



## US Expats: *Filing Requirements*

If you are a US citizen living overseas, you are required to file income tax returns in the same way as those residing in the United States. Your income, filing status, and age determine whether you must file a return. You may have US tax filing obligations even if you haven't ever lived in the USA or left several years ago and all your income is from "foreign" sources.

You may have US tax filing obligations even if some or all of your income was already taxed at source or is going to be taxed by a foreign country.

You may have US tax filing obligations even if you aren't earning any money but are married to someone who did have income.

Generally, you must file a return if your gross income from worldwide sources is at least the amount shown in the following table:

<u>Filing Status*</u>	<u>Amount</u>
Single.....	\$10,400
65 or older.....	\$11,950
Head of household.....	\$13,400
65 or older.....	\$14,950
Qualifying widow(er).....	\$16,750
65 or older.....	\$18,000
Married filing jointly.....	\$20,800
Not living with spouse at end of year.....	\$ 4,050
One spouse 65 or older.....	\$22,050
Both spouses 65 or older.....	\$23,300
Married filing separately.....	\$ 4,050

\* *If you are a dependent of another taxpayer, see the instructions for Form 1040 for more information on whether you must file a return.*



## Foreign Currency

You must express the amounts you report on your US tax return in US dollars. If you receive all or part of your income or pay some or all of your expenses in a foreign currency, you must translate the foreign currency into US dollars. You can find information about currency conversion at:

<https://www.oanda.com/currency/converter/>

## Gross Income

Gross income includes all income you receive in the form of money, goods, property, and services that is not exempt from tax. In determining whether you must file a return, you must consider as gross income any income that you exclude as foreign earned income or as a foreign housing allowance.

If you are self-employed, your gross income includes the amount on the gross income on line of Schedule C - *Profit or Loss from Business*, or the gross receipts line of Schedule C-EZ - *Net Profit from Business*.

## Social Security Number and ITIN

All tax returns must have either a Social Security Number (for a US citizen or resident) or an ITIN (Individual Tax Identification Number). Your SSN numbers are valid for life. A ITIN is for a nonresident alien spouse or dependent.

## How does living abroad mitigate your US tax?

There are two methods to reduce your US tax. These are the "Foreign Earned Income Exclusion (FEIE)" and the "Foreign Tax Credit." However, neither of these methods excuses you from filing if your income was above the filing threshold. The Foreign Earned Income Exclusion (FEIE) using IRS Form 2555 allows you to exclude \$104,100 in tax year 2018.



The other method is the foreign tax credit which is reported on IRS Form 1116. If your income was taxed by a foreign country, you may be able to subtract that levy from your US tax, substantially reducing or even eliminating taxation in the US.

### **“FBAR” (Foreign Bank and Financial Accounts)**

FinCEN Report 114 (“FBAR”) must be filed if you had a financial interest in, signature or other authority over any bank, securities, or other financial account(s) abroad, when the aggregate value exceeds \$10,000 at any time during the calendar year. You do not have to file the report if the combined assets in the account(s) are \$10,000 or less during the entire year.

Additional reporting obligations can include “Report of Foreign Trusts” (Form 3520), “Report of Certain Foreign Corporations” (Form 5471), “Report of Specified Foreign Financial Assets” (Form 8938) amongst others.

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