

# Goldmoney Holding, FBAR, and Form 8938

Dave Hirschman, January 16, 2020

Although I'm neither a CPA nor a tax attorney, I wanted to provide examples of how my family and I handle two very important I.R.S. forms - the FBAR and Form 8938 - that I firmly believe are required for all U.S. taxpayers who have a Goldmoney Holding that exceeds certain thresholds:

FBAR: "Report of Foreign Bank and Financial Accounts"  
Form 8938: "Statement of Specified Foreign Financial Assets"

I urge all U.S. citizens with a Goldmoney Holding to educate themselves about these forms and make sure they are doing what is required. The penalties can be severe for non-compliance! Some have argued that a Goldmoney Holding is vaulted precious metals and not a bank or brokerage account; therefore, the Holding is not a financial account under the meaning of IRS regulations and filing these forms is not needed. However, you are exempt from reporting precious metals held outside the U.S. only if the metal is stored in a safety deposit box or private vault box **to which you have direct and exclusive access**. This obviously is not true for the vaults Goldmoney uses to hold our metal.

What about Goldmoney Personal and Business accounts? They are covered by a U.S. subsidiary of Goldmoney Inc. that is registered with FinCen (the Financial Crimes Enforcement Network), so I believe that the FBAR and Form 8938 are not required for them. But Goldmoney Inc. is headquartered in Canada and Holdings are managed by Goldmoney's office in the British Channel Islands – definitely a foreign account for Americans.

Examples are offered for a single taxpayer and for a married couple filing jointly, and assume the 2019 tax year. I apologize, but am not responsible, if there are omissions or errors. Consult an appropriate tax professional for your individual situation. Definitely seek professional assistance if you should have filed these forms for previous tax years but did not do so.

## References:

- [Report of Foreign Bank and Financial Accounts \(FBAR\)](#) (this says due date for filing is June 15 – it is actually April 15, see next link)
- [IRS FBAR Reference Guide](#)
- [Instructions for Form 8938](#)
- [Prohibition on Home Storage of Bullion in an IRA](#) (see last half)
- [What You Need To Know About Storing Gold And Cash Notes In An Offshore Vault](#)

## Information Needed from your Holding

For the FBAR, you need to know the maximum value (in dollars) that your holding attained during the previous year. For Form 8938, in addition to the maximum value you also need the value at the end of the previous year. Here's how to obtain these numbers:

- Log into your Goldmoney Holding.
- Click the "Statements" tab.
- Under "REPORT TYPE" click "Highest Value on a Transaction Date in Year." Month and Year should automatically change to the end of last year.
- Click BROWSE and the "GENERATE REPORT" button.
- At the bottom of the report copy the Total amount. This will be the value you need to plug into the FBAR in box 15 and Form 8938 in Part V Line 4. (Note: the maximum value is not exact, since it's

recorded by Goldmoney only at times when there's a transaction in your holding, but it's the best we can reasonably be expected to do).

- Now return to the top of the page and under "REPORT TYPE" click "End of Month Balance Summary."
- Set the MONTH to December and the YEAR to the previous year.
- Click BROWSE and the "GENERATE REPORT" button.
- At the bottom of the report copy the Total Holding Balance. This is the end of year value you need for the Form 8938 (it's not entered on the form, but helps determine if you need to file it).

## Check the Filing Threshold

### FBAR

The reporting threshold for the FBAR is a maximum account value during the year of \$10,000 or greater. However, that covers not just your Goldmoney Holding, but the sum of all your foreign financial accounts. So for example if your Holding reached \$8,500 during the year, and you have a second foreign account that reached \$2,000, you must file the FBAR and include both accounts on it.

### Form 8938

The reporting thresholds for Form 8938 are much higher and more complex, depending on whether you live inside or outside the U.S., are single or married, and if married filing jointly or separately. And again these thresholds cover not just your Goldmoney Holding but all foreign accounts:

| Tax status                          | Value End of Year | Maximum Value during Year |
|-------------------------------------|-------------------|---------------------------|
| Living Inside U.S.                  |                   |                           |
| Single or Married Filing Separately | \$50,000          | \$75,000                  |
| Married Filing Jointly              | \$100,000         | \$150,000                 |
| Living Outside U.S.                 |                   |                           |
| Single or Married Filing Separately | \$200,000         | \$300,000                 |
| Married Filing Jointly              | \$400,000         | \$600,000                 |

If you pass either of the end of year or maximum value during the year thresholds, you have to file.

For example, suppose you are living in the U.S., married filing jointly, and have no other foreign accounts besides your Goldmoney Holding. And suppose the maximum value of your Holding during the previous year was \$105,000, and the balance at the end of the year was \$92,000. You do not need to file Form 8938 (but you **do** need to file the FBAR!).

## Filing the FBAR

The FBAR is unusual for IRS forms in that you don't file it along with your tax return, and although you can download a .PDF version of the form I think there's no point to using that because you would need to upload it anyway after filling it out. It's simpler to use the online form.

Since 2016 the FBAR has same April 15<sup>th</sup> filing deadline as your regular tax return. It can be submitted as early as January. Here is an example of how we fill out the form. It assumes an individual or married couple living in the U.S. with less than 25 foreign accounts:

- Go to FinCen's website at <http://bsaefiling.fincen.treas.gov/NoRegFBARFiler.html>.
- Click "Start now" under "Online Form."
- Fill in Email, confirm email, first name, last name, and phone number on the first page (tip: the phone number field will only accept digits).

