tax credit — Credit for other dependents

Income Effectively Connected With U.S. Trade/Business
8 Wages, salaries, tips, etc. Attach Form(s) W-2 — 8
9a Taxable interest — 9a
b Tax-exempt interest. Do not include on line 9a — 9b
10a Ordinary dividends
b Qualified dividends (see instructions)
11 Taxable refunds, credits, or offsets of state and l
12 Scholarship and fellowship grants. Attach Form(s)
13 Business income or (loss). Attach Schedule C (Fo
14 Capital gain or (loss). Attach Schedule D (Form 1040 or
15 Other gains or (losses). Attach Form 4797
16a IRA distributions — 16a
17a Pensions and annuities — 17a
18 Rental real estate, royalties, partnerships, trusts, e
19 Farm income or (loss). Attach Schedule F (Form 1
20 Unemployment compensation
21 Other income. List type and amount (see instructi
22 Total income exempt by a treaty from page 5, Sch
23 Combine the amounts in the far right column **effectively connected income**

Attach Form(s) W-2, 1042-S, SSA-1042S, RRB-1042S, and 8288-A here. Also attach Form(s) 1099-R if tax was withheld.

Adjusted Gross Income
24 Educator expenses (see instructions)
25 Health savings account deduction. Attach Form 8
26 Moving expenses for members of the Armed 3903
27 Deductible part of self-employment tax. Attach 1040 or 1040-SR)
28 Self-employed SEP, SIMPLE, and qualified plans
29 Self-employed health insurance deduction (see in
30 Penalty on early withdrawal of savings
31 Scholarship and fellowship grants excluded
32 IRA deduction (see instructions)
33 Student loan interest deduction (see instructions)
34 Add lines 24 through 33
35 **Adjusted Gross Income.** Subtract line 34 from li

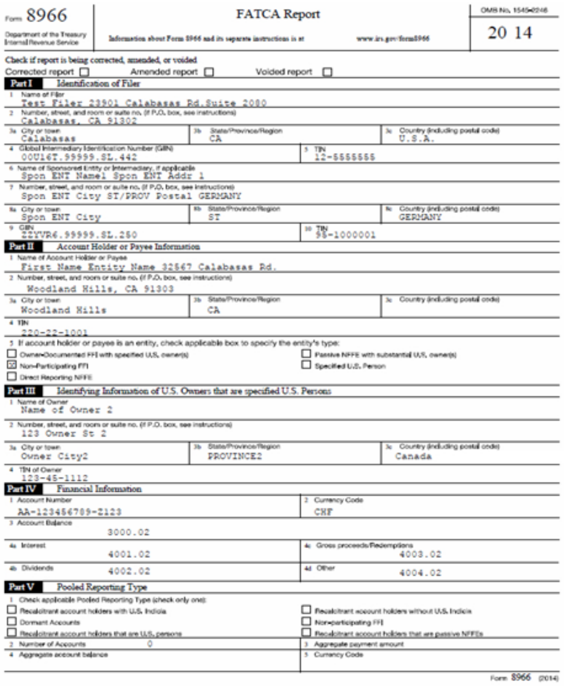
Tax and Credits
36 Reserved for future use
37 **Itemized deductions** from page 3, Schedule A, li
38 Qualified business income deduction. Attach For
39 Exemptions for estates and trusts only (see instru

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see Instructi

Other Reporting

Reporting at the Underlying Company Level

- FATCA reporting- Form 8966
- Foreign entities Forms 5471's/8865/ 8858 (checked the box election).
- FinCEN Form 114-FBAR- Foreign Bank account reporting.
- Form 1040- Schedule B part III.



Form 8966
Department of the Treasury
Internal Revenue Service

FATCA Report

Information about Form 8966 and its separate instructions is at www.irs.gov/form8966

OMB No. 1545-2246

20 14

Check if report is being corrected, amended, or voided
Corrected report ☐ Amended report ☐ Voided report ☐

Part I Identification of Filer

1 Name of Filer
Test Filer 23901 Calabasas Rd.Suite 2080

2 Number, street, and room or suite no. (if P.O. box, see instructions)
Calabasas, CA 91302

3a City or town: Calabasas | 3b State/Province/Region: CA | 3c Country (including postal code): U.S.A.

4 Global Intermediary Identification Number (GIIN): 00U16T.99999.SL.442 | 5 TIN: 12-5555555

6 Name of Sponsored Entity or Intermediary, if applicable
Spon ENT Name1 Spon ENT Addr 1

7 Number, street, and room or suite no. (if P.O. box, see instructions)
Spon ENT City ST/PROV Postal GERMANY

8a City or town: Spon ENT City | 8b State/Province/Region: ST | 8c Country (including postal code): GERMANY

9 GIIN: ZZYVR6.99999.SL.250 | 10 TIN: 98-1000001

Part II Account Holder or Payee Information

1 Name of Account Holder or Payee
First Name Entity Name 32567 Calabasas Rd.

2 Number, street, and room or suite no. (if P.O. box, see instructions)
Woodland Hills, CA 91303

3a City or town: Woodland Hills | 3b State/Province/Region: CA | 3c Country (including postal code)

4 TIN
220-22-1001

5 If account holder or payee is an entity, check applicable box to specify the entity's type:
☐ Owner-Documented FFI with specified U.S. owner(s)
☒ Non-Participating FFI
☐ Direct Reporting NFFE
☐ Passive NFFE with substantial U.S. owner(s)
☐ Specified U.S. Person

Part III Identifying Information of U.S. Owners that are specified U.S. Persons

1 Name of Owner
Name of Owner 2

2 Number, street, and room or suite no. (if P.O. box, see instructions)
123 Owner St 2

3a City or town: Owner City2 | 3b State/Province/Region: PROVINCE2 | 3c Country (including postal code): Canada

4 TIN of Owner
123-45-1112

Part IV Financial Information

1 Account Number: AA-123456789-Z123 | 2 Currency Code: CHF

3 Account Balance: 3000.02

4a Interest: 4001.02 | 4c Gross proceeds/Redemptions: 4003.02

4b Dividends: 4002.02 | 4d Other: 4004.02

Part V Pooled Reporting Type

1 Check applicable Pooled Reporting Type (check only one):
☐ Recalcitrant account holders with U.S. Indicia
☐ Dormant Accounts
☐ Recalcitrant account holders that are U.S. persons
☐ Recalcitrant account holders without U.S. Indicia
☐ Non-participating FFI
☐ Recalcitrant account holders that are passive NFFEs

2 Number of Accounts: 0 | 3 Aggregate payment amount

4 Aggregate account balance | 5 Currency Code

Form 8966 (2014)

Regulatory Climate

Tax considerations after the grantor's lifetime

Outlook