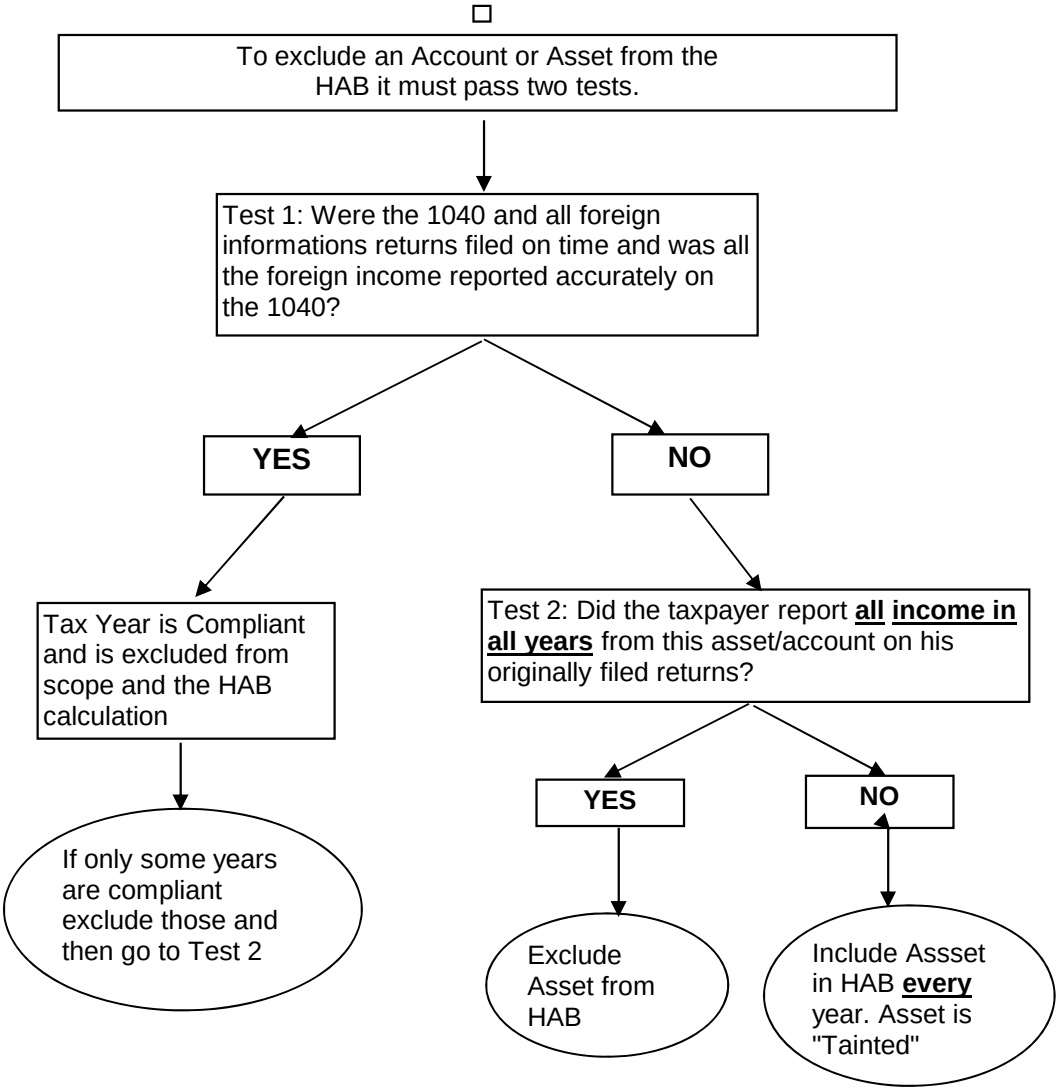
To exclude an Account or Asset from the HAB it must pass two tests.
Test 1: Were the 1040 and all foreign informations returns filed on time and was all the foreign income reported accurately on the 1040?
YES
NO
Tax Year is Compliant and is excluded from scope and the HAB calculation
If only some years are compliant exclude those and then go to Test 2
Test 2: Did the taxpayer report all income in all years from this asset/account on his originally filed returns?
YES
NO
Exclude Asset from HAB
Include Assset in HAB every year. Asset is "Tainted"