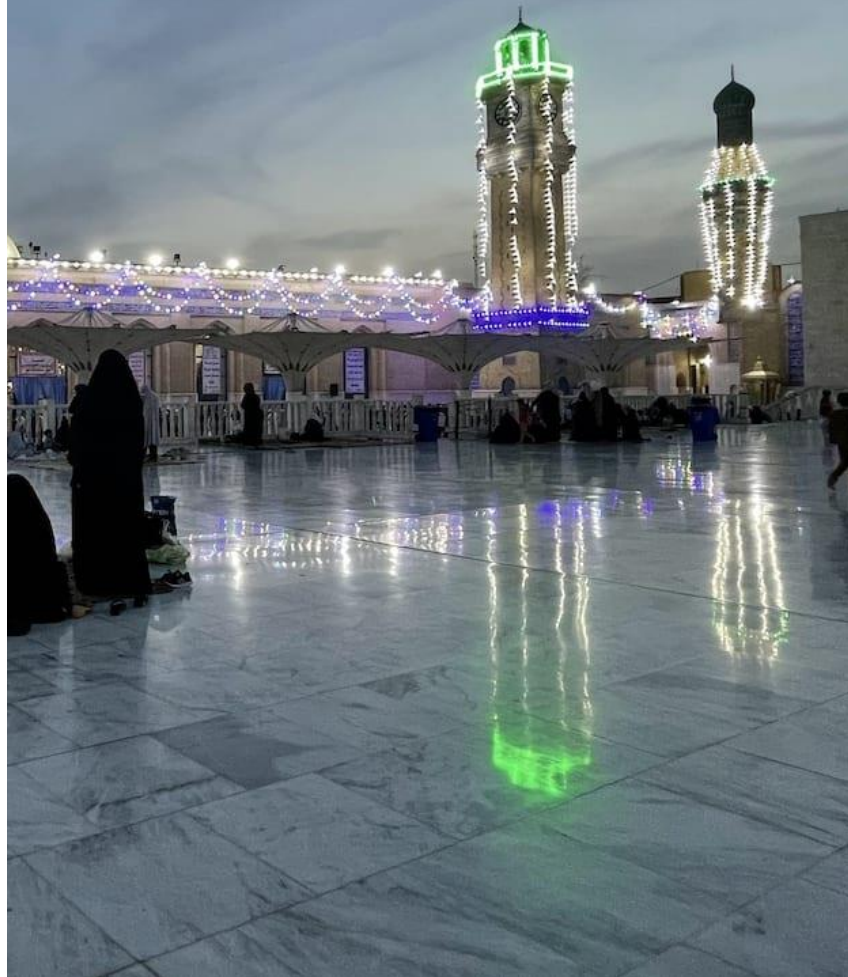


Investing in Iraq

Is investing in Iraq, either in their currency or the stock market, worth your time and money, and if there is a windfall gain, how would it be taxed in the U.S.?



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PROLOG

About this eBook

As investing in the Iraqi economy has the potential to increase in value, individuals may be interested in understanding the tax implications of any windfall gains they may receive. In this eBook, we will summarize various tax planning strategies that individuals can consider to minimize their tax exposure on windfall gains from investments in Iraq. From investing in tax-advantaged accounts such as a Roth IRA or a precious metal Roth IRA, to using gifting assignments or a charitable remainder Unitrust, this article will provide an overview of the various options available for tax planning for any windfall gains. It is important to note that tax laws can vary by jurisdiction, and individuals should consult with a financial advisor or tax professional for personalized guidance.

“Foreign investments are beginning to pour into Iraq this year, fueled by a growing confidence in the country’s stability”

USA TODAY

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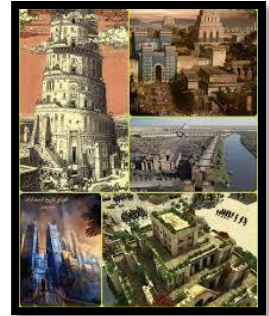
Facts about Iraq



Capital and largest city:	Baghdad
Other major cities:	Basra, Mosul
Official language:	Arabic
Region:	Western Asia
Ethnic groups:	
	<ul style="list-style-type: none">• 75% Iraqi or Mesopotamian Arabs,• 17% Kurds,• 3% Turkmen,• 2% Assyrians,• 2% Persians,• 1% Others
Religions:	95% Islam,5% Christianity
Nationality name:	Republic of Iraq, Iraq
Area:	437,072 km ² (168,754 sq mi)
Population:	41.18 million (2021)
Currency:	Iraqi dinar

Into the Past: A Brief History of Iraq

The history of Iraq is long and complicated, stretching back to ancient times. Arab armies conquered the area in the seventh century, and it eventually became part of the Islamic Empire. The Ottoman Empire established its control over what is now Iraq in the 16th century. Following its occupation by British forces during World War I, Iraq eventually gained its independence in 1932 and established a monarchy.



