



TRANSNATIONAL TAXATION NETWORK

MEMBER INSIGHTS

JULY 2025



EDITORIAL TEAM

Jeff Hagen
Ricky Gutiérrez

MESSAGE FROM THE EDITORS



Dear **TTN** Members,
In this edition of TTN Member Insights...

In September 2024, TTN had a fantastic conference in Milan, Italy. Gracious host **Alessandra Pagani** treated us to fantastic sites and dinners, and the conference itself was informative. The event was followed up with the Americas conference in April 2025 in Buenos Aires, Argentina, hosted by **Walter Keiniger**. The conference focused on the intersection of artificial intelligence and tax and took place at the gorgeous offices of Marval, O'Farrell & Mairal. This edition is filled with memories from these two conferences, as well as the following: **Stuart Rohatiner** has submitted an article "IRS Change in Policy Encourages U.S. Persons to Report Late-Filed Foreign Gifts and U.S. Persons Transactions with Foreign Trusts." This is a welcome change in the United States as this was often quite punitive in the past, and Stuart demonstrates details behind these changes.

There were also two more articles in this edition which focused on Malta and Cyprus. **Ben Psalia** also offered his insights on why people move with a special view toward Malta with his article "Global Residence Programmes." Finally, Totalserve penned an article entitled "UK

Non-Dom Regime Coming to an End – The Cyprus Alternative."

Also, **Steven H. Hagen**, a seasoned member of TTN and former President of our organization, is featured in our "Member Spotlight" column. We are pleased he took the time to be interviewed by our team and offer his wealth of experience.

In addition to featuring photos and fond memories of our prior conferences, we preview our next upcoming conference as well, this coming September 24-27 in Dublin, Ireland, hosted by **Vivian Nathan**.

Finally, we should note that the Dublin conference will be our last with **Yvonne Den Burger** serving as our Secretariat. We will be giving Yvonne a proper sendoff in Dublin and look forward to seeing you there to celebrate her many years as a part of TTN.

Thank you for reading TTN Member Insights. We look forward to continuing to bring you tax knowledge and member updates. Please reach out to us should you wish to write an article for the next edition.

Sincerely,

The Editors

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IRS CHANGE IN POLICY ENCOURAGES U.S. PERSONS TO REPORT LATE-FILED FOREIGN GIFTS AND U.S. PERSONS TRANSACTIONS WITH FOREIGN TRUSTS

By *Stuart Rohatiner*

This is significant because the penalties on these forms can range from 5% to 35% of a transaction or account balance on a late-filed return. Taxpayers can now attach a reasonable cause statement to the late-filed return in which they can explain their situation before the IRS assesses a penalty. This new approach by the IRS should encourage U.S. taxpayers with foreign gifts/bequests and certain transactions with foreign trusts to come into U.S. tax compliance. This is overall good for the U.S. tax system. Reporting of transactions promotes fairness and equity.

Moreover, taxpayers can now avoid the lengthy process it takes to get these automatic penalty assessments abated. Some taxpayers have waited up to three years to get these penalties reversed. The amount of time and resources used by taxpayers to get these penalties reversed is substantial.

A More Reasonable IRS?

IRS Commissioner Danny Werfel announced the change to IRS policy on October 24, 2024, at

the UCLA Extension Tax Controversy Conference with Erin Collins, National Taxpayer Advocate, in attendance. Commissioner Werfel gave credit to Erin Collins. The Taxpayer Advocate has advocated for these changes for years.

In a recent blog post, the Taxpayer Advocate noted that from 2018-2021, the IRS abatement rate for automatic penalties assessed on failure to report Form 3520 for gifts and bequests was 67% (78% on total dollars assessed), and the abatement rate on failures to timely file Form 3520-A was also 67% (54% of the total dollars assessed).

In the blog, Ms. Collins noted that one of the goals of an efficient tax system is to reward taxpayers' efforts to do the right thing. We all benefit when taxpayers willingly come into the system by filing or correcting their returns.