- Click the "Start FBAR" button.
- The "Filing name" will become the file name when the completed form is downloaded later on.
- Skip the buttons "Sign the Form", etc. for now and go down to the start of the form where it says "Report of Foreign Bank and Financial Accounts"
- Fill in calendar year (last year)

Part I Filer Information:

- 2 Type of filer: individual (leave box to the right empty).
- 3 U.S Taxpayer Identification Number: enter your social security number (no dashes or spaces).
- 3a TIN type: select "SSN/ITIN."
- 4 Foreign identification: Leave blank.
- 5 -13 - your date of birth, name, address, etc. Tip: select "13 Country/Region" before selecting "11 State."
- 14a Does the filer have a financial interest in 25 or more financial accounts?: Check "No."
- 14b Does the filer have signature authority over but no financial interest in 25 or more financial accounts?: Check "No."

Part II or Part III

Fill out Part II if single married filing separately, or Part III if married with a joint Goldmoney Holding. Box 15 is where the maximum account value during the year goes that you obtained earlier (tip: it won't accept a dollar sign, commas, decimal point, or cents. For example, instead of \$48,245.62 round to the nearest dollar and enter 48246). Boxes 16 through 23 are filled out as follows:

- 16 Type of account: other. In the box to the right, put "Precious Metals." If you've got foreign currency or crypto in your Holding, put that as well.
- 17 Financial institution name: Goldmoney Wealth Limited
- 18 Account number ... : put your Goldmoney holding number 99-88-77-X
- 19 Address: 32 Commercial St.
- 20 City: St. Helier
- 21 State: leave blank
- 22 Foreign postal code: JE23RU
- 23 Country/Region: Jersey

For a joint Holding, fill in boxes 24 – 33 for your spouse. And you'll have to repeat the above steps as appropriate if you have other foreign accounts. Then:

- Go back to the top of the form (or click "Home" tab at the top of every section).
- Click "Sign the Form." If there errors, messages will pop up. After any errors are addressed, give the form a final once-over. If there's anything wrong, click "Remove Signature," make repairs, and click "Sign the Form" again.
- When you're sure everything is good to go, click the "Submit" button.
- You should now get a page saying your FBAR submission was accepted. Print this page for your records.
- Click "Download Copy of My FBAR." Apparently this file should be kept for at least five years – we store it with our other tax files.

You should get an email containing the "Receipt No." (also called "Tracking ID" on the confirmation page) and other info. If later on you discover a mistake in your FBAR filing, you can file an amended FBAR using this number. I believe this email should be saved for at least for five years as well.

# Filing Form 8938

Unlike the FBAR, Form 8938 is filed along with your other 1040 tax return forms. Here's an example of how we fill in the form. It's a fill-in-the-blanks form – you'll need Adobe Acrobat reader to edit the file.

[Download Form 8928.pdf](#), and then open it with Adobe Acrobat reader. At the top of the form, fill in tax year (last year). "2 TIN" means "Taxpayer Identification Number," which is your Social Security number. "3 Type of filer" is "a Specified Individual" (even for a married couple filing jointly). Skip box 4.

## Part I

A Goldmoney Holding is a "Custodial Account" so use lines 3 and 4. For Line 4, Maximum Value, use the value obtained earlier for maximum account value during the year (if you have other foreign accounts, you'll need to include maximum values for those in the total). Check the appropriate box on line 5.

## Part III – Report Capital Gains and Storage Fees

Here are a couple subtleties of Form 8938.

### Line 1e: Capital Gains and Losses

If you sold any metal or other products in your holding you will need to report the gains or losses from that on Form 8949 (my [Goldmoney Capital Gains Calculator](#) may be of help with this). Note that even if you didn't explicitly sell anything in the Holding last year, **sales of metal to cover vault storage fees still count as sales and the gain or loss must be reported**. They have to be reported not only on Form 8949, but also here on Form 8938, on line 1e, column (c). In column (d) enter "Form 8949 Line 2."

Note that capital gains from sales of gold in your Personal and Business accounts should not be included in the line 1e total, because those accounts are not reported on Form 8938.

### Line 1f: Metal storage fees

Until 2018, metal storage fees charged to your Holding were deductible from your taxes if you itemized deductions, and could be reported on line 1f in column (c). But with changes in the tax laws, metal storage fees are no longer deductible.

## Part V

- 1 Type of account: check "Custodial."
- 2 Account number of other designation: your Holding number.
- 3 a, b, c: Check as applicable.
- 3d: Leave unchecked, because tax items were reported in Part III.
- 4 Maximum value of account during the year: enter the value you obtained above.
- 5 Did you use a foreign currency ...: The answer should be "No" if your Holding is denominated in US dollars.
- 7a: Goldmoney Wealth Limited
- 7b: Global Intermediary Identification Number (GIIN): I haven't been able to obtain the GIIN for Goldmoney Wealth Limited. Fortunately, it's optional.
- 8: 32 Commercial St.
- 9: St. Helier, Jersey, JE23RU

Save your finished form and provide to your accountant. Congratulations, you are all done!