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ALERT: International transaction reporting requirements broader than many businesses may realize – and subject to noncompliance penalties

Issue/Background:

Companies need not own an overseas facility or have global operations to be subject to international transaction reporting requirements. Even companies focused primarily on local or regional markets may be required to **report international transactions for two reasons – to minimize potential international tax liability and to avoid significant penalties for noncompliance in reporting.**

Companies involved in these types of transactions may benefit from consulting on international issues:

- Exporting goods outside the U.S.
- Purchasing goods or services from outside the U.S.
- Owning or investing in businesses, or having ownership or investment from outside the U.S.
- Providing financial statements to foreign investors, bankers or other stakeholders
- Hiring non-U.S. staff and/or sending U.S. staff outside the country
- Transferring goods or services to a subsidiary outside the U.S.

Even seemingly minor activities such as having a bank account in a foreign country could incur reporting and other tax-related requirements.

Action needed:

Make sure that your AGH advisor is aware of any international activities or transactions your business is undertaking, even if they may seem insignificant to you. In that way, we can help determine a tax minimization strategy if needed, as well as review any reporting requirements to avoid penalties for noncompliance. **If your company transacts business with entities or individuals outside the U.S., you should review your international reporting obligations with an AGH advisor.**

If you have any questions about this alert, please contact your AGH professional at (316) 267-7231 or Curtis Dean, Vice President and Director of tax research, at curtis.dean@aghlc.com.

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