However, one challenge in implementing the reasonable cause statement procedure is ensuring the IRS filing system is set up to recognize and accept these statements. Will a new box be needed to be added to Form 3520 and Form

<p>Form 3520 (Rev. December 2023) Department of the Treasury Internal Revenue Service</p>	<p>Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts</p> <p>Go to www.irs.gov/Form3520 for instructions and the latest information.</p>	<p>OMB No. 1545-0159</p>
<p>Note: All information must be in English. Show all amounts in U.S. dollars. File a separate Form 3520 for each foreign trust.</p>		
<p>For calendar year 20____, or tax year beginning _____, 20____, ending _____, 20____</p>		
<p>A Check appropriate boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return</p>		
<p>B Check box that applies to person filing return: <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Executor</p>		
<p>C Check if any excepted specified foreign financial assets are reported on this form. See instructions <input type="checkbox"/></p>		
<p>Check all applicable boxes. See applicable instructions.</p>		
<p><input type="checkbox"/> You are (a) a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust; (b) a U.S. person who (1) during the current tax year, transferred property (including cash) to a related foreign trust (or a person related to the trust) in exchange for an obligation, or (2) holds a qualified obligation from the trust that is currently outstanding; or (c) the executor of the estate of a U.S. decedent and (1) the decedent made a transfer to a foreign trust by reason of death, (2) the decedent was treated as the owner of any portion of a foreign trust immediately prior to death, or (3) the decedent's estate included any portion of the assets of a foreign trust. Complete all applicable identifying information requested below and Part I of the form.</p>		
<p><input type="checkbox"/> You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. Complete all applicable identifying information requested below and Part II of the form.</p>		
<p><input type="checkbox"/> You are (a) a U.S. person (including a U.S. owner) or an executor of the estate of a U.S. person who, during the current tax year, received, directly or indirectly, a distribution from a foreign trust; (b) a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year, you or a U.S. person related to you received (1) a loan of cash or marketable securities, directly or indirectly, from such foreign trust, or (2) the uncompensated use of trust property; or (c) a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year such foreign trust holds an outstanding qualified obligation of yours or a U.S. person related to you. Complete all applicable identifying information requested below and Part III of the form.</p>		
<p><input type="checkbox"/> You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. Complete all applicable identifying information requested below and Part IV of the form.</p>		

3520-A acknowledging late filing and an attached reasonable cause statement? Even with potential processing delays, this is still a step in the right direction.

U.S. taxpayers required to file Forms 3520 and 3520-A can benefit from this new policy.

Transactions Required to be Reported: (i) Gifts or bequests received by U.S. individuals from foreign individuals or foreign estates exceeding \$100,000 (ii) Distributions received from a foreign trust (iii) Income, gains, losses, deductions, and credits of a foreign grantor trust (iv) Creation of a foreign trust by the U.S. individual (v) Transfers of cash or assets to a foreign trust (vi) Death of a U.S. individual with foreign trust connections

Form 3520 reporting requirements may also apply to executors of estates of U.S. citizen or resident decedents, whether the executor is U.S. or foreign, and other "responsible parties" subject to reporting.

Form 3520-A is an informational return submitted by trustees of foreign grantor trusts with U.S. grantors to report income, gains, losses, deductions, and credits.

Form 3520 is typically filed by April 15 of the following year, and Form 3520-A by March 15 (each with a possible six-month extension).

Key Takeaways:

The IRS has provided a way for taxpayers to get into compliance with foreign gifts and trust reporting. Automatic penalties ranging from 5% to 35% can be avoided. Taxpayers should use the reasonable cause submission when needed and work with professionals experienced in international late filing contexts.

