

Publication 54

Tax Guide for U.S. Citizens and Resident Aliens Abroad

For use in preparing
2022 Returns

Volume 4 of 4



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Department of the Treasury **Internal Revenue Service** www.irs.gov

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What if I can't pay now? Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement](https://www.irs.gov/OPA) ([IRS.gov/OPA](https://www.irs.gov/OPA)) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier](https://www.irs.gov/OIC) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://www.irs.gov/OIC).

Filing an amended return. Go to [IRS.gov/Form1040X](https://www.irs.gov/Form1040X) for information and updates.

Checking the status of your amended return. Go to [IRS.gov/WMAR](https://www.irs.gov/WMAR) to track the status of Form 1040-X amended returns.

Note. It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you've received. Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

Note. You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's

commitment to LEP taxpayers is part of a multi-year timeline that is scheduled to begin providing translations in 2023. You will continue to receive communications, including notices and letters in English until they are translated to your preferred language.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS TAC. Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [*Taxpayer Bill of Rights*](#).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [*TaxpayerAdvocate.IRS.gov*](#) to help you understand what these rights mean to you and how they apply. These are ***your*** rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue.

TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [*in every state, the District of Columbia, and Puerto Rico*](#). Your local advocate's number is in your local directory and at [*TaxpayerAdvocate.IRS.gov/Contact-Us*](https://TaxpayerAdvocate.IRS.gov/Contact-Us).



You can also call them at
877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of

these broad issues, report it to them at [*IRS.gov/SAMS*](https://IRS.gov/SAMS).

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let

TAS know about systemic problems you've seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, LITCs can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee for eligible taxpayers. To find an LTC near you, go to

TaxpayerAdvocate.IRS.gov/about-us/LowIncome-Taxpayer-Clinics-LITC or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).

Taxpayer Assistance Outside the United States



If you are outside the United States, you can call 267-941-1000 (English-speaking only). This number is not toll free



Fax 681-247-3101 (for international tax account issues only).



If you wish to write instead of calling, please address your letter to:

Internal Revenue Service
International Accounts
Philadelphia, PA 19255-0725
U.S.A.

Additional contacts for taxpayers who live outside the United States are available at [IRS.gov/uac/Contact-My-Local-OfficeInternationally](https://www.irs.gov/uac/Contact-My-Local-OfficeInternationally).

Taxpayer Advocate Service (TAS). If you live outside of the United States, you can contact TAS at:

Internal Revenue Service
Taxpayer Advocate Service
City View Plaza, 48 Carr 165, 5th floor,
Suite 200,
Guaynabo, P.R. 00968-8000



You can call TAS toll free at 877-777-4778. If you live outside of the United States, you can call TAS at 787-522-8601 in English or 787-522-8600 in Spanish.

For more information on TAS and contacts if you are outside of the United States, go to [IRS.gov/Advocate/Local-Taxpayer-Advocate/Contact-Your-Local-Taxpayer-Advocate](https://www.irs.gov/Advocate/Local-Taxpayer-Advocate/Contact-Your-Local-Taxpayer-Advocate).

Questions and Answers

This section answers tax-related questions commonly asked by taxpayers living abroad.

Filing Requirements—Where, When, and How

1. When are U.S. income tax returns due?

Generally, for calendar year taxpayers, U.S. income tax returns are due on April 15. If you are a U.S. citizen or resident and both your tax home and your abode are outside the United States and Puerto Rico on the regular due date, an automatic extension is granted to June 15 for filing the return. Interest will be charged on any tax due, as shown on the return, from April 15.

2. I am going abroad this year and expect to qualify for the foreign earned income exclusion. How can I secure an extension of time to file my

return, when should I file my return, and what forms are required?

- a. You should file Form 2350 by the due date of your return to request an extension of time to file. Form 2350 is a special form for those U.S. citizens or residents abroad who expect to qualify for the foreign earned income exclusion or the housing exclusion or deduction under either the bona fide residence test or physical presence test and would like to have an extension of time to delay filing until after they have qualified.
- b. If the extension is granted, you should file your return after you qualify, but by the approved extension date.
- c. You must file your Form 1040 or 1040-SR with Form 2555.

