Form 3520 — preparation workpapers

Priya Sample | Tax year 2025 | Version 1

Preparation record — retain with your files; do not mail

Reviewer: Jordan Sample, CPA
Rules: form3520-2026.10.30.1
Template SHA-256: 031f9840607c14ba56f016a74e285025f479eaf1753d2cbde3082fcee2448db2
Source: https://www.irs.gov/instructions/i3520
Page 1 boxes: Part IV
Return type: original
Filer: individual

Threshold analysis

Donor group / category	USD total	Threshold exceeded?
Parents	125,775.00	Yes
All corporate/partnership-related gifts	0.00	No (threshold $20,116.00)

Reporting result

Line 54: Yes; line 55: No. Line 54 itemized total: $125,775.00. The itemized total excludes individual gifts of $5,000 or less even when they count toward a group threshold.

Gift 1 — Rakesh Sample

Donor type: individual; group: Parents; relationship analysis: Parent; the two parents are treated as related donors and aggregated.
Received: 02/14/2025; description: Cash wire toward a home purchase
Original FMV: 60000.00 USD; USD per unit: 1; USD FMV: $60,000.00
Rate source/method: USD — no conversion
Evidence/valuation: Bank wire confirmation

Gift 2 — Anjali Sample

Donor type: individual; group: Parents; relationship analysis: Parent; the two parents are treated as related donors and aggregated.
Received: 06/03/2025; description: Cash wire
Original FMV: 3500000.00 INR; USD per unit: 0.01165000; USD FMV: $40,775.00
Rate source/method: Bank conversion rate shown on the wire confirmation
Evidence/valuation: Bank wire confirmation

Gift 3 — Rakesh Sample

Donor type: individual; group: Parents; relationship analysis: Parent; the two parents are treated as related donors and aggregated.
Received: 11/20/2025; description: Cash wire
Original FMV: 25000.00 USD; USD per unit: 1; USD FMV: $25,000.00
Rate source/method: USD — no conversion
Evidence/valuation: Bank wire confirmation

SAMPLE — NOT FOR FILING

Sample return from Agena Software. All names and numbers are fictional.

Reasonable-cause attachment

Included with the filing PDF

Late-filing timeline

The gifts were received in 2025. Form 3520 was due April 15, 2026. The taxpayer learned of the requirement on August 4, 2026, when a new tax preparer reviewed her foreign bank records, and the return was prepared within three weeks of that meeting.

Reason for delay

The taxpayer, a first-generation immigrant, relied on her prior paid preparer, who was told about the gifts and did not advise her of any reporting requirement. The gifts are not taxable income, and she reasonably believed nothing was required.

Corrective steps

She engaged a CPA experienced in international information returns, gathered the wire records, and is filing this complete Form 3520 voluntarily before any IRS contact. She has adopted a practice of reviewing foreign receipts with her preparer each year.

Exhibits to attach manually

Exhibit A: engagement letter with prior preparer. Exhibit B: e-mail of March 2026 informing the prior preparer of the gifts.

Review issues

No blocking validation issues.

Review reminders

Confirm the filing deadline, valid extensions, and any disaster relief. The software does not determine whether this return is late. A reasonable-cause statement will be attached. The IRS determines relief; inclusion is not approval or a guarantee against penalties. The taxpayer must review, sign, and date the separate statement. Add any listed exhibits manually.

Preparer notes

None

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