As early as the 1950s, Iraq was rocked by a wave of political instability marked by a number of coups. The monarchy was overthrown in a military coup in 1958, and a republic was formed. Oil prices skyrocketed in the 1970s, fueling Iraq's rapid economic expansion. During his presidency, which began in 1979, Saddam Hussein led Iraq to war with Iran (1980–1988) and an invasion of Kuwait (1990).



As a result of the Gulf War in 1991, the United Nations imposed economic sanctions on Iraq, and in 1996, the United States launched Operation Desert Strike against the country. Iraq refused to cooperate with United Nations inspectors looking into its program to produce weapons of mass destruction, which led to the outbreak of war.

The United States led an international coalition that invaded Iraq in 2003 and toppled the regime of Saddam Hussein. Since then, Iraq has been plagued by sectarian killings, political upheaval, and the growth of terrorist organizations like ISIS.

Large-scale political and social transformations occurred in Iraq after the 2003 war. A new constitution was ratified and elections held in 2005 to establish a new administration. A federal system was set up, and the country was split into 18 provinces. A lot of work was put in by the new government to try and make life better for the people of Iraq. Sectarian violence broke out all over the country, with Sunni and Shia militias attacking each other and the U.S.-led coalition forces.

U.S. efforts to reduce violence and stabilize the country began with a troop surge in 2007. The strategy was generally effective, and crime rates dropped dramatically. The Iraqi government had a hard time restoring the country's infrastructure and meeting the basic needs of its people. Once the United States pulled out of Iraq in 2011, the country was left to fend for itself.

Throughout Iraq and Syria, the Islamic State of Iraq and Syria (ISIS) has been a major threat since 2014. Massive swaths of territory in both countries were taken over by the group, prompting the declaration of a caliphate. Military action was taken against ISIS by the Iraqi government and its allies, including the United States, and the group was ultimately defeated by 2017.

There were parliamentary elections in Iraq in 2018, and a new government took office. The country has made some strides toward restoring stability, but it still faces numerous difficulties. There is a lot of corruption, the economy is failing, and utilities like water and electricity are still spotty. Meanwhile, Iran and Turkey, two of Iraq's neighbors, continue to threaten internal peace and security.

The Economy and the Effects of Changes in the Money Supply

The American government played a crucial role in the dramatic shifts in Iraq's economy. After the 2003 U.S.-led invasion of Iraq, the United States assumed control of the country's monetary system and set up the Coalition Provisional Authority (CPA) to rule the country.

The CPA collaborated with the Central Bank of Iraq (CBI) to introduce a new currency, the IQD, as part of its efforts to rebuild Iraq's financial system. The United States assisted the Central Bank of India (CBI) with technical advice and funding as it created a new currency and monetary policy.

The United States helped advance CBI independence and ensure that it played a more nonpartisan role in the country's economic and financial affairs. This improved the climate for investment and economic growth by restoring the public's faith in the CBI and the financial system.



Figure 1 Central Bank of Iraq

In 1947, the Central Bank of Iraq (CBI) was founded to serve as the country's primary financial institution. At first, the Central Bank of Iraq (CBI) was in charge of the issuance and management of Iraqi currency, as well as the management of foreign exchange reserves. The Central Bank of Iraq (CBI) has been instrumental in shaping the growth of Iraq's economy and financial sector over the years.

The CBI was manipulated by Saddam Hussein's regime to fund the military and other top priorities of the dictator's regime. The Central Bank of Iraq (CBI) underwent a major reorganization following the 2003 U.S.-led invasion of Iraq to give it more autonomy and make it appear less biased in the country's economic and financial affairs.

The Central Bank of Iraq (CBI) adopted a market-based exchange rate system and a new monetary policy framework in 2004. This included the introduction of a new currency, the Iraqi dinar. Additionally, the CBI improved its accountability and transparency by instituting a cutting-edge payment and settlement system.

