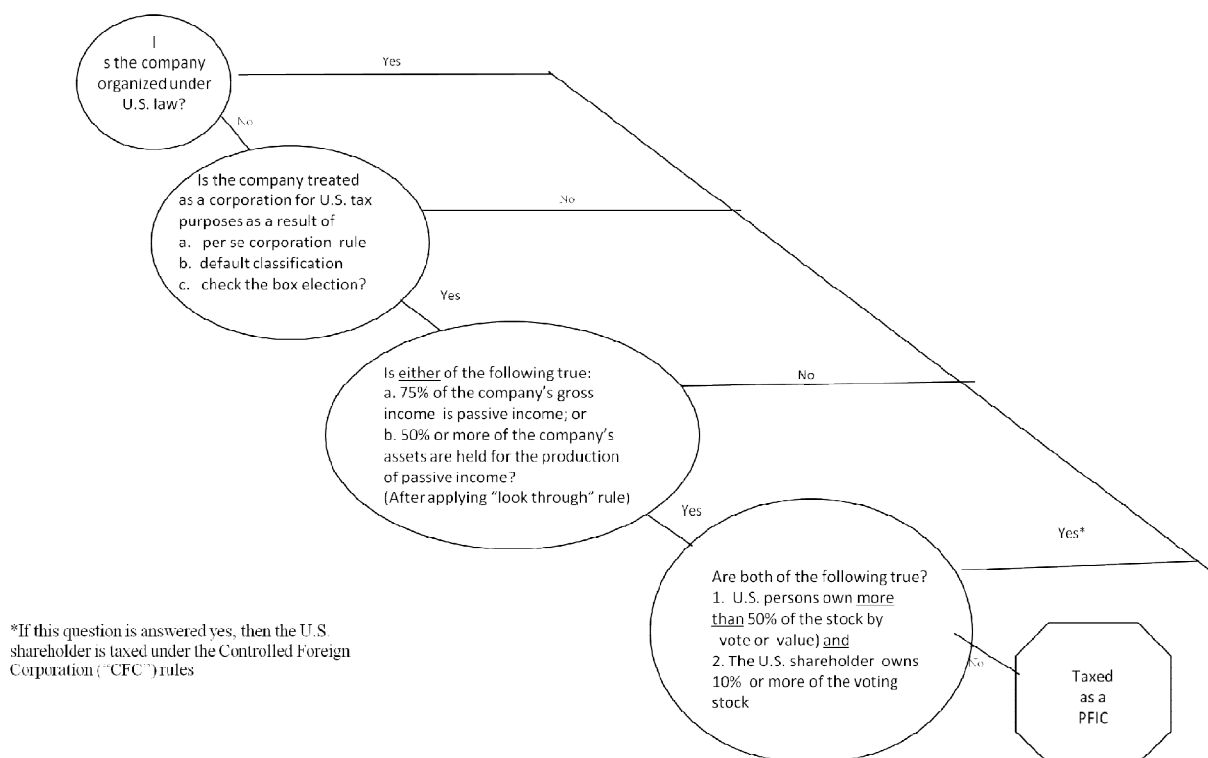


## There is no deferral of income when dealing in capital

Your offshore IBC, LLC or other Entity dealing in capital is immediately subject to PFIC income tax. PFIC income is taxed at the highest U.S. Tax Rate

Under FATCA enforcement USD transfers lead the IRS directly to your PFIC income. You must report PFIC income annually on IRS Form 8621

Taxpayers who are required to file Form 8621 and fail to do so timely are subject to a \$10,000 penalty and up to \$50,000 in additional penalties for continued failure to file upon IRS notification. PFIC investors should be aware of the possibility that they will be required to retroactively file a Form 8621 relating to tax years beginning on or after March 18, 2010. **No minimum level of ownership required to be subject to PFIC rules. Beware the "Once a PFIC, Always a PFIC" Rule**



IBC, LLC or other Entity that deals in capital is taxed as a PFIC. PFIC income is taxed at the highest U.S. Tax Rate regardless of the amount. Foreign Earned Income Exclusion does not apply to PFIC income. Therefore, tax cost result of an IBC or LLC is your PFIC cost basis.