

# Publication 570

# Tax Guide for Individuals With Income From U.S. Territories

(SEP, SIMPLE, and Qualified Plans)

For use in preparing **2023** Returns

Volume 2 of 3



*Get forms and other information faster and easier at:*

- [IRS.gov](https://www.irs.gov) (English)
- [IRS.gov/Korean](https://www.irs.gov/Korean) (한국어)
- [IRS.gov/Spanish](https://www.irs.gov/Spanish) (Español)
- [IRS.gov/Russian](https://www.irs.gov/Russian) (Русский)
- [IRS.gov/Chinese](https://www.irs.gov/Chinese) (中文)
- [IRS.gov/Vietnamese](https://www.irs.gov/Vietnamese) (Tiếng Việt)



Department of the Treasury  
**Internal Revenue Service**

Publication 570 (Rev. 2023) Catalog Number 39303K  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](https://www.irs.gov)



Visit the Accessibility  
Page on [IRS.gov](https://www.irs.gov)

This page is intentionally left blank

**Example 3.** In addition to the stock in Rose Corporation, you acquired a 5% interest in the Alder Partnership on January 1, 2019. On March 1, 2020, when you established bona fide residency in Puerto Rico, your partnership interest was not considered a marketable security. On September 15, 2023, while still a bona fide resident of Puerto Rico, you sold your interest in Alder Partnership for a \$100,000 gain. You had owned the interest for a total of 1,719 days. Your territory holding period (from March 1, 2020, through September 15, 2023) is 1,294 days. The portion of your gain attributable to Puerto Rico is \$75,276 ( $\$100,000 \times (1,294 \text{ Puerto Rico days} \div 1,719 \text{ total days})$ ). By reporting \$75,276 of your \$100,000 gain as Puerto Rico source income on your 2023 Puerto Rico tax return (and the remainder as non-Puerto Rico source income), you elect to treat \$75,276 as Puerto Rico source income.

## Scholarships, Fellowships, Grants, Prizes, and Awards

The source of these types of income is generally the residence of the payer, regardless of who actually disburses the funds. Therefore, in order to be territory source income, the payer must be a resident of the relevant territory, such as an individual who is a bona fide resident or a corporation created or organized in that territory.



*These rules do not apply to amounts paid as salary or other compensation for services. See Compensation for Labor or Personal Services, earlier in this chapter, for the source rules that apply.*

# **Effectively Connected Income**

In limited circumstances, some kinds of income from sources outside the relevant territory must be treated as effectively connected with a trade or business in that territory. These circumstances are listed below.

- You have an office or other fixed place of business in the relevant territory to which the income can be attributed.
- That office or place of business is a material factor in producing the income.
- The income is produced in the ordinary course of the trade or business carried on through that office or other fixed place of business.

An office or other fixed place of business is a material factor if it significantly contributes to,

and is an essential economic element in, the earning of the income.

The three kinds of income from sources outside the relevant territory to which these rules apply are the following.

1. Rents and royalties for the use of, or for the privilege of using, intangible personal property located outside the relevant territory or from any interest in such property. Included are rents or royalties for the use of, or for the privilege of using, outside the relevant territory, patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and similar properties if the rents or royalties are from the active conduct of a trade or business in the relevant territory.
2. Dividends or interest from the active conduct of a banking, financing, or

similar business in the relevant territory.

3. Income, gain, or loss from the sale or exchange outside the relevant territory, through the office or other fixed place of business in the relevant territory, of:
  - a. Stock in trade,
  - b. Property that would be included in inventory if on hand at the end of the tax year, or
  - c. Property held primarily for sale to customers in the ordinary course of business.

Item (3) above will not apply if you sold the property for use, consumption, or disposition outside the relevant territory and an office or other fixed place of business in a foreign country was a material factor in the sale.