The CBI has been instrumental in recent years in aiding the Iraqi government's initiatives to restore the country's economy and infrastructure. To aid in these goals of stability, economic growth, and poverty alleviation, the CBI has enacted a number of reforms to the country's monetary and financial systems.

The CBI has also taken the lead in regional and global discussions on financial and economic issues, as well as increased its international cooperation and engagement.

The Iraqi Dinar

As of October 2003, after the United States led an invasion of Iraq, the New Iraqi Dinar (IQD) has been the country's official currency. Due to high inflation and a lack of public trust, the old Iraqi dinar was eventually replaced by the new dinar. The new dinar was introduced as part of broader efforts to modernize the country's monetary system and boost the economy.



The Central Bank of Iraq (CBI) is in charge of issuing and managing the new dinar, and it has introduced a number of monetary and financial policies to ensure economic stability and boost growth. The CBI has also taken measures to increase its autonomy from the government and boost the openness and accountability of its operations.

The new dinar is notable for its stability. The CBI's implementation of a flexible exchange rate regime has contributed to lower inflation and a stable dinar value. Because of this, conditions have improved to encourage business investment and expansion.

The safety of the new dinar is also an important aspect. The CBI has taken measures to increase financial security, including the introduction of new banknotes that are more difficult to counterfeit and the enhancement of payment and settlement systems.

Even with the new dinar's successes, Iraq still has a long way to go before it is free of its problems. Currency fluctuations and value instability are possible outcomes of Iraq's ongoing struggles with political unpredictability, corruption, and inadequate infrastructure.

A rise in the value of the Iraqi Dinar (IQD) could spark public demand for this action, especially among Iraqis who are struggling economically and would benefit from a more stable currency. However, it's hard to put a number on how much of an uproar there is, because people have such divergent views on the dinar's worth.

High inflation, a sizable trade deficit, and a shaky banking system are just some of the economic and financial difficulties Iraq has faced in recent years. The dinar's value has dropped and its stability is in question as a result of these problems.

The Central Bank of Iraq (CBI) is trying to make the Iraqi financial system more stable and open despite these obstacles. Inflation has been brought under control, public confidence in the dinar has been bolstered, and the economy has been stimulated thanks to reforms instituted by the CBI.

Insidious con artists have capitalized on the widespread excitement around reports of potential windfalls.

Many cases of fraud have been documented as a result of the hype surrounding the possible revaluation of the Iraqi dinar (IQD). Here are some examples of the most typical kinds of fraud:

Scams: Some people and groups have said the dinar would be revalued soon and that investors can make a profit by purchasing the currency at this time. Cons use the victims' desperation for a fast buck to trick them into parting with their money.

The second type of scam involves the use of the dinar and involves the use of "Ponzi schemes," in which investors are promised inflated returns on their initial investments.

Usually, these schemes fail because there aren't enough new investors to cover the returns owed to the initial investors.

To add insult to injury, there have been instances of counterfeit dinars being sold to those anticipating financial gain from a revaluation. These counterfeit currencies are notoriously difficult to spot and have the potential to cause severe financial losses.



Several entities and individuals have offered dinar investments without being authorized to do so by the appropriate financial authorities. There is a higher chance of fraud and financial loss because the government does not monitor these investments.

Scams involving the Iraqi Dinar have resulted in arrests in the United States (IQD). To combat fake dinar activity, the FBI and other law enforcement agencies have taken action against certain individuals and businesses.

As an illustration, in 2013, a guy from Texas received a 10-year prison term for his role in an Iraqi Dinar scam that had netted \$60 million. He was blamed for allegedly encouraging people to buy dinar by promising a future revaluation and price hike.

A guy from Florida was given a five-year prison term in 2015 for his part in a Ponzi scheme involving twenty million Iraqi dinars. Those he persuaded to put money into the dinar say he lied to them about the safety of the currency and the potential profitability of his scheme.

These incidents highlight the risks associated with investment fraud and the significance of taking precautions against falling victim to such schemes.

Iraq's Revenue Generation Mechanisms

Iraq's dynamic and varied economy is reflected in the wide variety of goods and services that make up the country's Gross Domestic Product (GDP). The GDP of Iraq takes into account contributions from several different industries.