3. My entire income qualifies for the foreign earned income exclusion. Must I file a tax return?

Generally, yes. Every U.S. citizen or resident who receives income must file a U.S. income tax return unless total income without regard to the foreign earned income exclusion is below an amount based on filing status. The income levels for filing purposes are discussed under *Filing Requirements* in chapter 1.

4. I was sent abroad by my company in November of last year. I plan to secure an extension of time on Form 2350 to file my tax return for last year because I expect to qualify for the foreign earned income exclusion under the physical presence test. However, if my company recalls me to the United States before the end of the qualifying period and I find I will not qualify for the exclusion, how and when should I file my return?

If your regular filing date has passed, you should file a return, Form 1040 (Form 1040 or 1040-SR for 2022), as soon as possible for

last year. Include a statement with this return noting that you have returned to the United States and won't qualify for the foreign earned income exclusion. You must report your worldwide income on the return. If you paid a foreign tax on the income earned abroad, you may be able to either deduct this tax as an itemized deduction or claim it as a credit against your U.S. income tax.

However, if you pay the tax due after the regular due date, interest will be charged from the regular due date until the date the tax is paid.

5. I am a U.S. citizen and have no taxable income from the United States, but I have substantial income from a foreign source. Am I required to file a U.S. income tax return?

Yes. All U.S. citizens and resident aliens are subject to U.S. tax on their worldwide income. If you paid taxes to a foreign government on income from sources outside

the United States, you may be able to claim a foreign tax credit against your U.S. income tax liability for the foreign taxes paid. Form 1116 is used to figure the allowable credit.

6. I am a U.S. citizen who has retired, and I expect to remain in a foreign country. Do I have any further U.S. tax obligations?

Your U.S. tax obligation on your income is the same as that of a retired person living in the United States. (See the discussion on filing requirements in chapter 1 of this publication.)

7. I have been a bona fide resident of a foreign country for over 5 years. Is it necessary for me to pay estimated tax?

U.S. taxpayers overseas have the same requirements for paying estimated tax as those in the United States. See the discussion under Estimated Tax Payments in chapter 1.

Overseas taxpayers should not include in their estimated income any income they receive that is, or will be, exempt from U.S. taxation.

Overseas taxpayers can deduct their estimated housing deduction in figuring their estimated tax.

The first installment of estimated tax is due on April 15 of the year for which the income is earned.

8. Will a check payable in foreign currency be acceptable in payment of my U.S. tax?

Generally, only U.S. currency is acceptable for payment of income tax. However, if you are a Fulbright grantee, see Fulbright Grant in chapter 1.

9. I have met the test for physical presence in a foreign country and am filing returns for 2 years. Must I file a

separate Form 2555 with each return?

Yes. A Form 2555 must be filed with each Form 1040 or 1040-SR tax return on which the benefits of income earned abroad are claimed.

10.Does a Form 2555 with a Schedule C or Form W-2 attached constitute a return?

No. The Form 2555, Schedule C, and Form W-2 are merely attachments and do not relieve you of the requirement to file a Form 1040 or 1040-SR to show the sources of income reported and the exclusions or deductions claimed.

11.On Form 2350, Application for Extension of Time To File U.S. Income Tax Return, I stated that I would qualify for the foreign earned income exclusion under the physical presence test. If I qualify under the bona fide

residence test, can I file my return on that basis?

Yes. You can claim the foreign earned income exclusion and the foreign housing exclusion or deduction under either test as long as you meet the requirements. You are not bound by the test indicated in the application for extension of time. You must be sure, however, that you file the Form 1040 or 1040-SR by the date approved on Form 2350, because a return filed after that date may be subject to a failure-to-file penalty.

If you will not qualify under the bona fide residence test until a date later than the extension granted under the physical presence rule, apply for a new extension to a date 30 days beyond the date you expect to qualify as a bona fide resident.

12.I am a U.S. citizen who worked in the United States for 6 months last year. I accepted employment overseas in July of last year and expect to qualify

for the foreign earned income exclusion. Should I file a return and pay tax on the income earned in the United States during the first 6 months and then, when I qualify, file another return covering the last 6 months of the year?