It is important for US international tax advisors to familiarize or re-familiarize themselves with the transactions listed above that require reporting on Form 3520 and/or Form 3520-A. With the IRS providing a chance to help taxpayers, the IRS will probably not be so lenient in the future if a taxpa-



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yer doesn't take advantage of this opportunity. You don't want the IRS uncovering these unreported transactions and balances through an audit.

Hopefully, the IRS will remove automatic penalty assessments for other late-filed foreign informational forms like Form 5471 and 5472. Currently, these automatic penalties remain in place.

Taxpayers should continue to file Forms 3520 and 3520-A on time. Reporting applies to U.S. recipients of gifts/inheritances, U.S. trust beneficiaries, U.S. foreign trust grantors, and trustees of foreign grantor trusts with U.S. grantors.

<p>Form 3520-A (Rev. December 2023) Department of the Treasury Internal Revenue Service</p>	<p>Annual Information Return of Foreign Trust With a U.S. Owner (Under section 6048(b)) Go to www.irs.gov/Form3520A for instructions and the latest information.</p>	<p>OMB No. 1545-0159</p>
<p>Note: All information must be in English. Show all amounts in U.S. dollars.</p>		
<p>For calendar year 20____, or tax year beginning _____, 20____, ending _____, 20____.</p>		
<p>Check appropriate boxes: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Extension filed <input type="checkbox"/> Substitute Form 3520-A</p>		
<p>Check if any excepted specified foreign financial assets are reported on this form. See instructions <input type="checkbox"/></p>		
<p>Part I General Information (see instructions)</p>		

GLOBAL RESIDENCE PROGRAMMES

WHY PEOPLE MOVE

By Ben Psalia

In today's interconnected world, people relocate across borders for professional opportunities, quality of life improvements, tax efficiency, and wealth planning. Political and economic changes, like Brexit and evolving U.S. policies, have further driven global mobility, prompting individuals to seek alternative residence options.

This article examines the various residency programmes available under Maltese law, highlighting their features, benefits, and appeal to individuals navigating the complexities of global mobility.

Driving the labour market

Malta currently experiences full employment, creating a significant demand for skilled and unskilled labour. To address this gap, the legislator has implemented targeted policies and programmes aimed at attracting foreign talent and investment. This has contributed significantly to the Maltese population growth of around 30% over the past decade.

Malta's ability to attract foreign nationals is also assisted by the fact that English is an official language, resulting in, for example, legislation being published in English and Maltese. It is located in the centre of the Mediterranean, has good flight connections to the rest of Europe, and boasts a strong telecommunications infrastructure, a plus for business owners.

Against the backdrop of these attractive features, the legislator has implemented a series of residency programmes aimed at targeting EU and non-EU nationals of certain standing. The following are the main residency options available in terms of Maltese law.

Ordinary Residence for EU and EEA nationals

Being a member of the European Union makes it relatively straight-forward for EU or EEA nationals to relocate to Malta, the freedom of movement being a fundamental right of all EU citizens and their family members. In fact, there is a steady influx of EU and EEA nationals relocating to Malta who for tax purposes, would be considered as resident but not domiciled in Malta (non-dom status).

Single-Permit for non-EU / EEA nationals

Although Malta is an EU Member State, in 2024 around three-quarters of the individuals immigrating

were non-EU or EEA nationals (also referred to as "Third Country Nationals"), of which the largest proportion, around 17%, were UK citizens. Most Third Country Nationals relocate to Malta for employment, obtaining a 'Single-Permit' that grants them the right to reside and work in the country.

Highly Qualified Persons (HQP) Programme

In order to attract highly qualified workers with knowledge in sectors where expertise is lacking, namely in financial services, gaming, aviation and in the assisted reproduction sector, the Maltese Government introduced the Highly Qualified Persons (HQP) Programme in 2010. Approved individuals under this programme would be eligible to pay income tax at a flat rate of 15% on their employment income generated in Malta, as opposed to being taxed at progressive rates of tax which are capped at 35%.