1. Petroleum and natural gas: The majority of Iraq's gross domestic product comes from the oil and gas industry, making Iraq one of the world's top oil producers.
2. Iraq is a major global producer of wheat, barley, rice, and dates, and is thus an important economic player in the global agricultural market.
3. Manufacturing covers a wide range of fields in Iraq, from textiles to food processing to building supplies. It is a principal draw for new businesses investing in Iraq
4. Services: Financial services, telecommunications, and the tourism industry are all expanding in Iraq's services sector. Expanding coverage into remote areas is becoming a reality.
5. Iraq's construction industry has been expanding in recent years thanks to government support for public works projects and private sector investments in housing and commercial building.



Depending on the state of the Iraqi economy and the global commodity market, the exact proportions of different commodities to annual income can shift from year to year. Here, however, is a preliminary estimate, based on recent data, of the contributions of certain significant sectors to Iraq's GDP:

1. First and foremost, the oil and natural gas industry is Iraq's most important economic driver, responsible for over 60% of the country's GDP and more than 90% of its export earnings.
2. Farming: This sector contributes between 5 and 10 percent to Iraq's GDP and is a major provider of work and income in the country's more remote regions.
3. The manufacturing industry contributes between 5 and 10 percent to Iraq's GDP through the production of goods including textiles, processed foods, and building supplies.
4. The service industry is expanding in Iraq and already makes up between 20 and 30 percent of the country's gross domestic product (GDP). The financial industry, the telecommunications industry, and the tourism industry are all part of this sector.

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5. A rapidly expanding industry, building now contributes for between 5 and 10 percent of Iraq's gross domestic product (GDP).

It's important to keep in mind that these are just estimates, and that the real contributions of various industries to Iraq's GDP may fluctuate from one year to the next.

ISX — Iraqi Stock Exchange

The ISX is the main stock exchange in Iraq. It is headquartered in Baghdad and opened in 2004. Under the supervision of the Iraqi Securities Commission (ISC) and under a contemporary and open legal framework, the ISX functions.



Figure 2 Iraqi Stock Exchange

The Iraq Stock Exchange (ISX) serves as a trading floor for the shares of Iraqi public enterprises and as a means for corporations to issue additional shares to the public in order to generate cash. Financial services, media, building materials, and power are just some of the industries represented by ISX members.

ISX infrastructure has improved, regulatory framework has been strengthened, and transparency has increased over the past few years despite persistent issues and insecurity in Iraq. The ISX has also taken measures to encourage investment in the country and to broaden the reach of small and medium-sized firms (SMEs) into the capital markets.

The ISX is open to American investors, but they should be aware of a few caveats. Currency volatility, political and economic instability, and a lack of transparency are just a few of the dangers associated with investing in international stock markets.

The following are the procedures for American citizens interested in investing on the Iraq Stock Exchange (ISX):

1. Do your homework and carefully weigh the benefits and drawbacks of the ISX before making any investments. This entails looking into the economic and political climate of Iraq, as well as the exchange-listed companies.

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2. Next, sign up for a brokerage account with a company that provides trading on international stock markets like the ISX. It's possible this would call for more paperwork, a higher minimum investment amount, and higher fees.
 3. To buy shares on the ISX, you must first transfer money from your U.S. bank account to your brokerage account.
 4. Stocks: Pick the ISX stocks you want to buy. You should consult a broker or financial advisor who specializes in international investments.
 5. Buy the Shares on the ISX with Your Brokerage Account to Finalize the Deal. U.S. investors may also find it difficult to complete transactions and obtain information about the companies listed on the ISX, in addition to opening a brokerage account in Iraq. If this is the case, American investors could benefit from consulting a broker or advisor who specializes in international transactions.

Before making any investments on the ISX or any other foreign stock exchange, American citizens should do extensive research and carefully consider the risks involved. The tax ramifications of such an investment are complex and should be discussed with a financial advisor or tax professional.

Returns on investments in the United States are subject to taxation.

The federal government of the United States relies on tax revenue from citizens and businesses to finance its activities. The Internal Revenue Service (IRS) is in charge of collecting taxes while Congress provides oversight.

Individuals and corporations are subject to different tax rates at different income levels in the United States due to the country's use of a progressive income tax system. Those with higher incomes, both as individuals and as businesses, are subject to a higher tax rate than those with lower incomes. Payroll taxes are a part of the tax system, too, and they're what pay for things like Medicare and Social Security.



Many states and municipalities in the United States impose their own tax systems in addition to the federal government's. Many tax credits and deductions exist in the United States tax code to help lower your tax bill.

