



Foreign Reporting for Businesses Disclosure (K-3)

In 2021, the IRS issued new requirements for partnerships regarding the reporting of foreign tax items and who was required to file new schedules related to foreign income. Recently released updated instructions made important changes to the exception to filing these forms.

In order for partnerships to not have to file these additional schedules, four criteria must be met:

- 1) No or limited foreign activity
- 2) During the current tax year, all the direct partners must be US citizens, resident aliens, or domestic trusts
- 3) Partnerships must notify their partners no later than two months before the due date (without extension) for filing the partnership's return that partners will receive a Schedule K-3 from the partnership only if the partner requests the schedule
- 4) The partnership does not receive a request from any partner for Schedule K-3 on or before February 15th of the tax return filing year

Unless you notify us of any requests from partners to prepare Schedule K-3, we will not be preparing this schedule with your tax return.

It is your responsibility to notify each partner no later than January 15th of the tax return filing year that these schedules will not be prepared unless specifically requested by them and that any requests to issue these schedules must be received by our office no later than February 15th of the tax filing year or else the schedules will not be prepared with the tax return.