No. You have the choice of one of the following two methods of filing your return.

- a. You can file your return when due under the regular filing rules, report all your income without excluding your foreign earned income, and pay the tax due. After you have qualified for the exclusion, you can file an amended return, Form 1040-X, accompanied by Form 2555, for a refund of any excess tax paid.
- b. You can postpone the filing of your tax return by applying on Form 2350 for an extension of time to file to a date 30 days beyond the date you expect to

qualify under either the bona fide residence test or the physical presence test, then file your return reflecting the exclusion of foreign earned income. This allows you to file only once and saves you from paying the tax and waiting for a refund. However, interest is charged on any tax due on the postponed tax return, but interest is not paid on refunds paid within 45 days after the return is filed.

13.I am a U.S. citizen. I have lived abroad for a number of years and recently realized that I should have been filing U.S. income tax returns. How do I correct this oversight in not having filed returns for these years?

File the late returns as soon as possible, stating your reason for filing late. For advice on filing the returns, you should contact an IRS representative.

14. In 2016, I qualified to exclude my foreign earned income, but I did not claim this exclusion on the return I filed in 2017. I paid all outstanding taxes with the return. Can I file a claim for refund now?

It is too late to claim this refund because a claim for refund must be filed within 3 years from the date the return was filed or 2 years from the date the tax was paid, whichever is later. A return filed before the due date is considered filed on the due date.

Meeting the Requirements of Either the Bona Fide Residence Test or the Physical Presence Test

- 1) I recently came to Country X to work for the Orange Tractor Co. and I expect to be here for 5 or 6 years. I understand that upon the completion of 1 full year I will qualify for an exclusion or deduction**

**under the bona fide residence test.
Is this correct?**

Not necessarily. The law provides that to qualify under this test for the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction, a person must be a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year.

If, like most U.S. citizens, you file your return on a calendar-year basis, the tax year referred to in the law would be from January 1 to December 31 of any particular year. Unless you established residence in Country X on January 1, it would be more than 1 year before you would be a bona fide resident of a foreign country. Once you have completed your qualifying period, however, you are entitled to exclude the income or to claim the housing exclusion or deduction from the date you established bona fide residence.

2) I understand the physical presence test to be simply a matter of being physically present in a foreign country for at least 330 days within 12 consecutive months; but what are the criteria of the bona fide residence test?

To be a bona fide resident of a foreign country, you must show that you entered a foreign country intending to remain there for an indefinite or prolonged period and, to that end, you are making your home in that country. Consideration is given to the type of quarters occupied, whether your family went with you, the type of visa, the employment agreement, and any other factor pertinent to show whether your stay in the foreign country is indefinite or prolonged.

To claim the foreign earned income exclusion or foreign housing exclusion or deduction under this test, the period of foreign residence must include 1 full tax year (usually

January 1 – December 31), but once you meet this time requirement, you figure the exclusions and the deduction from the date the residence actually began.

3) To meet the qualification of “an uninterrupted period that includes an entire tax year,” do I have to be physically present in a foreign country for the entire year?

No. “Uninterrupted” refers to the bona fide residence proper and not to the physical presence of the individual. During the period of bona fide residence in a foreign country, even during the first full year, you can leave the country for brief and temporary trips back to the United States or elsewhere for vacation, or even for business. To preserve your status as a bona fide resident of a foreign country, you must have a clear intention of returning from those trips, without unreasonable delay, to your foreign residence.

4) I am a U.S. citizen and during 2021 was a bona fide resident of Country X. On January 15, 2022, I was notified that I was to be assigned to Country Y. I was recalled to New York for 90 days of orientation and then went to Country Y, where I have been since. Although I was not in Country Y on January 1, I was a bona fide resident of Country X and was in Country Y on December 31, 2022. My family remained in Country X until completion of the orientation period, and my household goods were shipped directly to my new post. Am I a bona fide resident of a foreign country for 2022, or must I wait for the entire year of 2023 to become one?