US taxation of ISX profits and losses

Gains on the sale of a capital asset, like a business or piece of property, are known as capital gains. The gains from selling a piece of property are subject to the capital gains tax.

Gains or losses on the sale of an asset (capital gains or losses) are determined by subtracting the acquisition cost from the sales price. A capital gain is the difference between the sale price and the purchase price, while a capital loss is the opposite.

Depending on how long it was between the asset's purchase and sale, the profit from the sale could be considered either short-term or long-term. In the United States, long-term capital gains are taxed at a lower rate than short-term ones. Individuals' capital gains tax rates are determined by their tax bracket and the asset class being liquidated.

Gains and losses on IQD in the United States tax system.

Any profits made by selling IQDs will be treated as regular salary. Those currently serving or having previously served in the military, as well as contractors working in conflict zones, make up the bulk of dinar investors. The Internet has spawned a cottage industry of promoters offering "get rich quick" schemes based on the dinar. Many people have put in \$5,000 with the expectation of making millions.

The current maximum long-term capital gains tax rate is 15%. The bad news is that Section 988 of the Internal Revenue Code treats gains and losses from currency holdings as ordinary (foreign currency transactions). Because they do not hold currency and do not take or make delivery, forex traders are not eligible to file a capital gains election to switch to the more favorable short- and long-term capital gains treatment afforded to other investors.

The future tax rate will not be any lower than 60/40 in light of this (Section 1256). At the very least, unlike when a traveler returns home and exchanges any leftover currency from his trip, this kind of loss is not considered a personal loss that cannot be deducted. Those who lose money on their dinar investments can take advantage of the ordinary loss provisions of Section 988.

The IQD will be taxed like any other form of salary, ordinary income.

Any source of revenue that is subject to ordinary income taxation rather than capital gains taxation is referred to as "ordinary income." Wages, salaries, commissions, bonuses, tips, and profits from freelance work are all examples of "ordinary income."

As one's standard of living rises, so does the rate at which their regular income is taxed. The rate at which an individual pays tax on their ordinary income is set by their annual taxable income bracket.

Many jurisdictions impose taxes on ordinary income in addition to the federal government. Taxes at the state and municipal levels are in addition to federal taxes and can vary widely from one place to another.

Potential gains in the IQD would have the greatest impact on taxes.

Estate Taxes

It is common practice for governments to levy a tax on the distribution of an individual's estate upon their passing. Depending on local law, the estate or the beneficiaries may be responsible for paying this tax, which is calculated as a percentage of the total value of the estate being transferred.



The estate tax is a form of federal tax levied in the United States on estates with a value above a threshold that is updated each year to account for inflation. With a progressive estate tax, the tax rate rises with the size of the estate. Due to the high exemption threshold, the vast majority of estates are not subject to the estate tax. This tax is therefore aimed at the wealthy.

Gifts made during a person's lifetime and certain transfers to a surviving spouse are two examples of exemptions and deductions that can reduce the value of an estate subject to the tax. While the federal government levies an estate tax, some states impose their own.

Methods of lowering a person's Estate Tax bill.

A number of strategies can be employed to lessen the impact of estate taxes, including:

1. The size of an estate and the amount that is subject to estate tax can be decreased through the following means: 1. gifting. In order to avoid paying taxes on gifts made to loved ones, the government sets annual and lifetime gift tax exclusions.

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2. Utilizing tools like trusts, life insurance, and charitable donations, careful estate planning can lessen the financial burden of estate taxes. For instance, a person can avoid estate taxes by leaving assets to their heirs in the form of a trust and distributing income from the trust.
 3. Life insurance can help cover estate taxes and other final expenses by providing beneficiaries with a tax-free death benefit.
 4. Giving to charity is another way to lessen the blow of estate taxes. Giving to charity during one's lifetime or as part of one's estate plan can both lessen the value of an estate that must be reported for tax purposes and earn one a tax write-off.
 5. Tax Legislation It is important to keep up with the ever-evolving estate tax legislation. The amount of money an estate can keep free of federal estate tax, for instance, fluctuates over time and is subject to annual inflation adjustments.

Exactly what do we mean when we talk about "gift assignments"?

Assigning assets as a gift means passing legal title or management of those assets to another party. Many people choose to do this in order to alleviate the financial burden of estate taxes, help a worthy cause, or assist a loved one in need.

