

Reporting ownership in Passive Foreign Investment Companies (PFICs) by Americans

Tax compliance can be a daunting task, especially for individuals with investments in passive foreign investment companies or qualified electing funds

VIRGINIA BEACH, VA, UNITED STATES, April 7, 2025 /EINPresswire.com/ -- In

today's fast-paced world, time is a precious commodity. Tax compliance can be a daunting task, especially for individuals with investments in passive

foreign investment companies or qualified electing funds. The IRS Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund, requires detailed information and calculations, making it a time-consuming and complex process. Mary Beth Lougen, COO of [Expat Tax Tools](#) explains that "this article explores the significance of valuing your time and the benefits of utilizing Expat Tax Tools' [Form 8621 Preparation](#) service or licensing the [PFIC Pro, Form 8621 Calculator](#) to streamline the process for individuals who own PFICs (Passive Foreign Investment Companies)".



Some of the Challenges tax professionals might face are:

- Complexity - There is a special tax regime and reporting form that the IRS has implemented for tax compliance involving PFICs, which is the Form 8621. The estimated tax burden for this process is a staggering 48 hours and 56 minutes. This breakdown includes 16 hours and 58 minutes for recordkeeping, 11 hours and 24 minutes for learning about the law or the form, and 20 hours and 34 minutes for form preparation (as per IRS Form 8621 Instructions). It's important to note that this estimate applies to each form. Therefore, if a taxpayer owns multiple PFICs, they could spend more than a standard work week satisfying the IRS filing requirements, along with an additional 28 ½ hours dedicated to recordkeeping and learning about the form.
- Value of Your Time - Mary Beth suggests accountants and tax preparers "evaluate the value of your time". For example, evaluate how much is made in a week, and how much time should be allocated to data input? Recognizing the significance of someone's time is the first step towards finding efficient solutions that allow the ability to reclaim it. She believes that its important to factor in "what is your time worth" as solutions are evaluated.
- Calculations: The form requires various calculations, including the computation of annual

income, gains, and distributions attributed to the PFIC, as well as the calculation of tax liability under the excess distribution regime, qualifying electing fund (QEF) or mark-to-market regime. These calculations can be challenging and time-consuming, particularly if the taxpayer holds multiple PFIC investments.

- **Penalties for Non-Compliance:** The IRS imposes significant penalties for failure to comply with PFIC reporting requirements, including accuracy-related penalties, interest on unpaid taxes, and potential criminal prosecution for willful non-compliance. Ensuring compliance with PFIC reporting obligations is essential to avoid these penalties.

Mary Beth suggests that a solution to minimize the time and effort required for tax compliance, specifically when it comes to preparing Form 8621 is by using tax experts that can be entrusted with the complex and convoluted PFIC tax reporting. She states that "one such company is Expat Tax Tools". If they are provided with the transaction history, they will handle the entire preparation process for a small fee. Alternatively, Mary Beth states that "you can use their DIY, PFIC Pro software, to prepare your own forms". At the end the result will be a completed form, the detailed calculations and a guide showing where all the numbers go on the taxpayer's Form 1040, U.S. Individual Tax Return. She recommends that taxpayers or professionals "take a look at their services to see if they meet your needs". Mary Beth mentions that as most accountants and tax preparers know preparing Form 8621 is a time-consuming and complex task. The value of paying a firm like Expat Tax Tools to handle this process cannot be overstated. By relying on a firm with PFIC expertise, it can save individuals valuable hours and eliminate the need for self-study, streamlining the preparation process. She states that the fee that may be paid should be considered an investment, but it yields significant time savings and provides peace of mind. By entrusting firms like Expat Tax Tools with the form 8621 preparation, individuals can confidently fulfill their tax obligations while reclaiming their most valuable resource - time.

Mary Beth states that "in a world where time is a precious commodity, it's important to assess the value of your time and explore options that optimize its use". Tax compliance, especially with intricate forms like the IRS Form 8621, can be time-consuming and stressful. She mentions that for example the fee Expat Tax Tool charges for their preparation service is \$165 per form which is a small price to pay for the significant time savings and the peace of mind that comes with proper reporting. She believes "you are worth it."

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