Because you did not break your period of foreign residence, you would continue to be a

bona fide resident of a foreign country for 2022.

5) Due to illness, I returned to the United States before I completed my qualifying period to claim the foreign earned income exclusion. Can I figure the exclusion for the period I resided abroad?

No. You aren't entitled to any exclusion of foreign earned income because you did not complete your qualifying period under either the bona fide residence test or physical presence test. If you paid foreign tax on the income earned abroad, you may be able to claim that tax as a deduction or as a credit against your U.S. tax.

6) Can a resident alien of the United States qualify for an exclusion or deduction under the bona fide residence test or the physical presence test?

Resident aliens of the United States can qualify for the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction if they meet the requirements of the physical presence test. Resident aliens who are citizens or nationals of a country with which the United States has an income tax treaty in effect can also qualify under the bona fide residence test.

7) On August 13 of last year, I left the United States and arrived in Country Z to work for the Gordon Manufacturing Company. I expected to be able to exclude my foreign earned income under the physical presence test because I planned to be in Country Z for at least 1 year. However, I was reassigned back to the United States and left Country Z on July 1 of this year. Can I exclude any of my foreign earned income?

No. You can't exclude any of the income you earned in Country Z because you were not in a foreign country for at least 330 full days as required under the physical presence test.

Foreign Earned Income

1) I am an employee of the U.S. Government working abroad. Can all or part of my government income earned abroad qualify for the foreign earned income exclusion?

No. The foreign earned income exclusion applies to your foreign earned income. Amounts paid by the United States or its agencies to their employees aren't treated, for this purpose, as foreign earned income.

2) I qualify for the foreign earned income exclusion under the bona fide residence test. Does my foreign earned income include my U.S. dividends and the interest I receive on a foreign bank account?

No. The only income that is foreign earned income is income from the performance of personal services abroad. Investment income isn't earned income. However, you must include it in gross income reported on your Form 1040 or 1040-SR.

3) My company pays my foreign income tax on my foreign earnings. Is this taxable compensation?

Yes. The amount is compensation for services performed. The tax paid by your company should be reported on Form 1040 or 1040-SR, line 1h, and on Form 2555, Part IV, line 22f.

4) I live in an apartment in a foreign city for which my employer pays the rent. Should I include in my income the cost to my employer (\$1,200 a month) or the fair market value of equivalent housing in the United States (\$800 a month)?

You must include in income the fair market value (FMV) of the facility provided, where it is provided. This will usually be the rent your employer pays. Situations when the FMV is not included in income are discussed in chapter 4 under Exclusion of Meals and Lodging.

5) My U.S. employer pays my salary into my U.S. bank account. Is this income considered earned in the United States or is it considered foreign earned income?

If you performed the services to earn this salary outside the United States, your salary is considered earned abroad. It does not matter that you are paid by a U.S. employer or that your salary is deposited in a U.S. bank account in the United States. The source of salary, wages, commissions, and other personal service income is the place where you perform the services.

6) What is considered a foreign country?

For the purposes of the foreign earned income exclusion and the foreign housing exclusion or deduction, any territory under the sovereignty of a country other than the United States is a foreign country. U.S. territories are not treated as foreign countries.

7) What is the source of earned income?

The source of earned income is the place where the work or personal services that produce the income are performed. In other words, income received for work in a foreign country has its source in that country. The foreign earned income exclusion and the foreign housing exclusion or deduction are limited to earned income from sources within foreign countries.

Foreign Earned Income Exclusion

1) I qualify for the foreign earned income exclusion and earned more

than \$112,000 during 2022. Am I entitled to the maximum \$112,000 exclusion?

Not necessarily. Although you qualify for the foreign earned income exclusion, you may not have met either the bona fide residence test or the physical presence test for your entire tax year. If you didn't meet either of these tests for your entire tax year, you must prorate the maximum exclusion based on the number of days that you did meet either test during the year.

2) How do I qualify for the foreign earned income exclusion?

