

Web Story Template

Nonprofits: IRS Foreign Reporting Requirements May Apply to You

by Karen Gries and Matt Stowell

Summary — Foreign operations, personnel, investments, and other connections may trigger reporting requirements. Assess your situation and minimize compliance risk.

When nonprofits operate and do their work on the global stage, tax compliance issues have a way of entering the picture. Not paying attention to these issues can have costly consequences, as pointed out in a new white paper from CliftonLarsonAllen, [IRS Foreign Reporting Requirements for Nonprofit Organizations](#).

While originally intended to curb offshore tax avoidance by U.S. residents and multinational companies, some IRS foreign reporting requirements are increasingly being felt by nonprofit organizations. The penalties for failure to file can be significant, ranging from \$10,000 per filing per tax year to \$100,000 or more in cases of willful failure to file.

The authors point out the most common filing and reporting requirements, which include:

- Transfers of property to, or ownership interests in, foreign entities
- Financial interest in, or signature authority over, foreign bank, securities, and financial accounts
- Certain payments of U.S. source income to foreign persons

The white paper summarizes typical filing requirements for nonprofits, explores three of the more common situations that lead to a filing requirement, and provides steps to minimize compliance risk.

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How we can help

CliftonLarsonAllen is an independent member of [Nexia International](#), a top 10 worldwide organization providing global connections. Working closely with your team in the United States and abroad, we can help your organization develop tax solutions that align with your goals. Our international tax professionals are fluent in many languages and have more than 25 years of experience solving the complex challenges facing organizations operating or investing abroad.

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Template modified 6/17/15

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