

Frequently Asked Questions:

Certain US Taxpayers May Be Required to Report SRP Benefits on IRS Form 8938

The purpose of these FAQs is to provide general information concerning the reporting requirements imposed by the US Foreign Account Tax Compliance Act (FATCA) as they may relate to US taxpayers who receive, or will receive, benefits from the Staff Retirement Plan (SRP) of the Inter-American Development Bank (Bank or IDB). This notice does not constitute professional tax or legal advice; it does not provide a comprehensive description of all FATCA requirements and does not cover all possible circumstances. It is your responsibility to comply with all provisions of law, which may be subject to change. Accordingly, we urge you to consult with a professional tax advisor if you are not sure whether and how FATCA applies in your particular situation.

You may obtain a blank and fillable IRS Form 8938 as well as instructions from www.irs.gov and access additional information about FATCA from the IRS' [FATCA web page](#).

1. Do I have to report specified foreign financial assets?

Under FATCA, you are required to report specified foreign financial assets if you satisfy all of the following requirements:

- You are a **US tax resident** based on one of the residency tests (see Q&A 3 below) or a nonresident alien who is a bone fide resident of American Samoa or Puerto Rico;
- You are **required to file and/or are filing a US Federal tax return** for a given year; and
- The **total value of all of your specified foreign financial assets exceeds a dollar threshold**, which varies depending on your tax filing status and whether you live in the United States or abroad (see Q&A 6 below for information regarding the reporting threshold).

If you are required to report specified foreign financial assets for a given year, you will need to complete IRS Form 8938 and file it as an attachment to your annual tax return for that year. Please note that failure to follow this requirement may result in significant penalties.

2. Are SRP benefits considered specified foreign financial assets?

SRP benefits are considered “specified foreign financial assets” and may have to be reported if you satisfy the requirements mentioned above, even if you have not yet received any payments or distributions from the plan. In other words, the disclosure requirement may apply to active staff and deferred retirees as well.

3. Am I a US tax resident? You are a US tax resident if you satisfy one of the residency tests:

- You are a US national;
- You are a US permanent resident visa (“Green Card”) holder;

- You meet the substantial presence test (see Q&A 4);
- You file tax returns jointly with a US tax resident spouse.

If a person is a US tax resident based on more than one test, then the person is a US tax resident starting from the earliest possible date under any of the applicable tests. You may obtain more information about US tax residency tests from IRS Publication 519 which can be found on the IRS web-site (www.irs.gov).

4. What is the substantial presence test for determining US tax residency?

The “substantial presence test” is one of the tests of US tax residency, according to which you may become a US tax resident in any given year if you are:

1. present in the US at least 31 days in the current year, and
2. present in the US at least 183 days during the three (3) year period that includes the year in question and two preceding years counting:
 - a. all days you were present in the US in the given year
 - b. one third of days you were present in the US in the preceding year
 - c. one sixth of days you were present in the US in the year before the preceding year
3. Please note that in counting your days of presence in the US, you can exclude days when you or your spouse (a) possess diplomatic or consular status, or (b) are employed **full-time** by an international organization on a G-4 visa. Please refer to IRS Publication 519 (which can be downloaded from www.irs.gov) for other categories of days which can be excluded from counting for purposes of the substantial presence test.

Generally, full-time employees of the Bank on a G4 visa will not ordinarily meet the substantial presence test. If you have further questions about whether you are a US tax resident due to the substantial presence test, please refer to IRS Publication 519 or consult with a professional tax advisor.

5. I am a full-time employee of the Bank on a G-4 visa. My spouse is a US tax resident and we are filing our taxes jointly. Will I be considered as a US tax resident?

Yes. If you have become a US tax resident because you have been filing a joint tax return with a US resident spouse, it is possible to discontinue your tax residency if you properly revoke your previous election. For more information on revocation, please refer to IRS Publication 519.

