

# IRS News Release

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## IRS Reminds Those with Foreign Assets of U.S. Tax Obligations

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WASHINGTON — The Internal Revenue Service today reminded U.S. citizens and resident aliens, including those with dual citizenship who have lived or worked abroad during all or part of 2014, that they may have a U.S. tax liability and a filing requirement in 2015.

### Most People Abroad Need to File

A filing requirement generally applies even if a taxpayer qualifies for tax benefits, such as the [foreign earned income exclusion](#) or the [foreign tax credit](#), that substantially reduce or eliminate their U.S. tax liability. These tax benefits are not automatic and are only available if an eligible taxpayer files a U.S. income tax return.

The filing deadline is Monday, June 15, 2015, for U.S. citizens and resident aliens whose tax home and abode are outside the United States and Puerto Rico, and for those serving in the military outside the U.S. and Puerto Rico, on the regular due date of their tax return. To use this automatic two-month extension, taxpayers must attach a statement to their return explaining which of these two situations applies. See [U.S. Citizens and Resident Aliens Abroad](#) for details.

Nonresident aliens who received income from U.S. sources in 2014 also must determine whether they have a U.S. tax obligation. The filing deadline for nonresident aliens can be April 15 or June 15 depending on sources of income. See [Taxation of Nonresident Aliens](#) on IRS.gov.

### Special Reporting for Foreign Accounts and Assets

Federal law requires [U.S. citizens and resident aliens](#) to report any worldwide income, including income from foreign trusts and foreign bank and securities accounts. In most cases, affected taxpayers need to complete and attach [Schedule B](#) to their tax return. Part III of Schedule B asks about the existence of foreign accounts, such as bank and securities accounts, and usually requires U.S. citizens to report the country in which each account is located.

Taxpayers with an interest in, or signature or other authority over, foreign financial accounts whose aggregate value exceeded \$10,000 at any time during 2014 must file with the Treasury Department a Financial Crimes Enforcement Network (FinCEN) [Form 114](#), Report of Foreign Bank and Financial Accounts (FBAR). It is due to the Treasury Department by June 30, 2015, must be filed electronically and is only available online

through the [BSA E-Filing](#) System website. For details regarding the FBAR requirements, see [Report of Foreign Bank and Financial Accounts \(FBAR\)](#).

In addition, certain taxpayers may also have to complete and attach to their return [Form 8938](#), Statement of Foreign Financial Assets. Generally, U.S. citizens, resident aliens and certain nonresident aliens must report specified foreign financial assets on this form if the aggregate value of those assets exceeds certain thresholds. See the [instructions](#) for this form for details.

### IRS Simplifies Reporting for Canadian Retirement Accounts

The IRS has eliminated a special annual reporting requirement that has long applied to taxpayers who hold interests in either of two popular Canadian retirement plans. This is part of an IRS change [announced](#) in October making it easier for taxpayers with these plans to get favorable U.S. tax treatment. As a result, many Americans and Canadians with registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs) no longer need to file Form 8891 each year reporting details on these plans. This change does not affect any other reporting requirements that may apply, such as [FinCEN Form 114](#) and [Form 8938](#).

### Report in U.S. Dollars

Any income received or deductible expenses paid in foreign currency must be reported on a U.S. return in U.S. dollars. Likewise, any tax payments must be made in U.S. dollars.

Both Form 114 and Form 8938 require the use of a Dec. 31 exchange rate for all transactions, regardless of the actual exchange rate on the date of the transaction. Generally, the IRS accepts any posted exchange rate that is used consistently. For more information on exchange rates, see [Foreign Currency and Currency Exchange Rates](#).

### Expatriate Reporting

Taxpayers who relinquished their U.S. citizenship or ceased to be lawful permanent residents of the United States during 2014 must file a [dual-status alien](#) return, attaching [Form 8854](#), Initial and Annual Expatriation Statement. A copy of the Form 8854 must also be filed with Internal Revenue Service Philadelphia, PA 19255-0049, by the due date of the tax return (including extensions). See the instructions for this form and [Notice 2009-85](#), Guidance for Expatriates Under Section 877A, for further details.

### Choose Free File or E-File

U.S. citizens and resident aliens living abroad can now use [IRS Free File](#) to prepare and electronically file their returns for free. This means both U.S. citizens and resident aliens living abroad with adjusted gross incomes (AGI) of \$60,000 or less can use brand-name software to prepare their returns and then e-file them for free. A limited number of companies provide software that can accommodate foreign addresses. To determine which will work best, view the complete [Free File Software list](#) and the services provided.

A second option, Free File Fillable Forms, the electronic version of IRS paper forms, has no income limit and is best suited to people who are comfortable preparing their own tax return.

Both the e-file and Free File electronic filing options are available until Oct. 15, 2015, for anyone filing a 2014 return. Check out the [e-file](#) link on IRS.gov for details on the various electronic filing options. Free File is not available to nonresident aliens required to file a Form 1040NR.

### **More Information Available**

Any U.S. taxpayer here or abroad with tax questions can refer to the [International Taxpayers](#) landing page and use the online [IRS Tax Map](#) and the [International Tax Topic Index to](#) get answers. These online tools assemble or group IRS forms, publications and web pages by subject and provide users with a single entry point to find tax information.

Taxpayers who are looking for return preparers abroad should visit the [Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#).

To help avoid delays with tax refunds, taxpayers living abroad should visit the [Helpful Tips for Effectively Receiving a Tax Refund for Taxpayers Living Abroad](#) page.

More information on the tax rules that apply to U.S. citizens and resident aliens living abroad can be found in, [Publication 54](#), Tax Guide for U.S. Citizens and Resident Aliens Abroad, available on IRS.gov.