**Example.** You are a bona fide resident of American Samoa. Your business, which you conduct from an office in American Samoa, is developing and selling specialized computer software. A software purchaser will frequently pay you an additional amount to install the software on the purchaser's operating system and to ensure that the software is functioning properly. You install the software at the purchaser's place of business, which may be in American Samoa, in the United States, or in another country. The income from selling the software is effectively connected with the conduct of your business in American Samoa, even though the product's destination may be outside the territory. However, the compensation you receive for installing the

software (personal services) outside of American Samoa is not effectively connected with the conduct of your business in the territory—the income is sourced where you perform the services.

This page is intentionally left blank

### **3.**

## **Filing Information for Individuals in Certain U.S. Territories**

If you have income from American Samoa, the CNMI, Guam, Puerto Rico, or the USVI, you may have to file a tax return with the tax department of that territory. Or you may have to file two annual tax returns, one with the territory's tax department and the other with the IRS. This chapter covers the general rules for filing returns in the five territories.

You must first determine if you are a bona fide resident of the relevant territory. See [chapter 1](#) for a discussion of the requirements you must meet.

You should ask for forms and advice about the filing of territory tax returns from that territory's tax department, not the IRS.

Contact information is listed in this chapter under the heading for each territory.

**Disaster tax relief.** If you are required to file an income tax return with the IRS, you may be entitled to disaster tax relief. For more information about the tax relief that may be available, see chapter 4.

# American Samoa

American Samoa has its own separate and independent tax system. Although its tax laws are modeled on the U.S. Internal Revenue Code, there are certain differences.

## Where To Get Forms and Information



Requests for advice about matters connected with American Samoan taxation should be sent to:

American Samoa Government Tax Office  
Executive Office Building  
Pago Pago, AS 96799



The phone number is 684-633-4181.



You can access the American Samoa Government Tax Office at [www.americansamoa.gov/taxoffice](http://www.americansamoa.gov/taxoffice).



The fax number is 684-633-1513.



*The addresses and phone numbers listed above are subject to change.*

## **Which Returns To File**

Your residency status and your source of income with regard to American Samoa determine whether you file your return and pay your tax to American Samoa, to the United States, or to both.

In addition to the information below that is categorized by residency status, the *Special Rules for American Samoa* section, later, contains important information for determining the correct forms to file.

## **Bona Fide Resident of American Samoa**

Bona fide residents of American Samoa are generally exempt from U.S. tax on their American Samoa source income.

**U.S. citizen or resident alien.** If you are a U.S. citizen (or national) or resident alien and a bona fide resident of American Samoa during the tax year, you must generally file the following returns.

- An American Samoa tax return reporting your gross income from worldwide sources. If you report non-American Samoa source income on your American Samoa tax return, you can claim a credit against your American Samoa tax liability for income taxes paid on that income to the United States, a foreign country, or another territory.
- A U.S. tax return reporting income from worldwide sources, but excluding income from sources within American Samoa. However, amounts received

for services performed as an employee of the United States or any of its agencies cannot be excluded (see *U.S. Government employees* under *Special Rules for American Samoa*, later).

To exclude American Samoa source income, attach a completed Form 4563 to your U.S. tax return (see *Form 4563*, later, for more information). If you are excluding American Samoa source income on your U.S. tax return, you will not be allowed any deductions from gross income or credits against tax that are directly or indirectly allocable to the excluded income. For more information, see *Special Rules for Completing Your U.S. Tax Return* in chapter 4.

If all of your income is from American Samoa sources, you are not required to file a U.S. tax return. However, if you have self-employment income, see *Self-employment tax*, later.

**Nonresident alien.** If you are a bona fide resident of American Samoa during the tax year, but a nonresident alien of the United States, you must generally file the following returns.

- An American Samoa tax return reporting worldwide income.
- A U.S. tax return (Form 1040 or 1040-SR) reporting income from worldwide sources, but excluding American Samoa source income other than amounts for services performed as an employee of the United States or any of its agencies. For more information, see *U.S. Government employees* under *Special Rules for American Samoa*, later. To exclude income from sources within American Samoa, attach a completed Form 4563 to your U.S. tax return (see *Form 4563*, later, for more information).

