



# International Tax Alert

**BDO Seidman, LLP**  
Accountants and Consultants

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## ISSUE:

NEW FORM 8858 REQUIRED FOR U.S. TAXPAYERS  
OWNING FOREIGN DISREGARDED ENTITIES

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## DATE:

For annual tax periods beginning on or after January 1, 2004

## AFFECTING:

U.S. Taxpayers owning direct or indirect interests in foreign disregarded entities (FDE's)

## DETAILS:

On December 30, 2003 the IRS and Treasury Department released information on proposed new Form 8858 regarding information reporting with respect to FDE's. This applies to FDE's that are owned directly by a U.S. Taxpayer or indirectly through a foreign entity. Similar to Form 5471, proposed Form 8858 will contain information with respect to an FDE's income and assets, as well as a "Schedule M" that details related party transactions of a foreign-owned FDE. Under current guidance, the Schedule M is not required to be completed by an FDE that is owned directly by a U.S. Taxpayer. Additionally, proposed Form 8858 requires FDE owners to disclose foreign exchange gain or loss under Section 987.

## HOW BDO SEIDMAN CAN HELP:

BDO Seidman can assist you in (1) determining whether or not you are required to file Form 8858 and (2) in the necessary compliance preparation.

*Material Discussed in this newsletter is meant to provide general information and should not be acted on without obtaining professional advice tailored to your individual needs*

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## FOR MORE INFORMATION

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