A gift assignment may be made to a specific person or to a group, such as a charity. Gifts to private individuals are usually exempt from transfer taxes and other obligations. However, donors can sometimes claim a charitable deduction on their taxes based on the amount of money they donate to a good cause.

You should be aware that there are rules and regulations governing gifting assignments, such as reporting requirements and transfer restrictions, and that there may be limitations on the amount of gifts that can be made without incurring gift tax liability. Therefore, it is recommended to seek the advice of a tax expert or financial advisor to ascertain the tax implications and verify that any gifting assignments are made in accordance with the law.

Ordinary income taxation

You can lessen the blow of windfall gains counted as ordinary income and possibly lower your tax bill by taking advantage of some of the following strategies:

A number of factors, including but not limited to timing, can significantly affect how gains are taxed upon the sale of an asset. Realizing the gain at a later date may result in a lower effective tax rate.

Offering a portion of the windfall gains to a charity can reduce taxable income and earn a tax deduction.

Investing a portion of the windfall gains in a tax-deferred retirement vehicle, such as an individual retirement account (IRA) or a 401(k), can lower taxable income in the current year and, in some cases, grow tax-free over time.

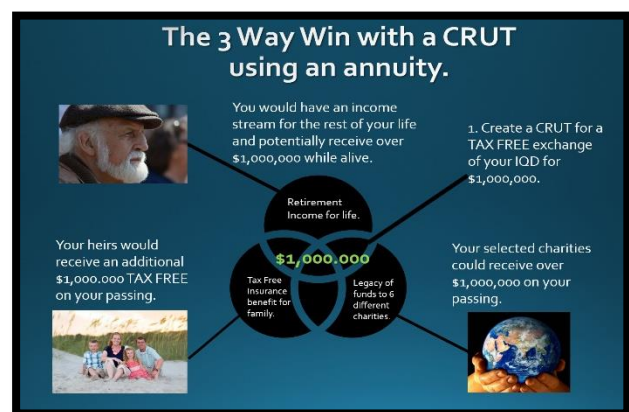
Investing windfall gains in a business or using the money to start one is a good idea because it can result in tax breaks in the form of write-offs for business expenses and a lower taxable income.

A tax-loss harvesting strategy involves selling investments at a loss to offset gains and reduce taxable income.

Choosing investments that result in long-term capital gains rather than short-term gains can also mitigate the effects of windfall gains taxed as ordinary income, which brings us to tip number seven: tax-efficient asset allocation.

To what extent can a CRUT lessen the impact of unexpected ordinary gains?

One type of trust that can be used to lessen the blow of ordinary income windfall gains and lower tax liabilities is a charitable remainder unitrust (CRUT). Income from the trust's investments is distributed tax-free to the donor or beneficiaries for a set period of time through a charitable remainder unitrust (CRUT). Any assets still in existence after the allotted time period have been given to a chosen charity.



It is possible to receive income from a CRUT for a set period of time or for the rest of the donor's life when a windfall gain is contributed to the trust. This money must be reported and taxed as regular salary the year it is earned. The donor's tax liability associated with the windfall gain may be mitigated, however, by delaying some of the income recognition and thereby lowering the amount of income subject to taxation in any given year.

Furthermore, a CRUT allows the donor to claim a tax deduction for a portion of the value of the windfall gain that will be given to charity. The donor's taxable income in the year of the CRUT's establishment may be reduced by the charitable deduction.

Note that in order to set up a CRUT and reap the associated tax benefits, certain rules and regulations must be adhered to. For help deciding if a CRUT is right for you to minimize the effects of ordinary income windfall gains, talk to a tax expert or financial planner.

The best places to convert IQD to USD.

The Iraqi Dinar (IQD) can be converted to U.S. dollars (USD) at many different banks and exchanges.

1. Exchange IQD for USD at most banks; these include Citibank, JPMorgan Chase, and HSBC, among others with international branches.
2. Companies specializing in foreign exchange, such as Travelex and Xe.com, offer both online and in-person services to convert IQD to USD.
3. People can convert IQD to USD via online money transfer services like PayPal, TransferWise, and Western Union, typically at lower fees than banks and currency exchange providers.
4. Forex brokers are monetary institutions that deal exclusively in the trading of foreign currencies such as the IQD and the USD. Exchange services may be provided for a fee or bundled into a broader trading account.

The IQD to USD exchange rate varies from provider to provider and is subject to change. Before exchanging your IQD for USD, it's in your best interest to shop around and find the best exchange rate and fees.

