

# SOLUTIONS BEYOND THE OBVIOUS

## *Cross-Border Solutions*

## Business Success Stories

As we truly partner with our clients, we work hard to provide solutions beyond the obvious and the ordinary. This happens by working with our clients closely to identify areas of opportunity and improved business strategies. Some solutions are quick and easy, and others require us to roll up our sleeves to find the right solution for our client and their unique situation.

### Situation Overview

Our new client, a U.S. citizen living in Canada for over 30 years, was seeking to renounce his U.S. citizenship but had not filed a U.S. tax return since the early 1990s. Prior to becoming our client and while living in Canada, he had started a successful business operating through three business entities. U.S. citizens are taxable on their worldwide income and are required to file annual tax returns and disclose foreign assets and ownership interests in foreign entities.

Furthermore, the Tax Cuts and Jobs Act of 2017 made him subject to the Global Intangible Low Taxed Income (GILTI) minimum tax regime on the profits from his Canadian businesses.

### Solution Provided

In order to renounce his U.S. citizenship, our client had to become tax compliant for the five years prior to his renunciation. Tronconi Segarra & Associates brought him into compliance under the IRS Streamlined Foreign Offshore Procedures by filing three years' worth of annual tax returns and six years' worth of Foreign Bank Account Reports (FBAR) and providing reasonable cause to the IRS for his failure to comply previously. We assisted our client with annual compliance to meet the renunciation requirements and further worked with his immigration attorney to determine if he would be subject to the U.S. expatriation tax, and we developed a plan accordingly. By analyzing and researching the ownership of the companies, we were able to mitigate and offset a majority of the GILTI tax due through a series of elections and application of foreign tax credits.

### Business Impact

With Tronconi Segarra & Associates' assistance, this Canadian resident became U.S. tax compliant; and he was then able to successfully renounce his U.S. citizenship. By helping him voluntarily file the past-due FBARs and ownership of foreign entities annual reports, we were able to save our client potential late filing or noncompliance penalties totaling between \$100,000 and \$150,000.

**TRONCONI SEGARRA  
& ASSOCIATES** LLP

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