To be eligible, you must have a tax home in a foreign country and be a U.S. citizen or resident alien. You must be either a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year, or you must be physically present in a foreign country or countries for at least 330 full days during any period of 12

consecutive months. U.S. citizens may qualify under either test. The physical presence test applies to all resident aliens, while the bona fide residence test applies to resident aliens who are citizens or nationals of a country with which the United States has an income tax treaty in effect.

Your tax home must be in the foreign country or countries throughout your period of residence or presence. For this purpose, your period of physical presence is the 330 full days during which you are present in a foreign country, not the 12 consecutive months during which those days occur.

3) Is it true that my foreign earned income exclusion cannot exceed my foreign earned income?

Yes. The amount of the exclusion is limited each year to the amount of your foreign earned income after reducing that income by the foreign housing exclusion. The foreign earned income must be earned during the

part of the tax year that you have your tax home abroad and meet either the bona fide residence test or the physical presence test.

4) My wife and I are both employed, reside together, and file a joint return. We meet the qualifications for claiming the foreign earned income exclusion. Do we each figure a separate foreign earned income exclusion and foreign housing exclusion?

You figure your foreign earned income exclusion separately because you both have foreign earned income. The amount of the exclusion for each of you can't exceed your separate foreign earned incomes.

You must figure your housing exclusion jointly. See *Married Couples* in chapter 4 for further details.

Social Security and Railroad Retirement Benefits

1) Are U.S. social security benefits taxable?

Benefits received by U.S. citizens and resident aliens may be taxable, depending on the total amount of income and the filing status of the taxpayer. Under certain treaties, U.S. social security benefits are exempt from U.S. tax if taxed by the country of residence.

Benefits similar to social security received from other countries by U.S. citizens or residents may be taxable. (Refer to U.S. tax treaties with various countries for any benefit granted by the treaty.)

2) As a U.S. citizen or resident alien, how do I figure the amount of my U.S. social security benefits to include in gross income?

See [Pub. 915](#) to figure if any of your benefits are includible in income.

3) How are railroad retirement benefits taxed?

The part of a tier 1 railroad retirement benefit that is equivalent to the social security benefit you would have been entitled to receive if the railroad employee's work had been covered under the social security system rather than the railroad retirement system is treated the same as a social security benefit, discussed above.

The other part of a tier 1 benefit that is not considered a social security equivalent benefit is treated like a private pension or annuity, as are tier 2 railroad retirement benefits.

Pensions and annuities are explained in chapter 4 under *Earned and Unearned Income*. Vested dual benefits and supplemental annuities are also treated like private pensions, but are fully taxable.

The proper amounts of the social security equivalent part of tier 1 benefits and any special guaranty benefits are shown on the Form

RRB-1099 that you receive from the Railroad Retirement Board. The taxable amounts of the non-social security equivalent part of tier 1, tier 2, vested dual benefits, and supplemental annuities are shown on the Form RRB-1099-R that you receive from the Railroad Retirement Board.

Social Security Tax and Self-Employment Tax

- 1) I am a minister with earned income from abroad and expect to qualify for the foreign earned income exclusion. How do I pay my self-employment tax?**

File a Form 1040 or 1040-SR with Schedule SE (Form 1040) and Form 2555. Figure your self-employment tax on Schedule SE (Form 1040) and enter it on Schedule 2 (Form 1040) as the tax due with the return.

2) Because I expect to qualify for the foreign earned income exclusion, I have requested and received an extension of time until January 30, 2024, to file my 2022 return. However, since I will be paying self-employment tax on my spouse's income, should I file a 2022 return when due, pay the self-employment tax, and then file another return when I qualify for the exclusion?

No. You don't need to file a 2022 Form 1040 or 1040-SR (the regular income tax return) when due if you have received an extension. Instead, you should pay enough estimated tax to cover the self-employment tax and any

income tax that would be due after taking out the amount of excludable income.

Income Tax Withholding

1) How can I get my employer to stop withholding federal income taxes from wages while I am overseas and eligible for the foreign earned income exclusion?

File a statement in duplicate with your employer stating that withholding should be reduced because you meet the bona fide residence test or physical presence test. Also, see the following question.

2) Does the IRS provide forms to be used by employees requesting employers to stop withholding income tax from wages they expect to be excluded as income earned abroad?