For all other tax purposes, however, you will be treated as a nonresident alien individual. For example, you are not allowed the standard deduction, you cannot file a joint return, and you are not allowed a deduction for a dependent unless that person is a citizen or national of the United States. There are also limitations on what deductions and credits are allowed. See Pub. 519 for more information.

**Form 4563.** If you must file a U.S. income tax return and you qualify to exclude any of your income from American Samoa, claim the exclusion by completing Form 4563 and attaching it to your Form 1040 or 1040-SR. Form 4563 cannot be filed by itself.

**Where to file.** If you are a bona fide resident of American Samoa during the tax year and you are not including a check or money order, send your U.S. tax return and all attachments (including Form 4563) to:

Department of the Treasury

Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments (including Form 4563) to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

Send your American Samoa tax return and all attachments to the address given under *Where To Get Forms and Information*, earlier.

**Self-employment tax.** If you are not required to file a U.S. tax return but have income that is effectively connected with a trade or business in American Samoa, you must file Form 1040-SS with the United States. On this form, you will report your self-employment income to the United States, and, if necessary, pay self-employment tax

on that income. For more information, see *Self-Employment Tax* in chapter 4.

**Additional Medicare Tax.** You may be required to pay Additional Medicare Tax. Also, you may need to report Additional Medicare Tax withheld by your employer. For more information, see *Additional Medicare Tax* under *Special Rules for Completing Your U.S. Tax Return* in chapter 4.

**Net Investment Income Tax (NIIT).** The NIIT is 3.8% of the lesser of an individual's net investment income or the excess of the individual's modified adjusted gross income over a specified threshold amount. The NIIT will apply to a bona fide resident of American Samoa if a taxpayer has modified adjusted gross income from sources outside of American Samoa that exceeds a specified threshold amount, for example, \$200,000 for single filers. The NIIT does not apply to any individual who is a nonresident alien with respect to the United States. See Form 8960

and its instructions for more information on the NIIT.

**Estimated tax payments.** To see if you are required to make payments of estimated income tax, self-employment tax, Additional Medicare Tax, and/or NIIT to the IRS, get Form 1040-ES.

To pay by check or money order, send your payment with the Form 1040-ES payment voucher to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

To get information on paying electronically (by credit or debit card, or through the Electronic Federal Tax Payment System (EFTPS)), go to [IRS.gov/Payments](https://www.irs.gov/Payments).

For information on making estimated income tax payments to American Samoa, see *Where To Get Forms and Information*, earlier.

## **Not a Bona Fide Resident of American Samoa**

An individual who is not a bona fide resident of American Samoa for the tax year but has income sourced in American Samoa generally files both U.S. and American Samoa tax returns, and claims a foreign tax credit on the U.S. return for taxes paid to American Samoa.

**U.S. citizen or resident alien.** If you are a U.S. citizen or resident alien but not a bona fide resident of American Samoa during the tax year, you must generally file the following returns.

- An American Samoa tax return reporting only your income from sources within American Samoa. Wages for services performed in American Samoa, whether for a private employer, the U.S.

Government, or otherwise, are income from sources within American Samoa.

- A U.S. tax return reporting your income from worldwide sources. You can take a credit against your U.S. tax liability if you paid income taxes to American Samoa (or other territory or foreign country) and reported income from those sources on your U.S. tax return.

***De minimis exception to determining source of income.*** In certain situations, you will not have income from a territory. See *De minimis exception* under *Compensation for Labor or Personal Services* in chapter 2.

**Nonresident alien.** If you are a nonresident alien of the United States who does not qualify as a bona fide resident of American Samoa for the tax year, you must generally file the following returns.

- An American Samoa tax return reporting only your income from sources within American Samoa. In this situation, wages for services performed in American Samoa, whether for a private employer, the U.S. Government, or otherwise, is income from sources within American Samoa.
- A U.S. tax return (Form 1040-NR) reporting U.S. source income according to the rules for a nonresident alien. See the Instructions for Form 1040-NR.