The Residence Programme and the Global Residence Programme

The Residence Programme and the Global Residence Programme are tailored to attract individuals with internationally mobile lifestyles. The Residence Programme specifically targets EU and EEA nationals, while the Global Residence Programme caters to Third Country Nationals. Despite this distinction, the structure and benefits of these programmes are largely identical.

Applicants under either programme must be in receipt of a minimum income of €100,000 per annum of foreign source income which is remitted to Malta. Upon approval by the Maltese tax authority, applicants would be taxed at a flat rate of 15% on any remitted income. Foreign income that is not remitted is exempt from taxation in Malta, while income arising in Malta is taxed at a flat rate of 35%. Capital gains from foreign sources are

also tax-exempt, irrespective of whether they are remitted or not.

These programmes are particularly appealing to individuals who travel extensively and do not spend significant time in a single jurisdiction. Beneficiaries are required to spend fewer than 183 days per calendar year in any other single country outside Malta to maintain their status.

Recent case studies

Applicants under these programmes often include professionals with dynamic international careers. For example, one client, an opera singer who performs globally, benefited from the programme due to her frequent travel and limited time in any single location. In this case, the client also required a social security number in Malta which needed to be provided to the respective theatres. Our assistance extended to the analysis as to whether it would be possible for this to be issued in her favour.

Other applicants frequently aim to transfer pensions from their home countries while preserving the option to withdraw a tax-free lump sum. A recurring question is whether such lump sums are classified as income or capital in Malta. In addition, applicants often seek advice on how pension income is taxed locally, particularly when weighing the benefits of transferring pensions from their home country.

Malta Retirement Programme

The Malta Retirement Programme is intended for pensioners who are not employed and who do not intend to spend over 183 days in any single jurisdiction outside of Malta. Prospective applicants must reside in Malta for a minimum of 90 days in a calendar year and be in receipt of a minimum of €50,000 per annum in foreign source pension income which is remitted to Malta. This remitted pension income would be subject to a flat rate of tax of 15%. A minimum tax of €7,500 is therefore payable in Malta by the beneficiary, with an additional €500 payable for every dependent that is listed in the application.

Malta Permanent Residence Programme

Third Country Nationals who would like to have the right to permanently reside in Malta and to enjoy visa-free travel across the Schengen area may opt to apply for residency under the Malta Permanent Residency Programme (MPRP), also known as Malta's "golden visa". Amongst the requirements to apply for residency under the MPRP, one must pay application fees / contributions which range between €82,000 and €112,000, as well as an additional €10,000 for each additional adult dependant (other than the spouse of the main applicant) included on the application.

Tax on income generated by such individuals is charged at progressive rates (capped at a maximum of 35%) on



Ben has been an integral part of the IMS team since 2012 and is a Certified Public Accountant. He specializes in managing residency and citizenship applications, providing guidance to clients navigating Malta's investment migration programs.

income and capital gains generated in Malta, and on foreign source income remitted to Malta. Foreign source capital gains are tax exempt in Malta, even if remitted, and no tax is chargeable on foreign sourced income that is not remitted to Malta.

Navigating the Future of Global Residence

Malta's diverse residence programmes reflect its strategic efforts to attract global talent, investment, and mobility. By offering competitive tax benefits, robust infrastructure, and access to the EU, Malta remains an attractive destination for individuals seeking professional and personal growth. The country's ongoing refinement of these programmes demonstrates its proactive approach in meeting the needs of both expatriates and the local economy.

Looking ahead, the legislator is expected to continue ensuring that these programmes remain attractive and balanced. The track record suggests it is well-equipped to navigate these complexities and continue reaping the rewards of its progressive residency framework.