Gaining tax-free income with a ROTH IRA.

A Roth IRA is an individual retirement account (IRA) that allows for tax-free distributions once the account holder has reached retirement age. Contributions to a Roth IRA are taxed in the year they are made, but qualified withdrawals in retirement are not taxed at all, making the Roth IRA an attractive retirement savings option.



Among the most distinctive characteristics of a Roth IRA are:

1. Unlike traditional IRAs, Roth IRAs don't impose any kind of mandatory withdrawals on account holders at any point in their lives.
2. There is no upper age limit for contributing to a Roth IRA as long as the account holder is working and earning money.
3. Earnings in a Roth IRA are tax-free if the money is withdrawn in retirement for qualified expenses.
4. Anyone can put money into a Roth IRA regardless of their income level. However, there are annual income-based contribution caps in place. The way around these limitations is using a "Backdoor Roth". Create an ordinary IRA account that has no caps on income, then convert it to a ROTH.
5. Convenience There are no penalties for early withdrawals from a Roth IRA as long as the money is withdrawn after 5 years and the account holder is over 59 and a half.

All withdrawals from a Roth IRA before age 59 and a half may be subject to a 10% penalty and taxes, unless certain exceptions apply. If you want to know if a Roth IRA is the right choice for you, it's best to talk to a financial advisor or tax expert.

Self-Directed Roth IRA for a Single-Member LLC

The LLC structure with a single owner (LLC) To get the best of both worlds, many people choose to open a Roth IRA and a limited liability company (LLC) retirement account.

Single-Member Limited Liability Company Roth is a single-member limited liability company that is disregarded for tax purposes, so the owner is personally responsible for paying the LLC's taxes. Once the LLC has been formed, a Roth IRA account can be opened for it, and this account will be handled independently of the LLC. The LLC owner makes after-tax contributions to the Roth IRA, which then makes investments with the money.

The liability protection afforded by the LLC structure is one reason why a Roth IRA held by a single-member LLC can be advantageous. In addition, a Roth IRA's tax-free withdrawals and lack of RMDs can offer substantial tax benefits in retirement.

One-member LLC Roths may be subject to more stringent compliance requirements and may not be the best choice for all investors. Before deciding whether or not to form a single-member limited liability company (LLC) Roth, it is wise to discuss the matter with a financial advisor or tax expert.

The IQD can be invested in a Roth IRA held by a single member LLC.

Currency assets, such as Iraqi Dinar (IQD), need to go through a few hoops before they can be held in a Roth IRA held by a single member LLC. Specifically, these measures consist of:

1. To begin, you'll need to establish a single-member limited liability company (LLC) by filing articles of organization with the relevant state agency.
2. After forming your single-member LLC, you must make an election to have it treated for tax purposes as a disregarded entity. As the owner, you will be personally responsible for paying any taxes related to the LLC.
3. You can open a Roth IRA in the name of your one-member LLC after it has been formed and taxed as a disregarded entity.
4. Contributions to a Roth IRA can be made with after-tax income once the account has been set up.
5. After funding your Roth IRA, you can buy foreign currency and store it in the account, giving you access to a broader range of investment opportunities.

Note that there are substantial risks associated with investing in currency assets, such as the IQD, due to fluctuations in exchange rates and market conditions.

Furthermore, there may be additional compliance requirements for investing in currency assets through a Roth IRA, and as a result, this strategy may not be right for all investors. If you're considering investing in currency assets through a one-member LLC Roth, you should talk to a financial advisor or tax professional first to see if this is the best course of action for you.

Precious Metal Roth

A metal of great value Gold, silver, platinum, and palladium bullion are some examples of physical precious metals that can be held in a special kind of Roth IRA. Contributions to a Roth IRA are made with after-tax dollars, and any earnings on those funds are compounded tax-free. This option is also available for “exotic currencies being held for investment purposes”, which would include the IQD.

Precious metals held in a Roth IRA provide investors with the same tax advantages as other Roth IRA investments, meaning that investors can withdraw their retirement savings from the account tax-free if they have made a profit from selling the precious metals.

Opening a self-directed Roth IRA with a trustee that focuses on precious metals and allows IQD is the first step toward creating a precious metal Roth IRA. The next step is for the person to either contribute to the new self-directed Roth IRA or transfer funds from their existing Roth IRA. After that, the money can be invested in precious metals in the form of bullion and kept in a vault.