Yes. Form 673 is a sample statement that can be used by individuals who expect to qualify for the foreign earned income exclusion under

the bona fide residence test or the physical presence test.

3) I am a U.S. citizen residing overseas, and I receive dividend and interest income from U.S. sources from which tax is being withheld at a rate of 30%. How can I have this situation corrected?

File Form W-9 (indicating that you are a U.S. citizen) with the withholding agents who are paying you the dividends and interest. This is their authority to stop withholding the 30% income tax at the source on payments due to you.

4) As a U.S. citizen receiving dividend and interest income from the United States from which tax has been withheld, do I report the net dividend and interest income on my return, or do I report the gross amount and take credit for the tax withheld?

You must report the gross amount of the income received and take a tax credit for the tax withheld. This is to your advantage because the tax withheld is deducted in full from the tax due. It is also advisable to attach a statement to your return explaining this tax credit so there will be no question as to the amount of credit allowable.

Deductions

1) Can I claim a foreign tax credit even though I do not itemize deductions?

Yes. You can claim the foreign tax credit even though you don't itemize deductions.

2) I had to pay customs duty on a few things I brought back with me from Europe last summer. Can I include customs fees with my other deductible taxes?

No. Customs duties, like federal excise taxes, aren't deductible.

3) What types of foreign taxes are deductible?

Generally, foreign income taxes are deductible as itemized deductions. Foreign income taxes are deductible only if you do not claim the foreign tax credit. Foreign income taxes paid on excluded income aren't deductible as an itemized deduction.

Other foreign taxes, such as real property or personal property taxes, are only deductible if you incurred the expenses in a trade or business or in the production of income.

Note. Foreign income taxes are usually claimed under the credit provisions, if they apply, because this is more advantageous in most cases.

Scholarship and Fellowship Grantees

1) I am a Fulbright grantee. What documentation must I attach to my return?

- a) There are no special tax forms for Fulbright grantees. File on a regular Form 1040 or 1040-SR.
- b) If you claim exemption as a scholarship or fellowship grantee, submit brochures and correspondence describing the grant and your duties.
- c) If you are located in a foreign country and wish to pay tax in foreign currency, you should submit a certified statement showing that you were a Fulbright grantee and at least 70% of the grant was paid in nonconvertible foreign currency.

2) I taught and lectured abroad under taxable grants. What expenses can I deduct?

You may be able to deduct your travel, meals, and lodging expenses if you are temporarily absent from your regular place of employment. For more information about deducting travel, meals, and lodging

expenses, see [Pub. 463](#), Travel, Gift, and Car Expenses.

General Tax Questions

1) Can IRS personnel recommend tax practitioners who prepare returns?

No. IRS employees aren't permitted to recommend tax practitioners who prepare income tax returns.

2) I just filed my return. How do I check the status of my refund?

See *Refund Information* in your tax return instructions.

3) I haven't received my refund from last year's return. Can I claim the credit against this year's tax?

No. That would cause problems to both years' returns. If your last year's refund is overdue, call or write the IRS. If you write to the IRS, be sure to include your social security number

(or individual taxpayer identification number) in the letter.

4) I forgot to include interest income when I filed my return last week. What should I do?

To correct a mistake of this sort, you should prepare Form 1040-X. Include the omitted interest income, refigure the tax, and send the form as soon as possible along with any additional tax due to the Internal Revenue Service Center where you filed your return. You may also be able to file your Form 1040-X electronically.

Use Form 1040-X to correct an individual Form 1040 or 1040-SR income tax return filed for any year for which the period of limitations has not expired (usually 3 years after the due date of the return filed, or 2 years after the tax was paid, whichever is later).

5) I am a U.S. citizen and, because I expect to qualify for the foreign earned income exclusion, all my foreign income (which consists solely of salary) will be exempt from U.S. tax. Do I get any tax benefit from income tax I paid on this salary to a foreign country during the tax year?

No. You can't take either a tax credit or a tax deduction for foreign income taxes paid on income that is exempt from U.S. tax because of the foreign earned income exclusion.