6. What is the reporting threshold for specified foreign financial assets under FATCA?

The law requires you to report on Form 8938 your interests in specified foreign financial assets if the aggregate value of all such assets exceeds the applicable threshold. To determine if you must file Form 8938 you will need to aggregate the value of your SRP benefit and any IDB tax reimbursement (see Q&A

8) with the value of any other specified foreign financial assets that you (or your spouse if you file a joint tax return) might own. The reporting thresholds are as follows:

		Form 8938 is required if either threshold is exceeded	
Filing Status	Living in US or outside US	End of year value threshold: Aggregate value of specified foreign financial assets on the last day of the tax year	Highest value threshold: Aggregate value of specified foreign financial assets at any time during the tax year
Single or married filing separately	In the US	More than \$50,000	More than \$75,000
Filing Jointly	In the US	More than 100,000	More than \$150,000
Single or married filing separately	Outside of the US *	More than \$200,000	More than \$300,000
Filing Jointly	Outside of the US *	More than \$400,000	More than \$600,000

*Subject to your satisfying the requirements of the “Presence abroad” test – more information about this test can be found in instructions for Form 8938 which are available from www.irs.gov.

7. My spouse and I are US tax residents and while we meet the reporting threshold under FATCA, we are not required to file an annual tax return. Do we still need to file Form 8938?

No. Form 8938 is not required of individuals who are not required to file income tax returns.

8. What is the value of my IDB pension for FATCA purposes?

- If you have not started receiving your pension benefits because you are still working for the Bank or have deferred your pension:

Since the SRP is a defined benefit plan the information about the value of your pension is not readily available. Under those circumstances and according to the applicable IRS regulations, if you meet the threshold for FATCA reporting, the value of your SRP pension should be reported as \$0.

- If you received SRP benefits in the year for which you are filing tax returns:

The value of your pension for FATCA purposes will be all SRP distributions and tax reimbursements reported by the IDB Group to the IRS in Box 1 on Form 1099-R. Note that the value for FATCA reporting purposes includes both the taxable and non-taxable portions of the SRP pension.

9. Are the IDB's tax reimbursements that are paid on taxable SRP benefits also considered a specified foreign financial asset?

We understand that the tax reimbursement settlement amount paid by the IDB is also considered to be a specified foreign financial asset and may have to be reported accordingly if you meet the reporting thresholds mentioned above. If you are a US tax resident and receiving a SRP pension, to determine if you are required to file Form 8938 because the value of all your specified foreign financial assets exceeds the applicable reporting threshold, you must include the total amount reported in Box 1 on Form 1099R, which includes both SRP payments and tax reimbursements.

10. Which of my personal assets other than the SRP pension benefit are counted toward the reporting threshold and possibly subject to FATCA reporting?

Detailed information concerning what assets are considered specified foreign financial assets for FATCA purposes can be found in the instructions to Form 8938 on IRS.gov, and on pages linked to the IRS' [FATCA web page](#) for individuals. There are certain categories of foreign financial interests that are exempt from FATCA reporting. Please refer to [Specified Foreign Financial Assets – Overview](#) on the IRS website for specific examples of assets that are, or are not, considered to be specified foreign financial assets. For instance, if you own shares in US mutual funds that invest in foreign stocks and securities, or if you hold shares of foreign stocks in a brokerage account maintained by a US financial institution, such holdings are not considered specified foreign financial assets for FATCA reporting purposes.

11. What is the name of the IDB Group's pension plan for purposes of completing Form 8938?

The full name of the pension plan is the Staff Retirement Plan of the Inter-American Development Bank.

12. If I file Form 8938 do I still need to file an FBAR (Report on Foreign Bank and Financial Accounts)?

The Form 8938 filing requirement does not replace or otherwise affect your obligation to file an FBAR and vice versa.

13. I am filing an FBAR, do I still need to file IRS Form 8938?

You will have to, if you also meet the FATCA reporting criteria.

14. Where can I obtain a copy of Form 8938 and its instructions, and access IRS guidance?

You can obtain the blank IRS Form 8938 and its instructions from IRS web-site at www.irs.gov. The US Internal Revenue Service has established a special page on its web-site to provide information about Foreign Account Tax Compliance Act as applied to individuals:

<https://www.irs.gov/Businesses/Corporations/FATCA-Information-for-Individuals>

While the Bank is not obliged to alert recipients of SRP benefits of applicable tax law requirements, we are assisting you by providing this general information on an exceptional basis. This notice does not constitute professional tax or legal advice; it does not provide a comprehensive description of all FATCA requirements and does not cover all possible circumstances. It is your responsibility to comply with all provisions of law, which may be subject to change. Accordingly, we urge you to consult with a professional tax advisor if you are not sure whether and how FATCA applies in your particular situation.