Planning your taxes for an IQD windfall: a synopsis

Since the tax implications of windfall gains from the Iraqi Dinar (IQD) can vary widely depending on an individual's circumstances and the laws of their jurisdiction, tax planning for such gains can be difficult.

Gains from the IQD windfall will be taxed at the individual's normal rate of income. Tax-advantaged accounts, such as a Roth IRA or a precious metals Roth IRA, may allow for tax-free growth and withdrawals in retirement, which may be attractive to those who want to invest their windfall gains tax-wise.

Giftting assignments or a charitable remainder Unitrust can facilitate the transfer of assets to family members or charitable organizations in a tax-efficient manner, thereby mitigating the taxpayer's exposure to tax on windfall gains.

Those who wish to receive tailored advice and keep up-to-date on how the IQD's windfall gains will be taxed should speak with a financial advisor or tax professional.

Maxplans for Life Inc. can help

Maxplans for life Inc is a Utah corporation owned by attorney David Steffensen. David has extensive experience in estate planning. Tax plans for the anticipated revaluation of the IQD should include steps taking into consideration the various tax exposures to this particular windfall gain:



Estate taxes, which can vary dramatically each administration change. Currently the caps of allowed value is very high, over twelve million dollars per person. This rate is expected to sunset, (end the period of allowance at this current rate), in 2025 and return to nearly half.

While it's true you won't be here when this taxable event occurs, your heirs will. Careful consideration to reduce this tax can allow your windfall gain to benefit others for many generations. Use of gifting assignments and a Charitable Remainder Unitrust (CRUT) can greatly reduce and even eliminate estate taxes. Regrettably a ROTH will not reduce your estate taxes, but can be conveyed to an heir. Check with your local tax professional for more details.

Ordinary income taxes, the known tax exposure for gains from the increase in value of the IQD, are based entirely on your reportable personal taxes. Keeping the exchanged values as low as possible is one of the main keys.

Tax planning for the anticipated revaluation of the IQD

Here are some considerations:

1. If your IQD holdings are rather small, then exchanging them periodically on an annual routine will reduce your tax bracket. Along with this idea consider purchasing large ticket items over time. The interest paid will be less than the taxes by simply exchanging and paying the obligated balances due.
2. If your IQD holdings are moderate and you are over the age of 50, then using a ROTH, whether a single member LLC or a precious metal ROTH would be a great way to have completely tax-free gains in the future. Remember, there are rules to be met when using a ROTH.

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3. Use Gifting Assignments as a means to reduce your estate and income taxes by sharing your IQD with others. The gifting assignment is a note depicting the details of the gift including your name, the gifting amount, and the recipient.
 4. If you are interested in reducing both your estate and ordinary income tax exposure, a Charitable Remainder UniTrust (CRUT) is a great option. It can:
 - a. Exchange your IQD in a tax-free environment, meaning when you create and populate your CRUT bank account, there isn't a taxable event. Your exchange for the IQD you have on hand will not be included in your taxes that year.
 - b. You can get a possible tax write-off the year the CRUT is created. With the IQD being treated as ordinary income, there isn't a lot to be gained as a charitable deduction on your schedule A, but the CRUT can be used for other potential windfall gains that are considered capital gains, like cryptocurrencies and real estate.
 - c. The CRUT can provide you with a life time of income with reduced tax exposure. You will receive 5% of the annual value of the CRUT as payment for administering and being the beneficiary of the CRUT. This 5% can be increased if the funds in the CRUT are invested and have gains.
 - d. You can invest the funds in the CRUT in multiple options, including an annuity, stocks and bonds.
 - e. Payments from the CRUT can be received monthly, quarterly, semiannually, or annually.
 - f. The CRUT can provide death and long-term health care insurance coverage. When you create your CRUT you can potentially utilize an option of an annuity. This is an insurance product which guarantees your income and could include other benefits.

You can use any or all of these options based upon your personal desires. Maxplans for Life utilizes legal means and services to meet your desires of the IQD investment, but the best part is the services and options are also applicable to other windfall gains as well.

For more information and a free 30-minute consultation, click this link:

<https://maxplansforlife.com/free-consultation>

The IQD, while not actively trading at the moment, is still considered a potential “shoebox” investment. Getting prepared for it puts peace back into your world, and the options to protect any other windfall gains from being overtaxed are applicable for your future retirement plans.