¹ National Statistics Office (2024) World Population Day: 11 July 2024. Available at: <https://nso.gov.mt/world-population-day-11-july-2024/> (Accessed 15th November 2024)

² The European Economic Area, abbreviated as EEA, consists of the Member States of the European Union (EU) and three countries of the European Free Trade Association (EFTA) (Iceland, Liechtenstein and Norway; excluding Switzerland)

UK NON-DOM REGIME COMING TO AN END

THE CYPRUS ALTERNATIVE

The UK non-dom regime has for a long time been a popular choice, mainly for high net worth individuals. The UK government has now officially confirmed that their non-dom regime will be abolished from 6 April 2025.

Current UK non-doms, as well as other foreign persons wishing to move their tax residency to another country, are on the lookout for an option or alternative which can meet their personal, business and financial needs in a practical and efficient manner.

This is where Cyprus comes in with an alternative non-dom regime

Cyprus is considered to be a prime choice of destination for such individuals (both EU and non-EU), either for a long-term or short-term solution. This is mainly attributed to the **Cyprus non-dom tax regime**, which is automatically applicable to foreign persons becoming tax resident in Cyprus. In each case, the non-dom tax regime effectively applies for a maximum of 17 years.

Foreign persons can now become Cyprus tax residents much easier than ever before through the very convenient **60 days route**. This offers an immediate solution for cases where a new tax residency needs to be established quickly.

Currently, there is a big momentum of foreigners becoming Cyprus non-dom tax residents and effecting their international as well as local business affairs from Cyprus, as it offers a balanced combination of tax, non-tax and qualitative elements.

Non-dom resident persons are specifically exempt from Cyprus taxation on dividends and interest, irres-

pective of the source country and irrespective of whether the funds are remitted to Cyprus or not. Furthermore, there is a complete tax exemption on all gains from sale of shares and other qualifying titles as well as from capital gains which do not relate to immovable property situated in Cyprus. Last but not least there is no inheritance tax.

These tax exemptions are of particular interest to high-net-worth individuals, as the vast majority of their income usually derives from dividends, interest and capital gains.

Notwithstanding the above, Cyprus offers an array of other attractive tax elements for both individuals and companies and very appealing provisions to relocate businesses and key management to the island. The general infrastructure facilitates the establishment of any level of needed business and operational substance with a comparative cost advantage when compared to other prime EU jurisdictions. Further, there is the friendly business environment and attractive legal system based on the English common law principles.

The quality of life and the facilities offered are just as important. The very convenient geographical position, pleasant Mediterranean climate, an abundance of blue flag beaches, low crime rate, modern infrastructure, high-end city, beachfront or mountain properties, international schools, advanced medical care facilities as well as cosmopolitan life, make quite a strong case for Cyprus as a supreme place to work, live and raise a family.



Concluding, Cyprus offers stability, practicality, workability, predictability in the business environment, tax efficiency and peace of mind.

HOW CAN TOTALSERVE ASSIST?

- All Immigration Department aspects
- Registration with Cyprus tax authorities
- All ongoing personal income tax obligations
- Establishing and administering a Cyprus company
- Establishing a Cyprus International Trust
- Professional director and trustee services
- Company redomiciliations
- Permanent Residency Permits and Work Permits
- Opening of bank accounts
- Accounting/ Bookkeeping
- Property and real estate matters

*More information on
Totalserve's wide range of
services here.*

*Legal services are offered
through our group's law
firm E&G Economides LLC.*

*For any needed clarifica-
tions or assistance please
contact our CEO and
Head of Tax, Petros Rialas
or our senior tax manager
Marios Yenagrites.*

MEMBER SPOTLIGHT

Steven Hagen



1. Can you tell us about your practice and how you came to join TTN?

I joined TTN over 20 years ago at the invitation of the then board of directors. My first conference was in Paris. This was also approximately the time that I joined my law firm Harper Meyer. Harper Meyer's practice is very internationally oriented and with my focus on international and cross border tax planning the "fit" for Harper Meyer and TTN was perfect.