6) I am a U.S. citizen stationed abroad. I made a personal loan to a nonresident alien who later went bankrupt. Can I claim a bad debt loss for this money?

Yes. The loss should be reported as a short-term capital loss on Schedule D (Form 1040). You have the burden of proving the validity of the loan, the subsequent bankruptcy, and the recovery or nonrecovery from the loan.

7) With which countries does the United States have tax treaties?

Table 3 under the list of tax treaty tables at [IRS.gov/Individuals/ International-Taxpayers/Tax-TreatyTables](https://www.irs.gov/Individuals/International-Taxpayers/Tax-TreatyTables) lists those countries with which the United States has income tax treaties.

8) I am a retired U.S. citizen living in Europe. My only income is from U.S. sources on which I pay U.S. taxes. I am taxed on the same income in the foreign country where I reside. How do I avoid double taxation?

If you reside in a country that has an income tax treaty with the United States, the treaty will generally contain provisions to eliminate double taxation. Many treaties will provide reduced rates for various types of income. Treaties often provide reciprocal credits in one country for the tax paid to the other country. Nontreaty countries, depending on their laws, may give the same type of credit.

If double taxation with a treaty country exists and you cannot resolve the problem with the tax authorities of the foreign country, you can contact the U.S. competent authority for assistance. See chapter 6 for information on requesting consideration.

9) My total income after claiming the foreign earned income and housing exclusions consists of \$5,000 taxable wages. Am I entitled to claim the earned income credit?

No. If you claim the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction, you can't claim the earned income credit.

10) I am claiming the foreign earned income exclusion. Can I take the additional child tax credit?

No. You can't take the additional child tax credit if you claim either the foreign earned

income or foreign housing exclusion, or the foreign housing deduction.

11) Last May, my employer transferred me to our office in Puerto Rico. I understand that my salary earned in Puerto Rico is tax exempt. Is this correct?

As long as your employer is not the U.S. Government, all income from sources within Puerto Rico is exempt from U.S. tax if you are a bona fide resident of Puerto Rico during the entire tax year. The income you received from Puerto Rican sources the year you moved to Puerto Rico is not exempt. The tax paid to Puerto Rico in the year you moved to Puerto Rico can be claimed as a foreign tax credit on Form 1116.

12) I am a U.S. citizen married to a nonresident alien. Can I qualify to use the head of household tax rates?

Yes. Although your nonresident alien spouse cannot qualify you as a head of household, you may qualify if you maintain a household for a qualifying child or other relative.

If your spouse was a nonresident alien at any time during the year and you do not choose to treat your nonresident alien spouse as a resident alien, then you are treated as unmarried for head of household purposes. You must have another qualifying person and meet the other tests to be eligible to file as head of household. You can use the head of a household column in the Tax Table or Section D of the Tax Computation Worksheet.

It may be advantageous to choose to treat your nonresident alien spouse as a U.S. resident and file a joint income tax return. Once you make the choice, however, you must report the worldwide income of both yourself and your spouse.

For more information on head of household filing status, get [*Pub. 501*](#).

Penalties and Interest

1) Does the June 15 extended due date for filing my return because both my tax home and my abode are outside the United States and Puerto Rico on the regular due date relieve me from having to pay interest on tax not paid by April 15?

No. An extension, whether an automatic extension or one requested in writing, does not relieve you of the payment of interest on the tax due as of April 15 following the year for which the return is filed. The interest should be included in your payment.

2) If I wait to file my return until I qualify for the foreign earned income exclusion, I will be charged interest on the U.S. tax I will owe. To avoid being charged interest, can I file my return on time, reporting only my taxable income, excluding my salary

for services abroad that will be exempt after I have met the qualifications?

No. If you file a return before you qualify for the exclusion, you must report all income, including all income for services performed abroad, and pay tax on all of it. After you meet the qualifications, you can file a claim for refund by excluding the income earned abroad. If you defer the filing of your return, you can avoid interest on tax due on your return to be filed by paying the tax you estimate you will owe with your request for an extension of time to file on Form 2350, or by paying enough estimated tax to cover any tax that you expect will be due on the return.

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To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in

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