

IRS website reference: <https://www.irs.gov/businesses/small-businesses-self-employed/report-of-foreign-bank-and-financial-accounts-fbar>

1. Who should read this?

This document provides basic information about requirements related to [FinCEN \(Financial Crimes Enforcement Network\) Form 114](#), Report of Foreign Bank and Financial Accounts, commonly referred to as “FBAR.” Information about FBAR requirements may be relevant to:

- a) IU employees or U.S.-person resident directors of significant IU-managed or co-managed **Overseas Study programs, such as those in Spain and Italy** (“Wisconsin-Indiana-Purdue Study Abroad Program” and “Indiana University – BCSP”).
- b) IU employees who receive a cash advance through the custodial fund mechanism in support of a research, study abroad, or other international activity and who deposit custodial fund monies in a foreign bank account.

2. What is FBAR?

FBAR is a report to be filed by **April 15th** each year with the U.S. Department of the Treasury stating that the person filing has a financial interest in, or signature authority over, financial accounts in a foreign country with an aggregate value exceeding \$10,000 at any time during the calendar year. See: <https://www.irs.gov/pub/irs-utl/irsfbarreferenceguide.pdf>

Note that the filing deadline has changed from June 30 to April 15 each year, to coincide with the federal income tax filing season. The act changing the deadline also mandates a maximum six-month extension of the filing deadline. To implement the statute with minimal burden to the public, FinCEN will grant filers failing to meet the FBAR annual due date of April 15 an automatic extension to October 15 each year. Accordingly, specific requests for this extension are not required.

3. Does Indiana University fall under the “government entity” exception to the FBAR filing requirement as a state administered university?

We believe Indiana University falls under the exception, which provides that a foreign account of a governmental entity, including a state University, is not required to be reported. However, in the cases referenced in Section 1 above, IU is not the owner of the foreign bank account; rather the bank account is owned by or in the name of an affiliated program or an individual custodian. As a result, the FBAR filing requirements do apply to those IU employees or other U.S. persons with foreign bank account signature authority and/or ownership.

4. Does signature authority on an IU Global Gateway network foreign bank account trigger the FBAR filing requirement?

IU General Counsel’s Office has determined that IU employees and non-employees who have signature authority over foreign bank accounts owned by IU International Consulting and Research LLC; IU International Consulting and Research China, LLC; or their foreign subsidiaries no longer have to report

those accounts under the FBAR filing requirements. This is a change as of the 2018 tax year due to the reorganization of the Global Gateway legal structure, which now falls directly under Indiana University and is, therefore, covered by the “government entity” exemption.

Note, however, that individuals may still be required to submit FBAR filings for personal foreign bank accounts.

Furthermore, please note that there are still questions on individual tax forms outside of FBAR that will be affected by signature authority on Gateway accounts. Part III of Schedule B of the 1040, question 7a, asks “At any time during 2018, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country?” The answer to this question for individuals with signature authority over a financial account located in a foreign country is not affected by the governmental entity exemption and would still be ‘yes’. Question 7a then continues to ask “If ‘Yes,’ are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority?” For this question, signature authority on an IU Global Gateway network foreign bank account only does not trigger the FBAR requirement, and thus the answer would be ‘no,’ if you do not have financial interest in or signature authority over any non-Gateway foreign bank accounts triggering the FBAR reporting requirements.

5. What should I do if I think I should file the FBAR, but I’m not sure?

- a) If your work is related to the large Madrid or Bologna programs administered by the Office of Overseas Study (OVST), the OVST Financial Manager (Laura Kremer) will confirm with you annually that you are required to file, with reminders sent 3 months and 1 month before the **April 15th** deadline.
- b) If the foreign bank account is in your name, such as an account that is being funded through the IU custodial fund mechanism with you as custodian, you are personally responsible for FBAR filing (as in 1(b) above). In such cases, you should seek advice from a professional accountant or tax advisor if you have questions.

6. Does Indiana University give advice to employees on individual tax matters?

No, beyond the reminders mentioned in 5a and 5b above, Indiana University does not offer individual tax advice. The FBAR requirement and related Form 1040 requirements outlined in this document are in fact individual tax matters and not the responsibility of IU. This document and the reminders and assistance we provide to a limited group of employees are offered as a courtesy to those employees who have undertaken university-related foreign bank account signature authority for specific purposes of the Gateway Offices, and Madrid/Bologna programs.

7. What are the potential consequences for non-compliance?

Penalties for failure to file an FBAR when required to do so can be severe: civil penalties start at \$500, but may be as high as \$100,000 or half the amount in the account at the time of the violation; criminal penalties range from \$10,000 to \$500,000 plus up to 10 years in prison. Penalty ceilings may increase each year on an inflation-adjusted basis.

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