2. You are a long time TTN member. Can you describe how TTN has changed over the years? Has it been for the better?

While all of us would prefer to have some additional members, TTN has always been a "go to" resource for our firm. While our firm consists of 22 lawyers, the "reach" of our firm is enormous by having experts that we can reach out to all over the world. This aspect of TTN has always been present, and in fact has been enhanced within the last 5 to 10 years. The new board has been innovative and I believe strengthened TTN for the future.

3. What are some of your interests outside of the practice of law?

Judy and I love to travel and attend sporting events. At the risk of sounding like a "nerd", other than my family, my true first love is the practice of international tax law and working with my colleagues at Harper Meyer. Perhaps also, there may be a little pride in the fact that after 20 years of being the Managing Partner of Harper Meyer my son Jeff Hagen has succeeded me and is now the co-Managing Partner of Harper Meyer.

4. What are some tax changes you expect or will be monitoring under the new Trump administration, and what impact do you perceive these changes could have on your practice?

In the year 2001, the then Republican administration rejected pronouncements by the OECD labeling the OECD as a "Tax Cartel." We now have another Republican administration and therefore it is likely that the United States will act on its own with more frequency. Furthermore, the United States is likely to reject worldwide agreements that limit the ability for United States to be flexible as to its internal tax policies. The intent of these Republican policies is to make the United States a more attractive investment opportunity. We will see how this plays out in the upcoming years but the United States, insisting on its sovereignty is nothing new. Whenever there is a change of administration, it enhances our tax practice because clients want to be compliant and plan their investments with tax policy trends in mind.

MILAN

26-28 SEPTEMBER 2024



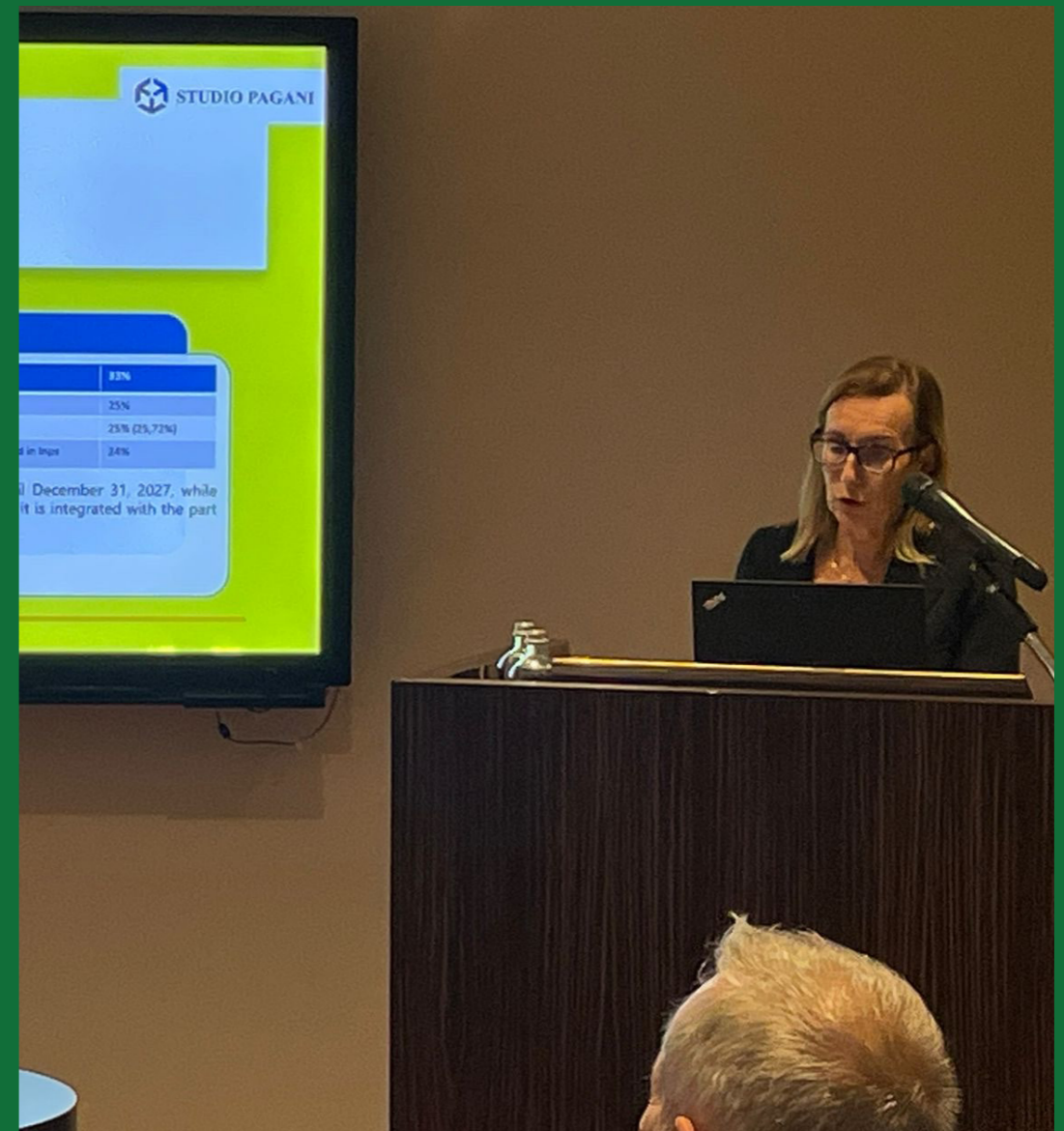
The Duomo in Milano.



Arturo Brook welcomes TTN to the conference.



Full group of conference participants gather for a photo.



Host Alessandra Pagani.



TTN gathers for the Thursday night welcome cocktail.



President Arturo Brook welcomes everyone to Milan at the cocktail.



TTN takes Milan.



Ricky Gutierrez Becker presents at the conference.

BUENOS AIRES

24-26 APRIL 2025



A panel focusing on the use of AI by tax authorities.



TTN Member Derren Joseph speaking about tax information exchange matters.



Enjoying our Saturday outing in tradition Argentine Estancia.



Enjoying our Saturday outing in tradition Argentine Estancia.



Walter Keiniger, Chair of the TTN Buenos Aires Conference, and Arturo Brook, President of the Executive Committee of TTN.



Conference dinner and show at Mansion Tango

UPCOMING TTN CONFERENCE

DUBLIN, IRELAND

25-27 SEPTEMBER

***THE 2025 TTN
EUROPE CONFERENCE AND
AGM
WILL BE HELD IN DUBLIN***

Discover the charm of Dublin - You are invited!

We cordially invite you to an unforgettable experience in the heart of Ireland: Dublin! This vibrant capital city is known for its warm hospitality, lively pubs, rich history and atmospheric streets full of music and culture. From the famous Temple Bar district to the historic Trinity College library, Dublin offers something for everyone.

Indulge in Irish conviviality and join us for a special occasion in this unique city. We look forward to making great memories together!



DUBLIN, IRELAND

CONFERENCE PROGRAM

THURSDAY 25 SEPTEMBER 2025

WELCOME COCKTAILS AND DINNER

FRIDAY 26 SEPTEMBER 2025

CONFERENCE DAY

AGM (TTN-MEMBERS ONLY)

CONFERENCE DINNER

SATURDAY 27 SEPTEMBER 2025

SOCIAL TOUR

INFORMATION

TTN - Transnational Taxation Network is a multi-disciplinary association of tax, accounting and trust practitioners who have extensive knowledge of international tax matters. Our network provides information and advise through our members in various international jurisdictions.

The group meets at different international locations twice per year. These meetings provide opportunities for the members to discuss matters of international tax and to discuss trends and analysis of international tax matters.

For more information:

TTN Secretariat

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