**Where to file.** If you are not a bona fide resident of American Samoa during the tax year, and you are not including a check or money order, send your U.S. tax return and all attachments to:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

Send your American Samoa tax return and all attachments to the address given under *Where To Get Forms and Information*, earlier.

## **Special Rules for American Samoa**

In addition to the general rules given earlier for filing U.S. and American Samoa tax returns, there are some special rules that apply to certain individuals and types of income.

**U.S. Government employees.** U.S. Government wages, including for services performed in American Samoa, must be included in U.S. gross income and reported on

both your U.S. and American Samoa income tax returns.

Regardless of whether you are a bona fide resident of American Samoa, you may have to file an income tax return with both the United States and American Samoa.

- You must generally report all income on your U.S. income tax return, regardless of source. Although a bona fide resident of American Samoa may generally exclude American Samoa source income from their U.S. income tax return, pay from the U.S. Government for services performed in American Samoa must be included on your U.S. income tax return regardless of whether you are a bona fide resident of American Samoa. You can claim a withholding credit on your U.S. income tax return for federal income taxes withheld from your federal wages (as well as a foreign tax credit

for income tax paid to American Samoa on the same income).

- On your American Samoa income tax return, you must report all income from American Samoa sources (and from all other sources if you are a bona fide resident of American Samoa), including your wages from the U.S. Government for services performed in American Samoa. For further information about your American Samoa income tax obligations, contact the American Samoa Government Tax Office at the address and phone number indicated in chapter 3.

**Active duty member of the U.S. Armed Forces.** If you are an active duty member of the U.S. Armed Forces whose state of legal residence is American Samoa, your military income is American Samoa-source income. In this case, you will follow the tax rules for U.S.

Government employee wages above, regardless of where you are stationed. If you are an active duty member of the U.S. Armed Forces whose state of legal residence is not American Samoa, the source of your military wages is generally the same as your state of legal residence (that is, not sourced in American Samoa). In that case, you will follow the tax rules for U.S. Government employee wages for your state of legal residence, regardless of where you are stationed.

**Civilian spouse of active duty member of the U.S. Armed Forces.** If you are a civilian spouse of an active duty member of the U.S. Armed Forces, see *Special rule for civilian spouse of active duty member of the U.S. Armed Forces* in chapter 1 for more information.

The spouse of the service member may elect to use the same residence for tax purposes as the service member regardless of the date on

which the marriage of the spouse and service member occurred.

**Federal retiree pension income.** Federal retirees who are bona fide residents of American Samoa must file an income tax return with American Samoa to report all income from all sources, including federal pension income. The retiree may also have an income tax filing requirement with the United States, depending upon the source of the retiree's pension income. Pension income can have multiple sources. See *Pensions* and other source of income rules in chapter 2 for more information. If any part of the pension income is sourced in the United States, the retiree must also file an income tax return with the United States.

***Disaster and coronavirus-related tax relief.*** If you are required to file a U.S. federal income tax return, you may be entitled to some special disaster and coronavirus-related rules regarding the use of

retirement funds. For more information, see Form 8915-E, Form 8915-F, and their instructions.

**Moving expense deduction.** The deduction for moving expenses is suspended unless you are a member of the U.S. Armed Forces who moves pursuant to a military order and incident to a permanent change of station. For more information, see Pub. 3.

## **Double Taxation**

A mutual agreement procedure exists to settle cases of double taxation between the United States and American Samoa. See *Double Taxation* in chapter 4.

# The Commonwealth of Puerto Rico

## Rico

The Commonwealth of Puerto Rico has its own separate and independent tax system. Although it is modeled after the U.S. system, there are differences in law and tax rates.

## Where To Get Forms and Information



Requests for information about the filing of Puerto Rico tax returns should be addressed to:

Departamento de Hacienda  
Área de Política Contributiva  
P.O. Box 9024140  
San Juan, Puerto Rico 00902-4140



The phone numbers are 787-622-0123 and 787-620-2323.



You can access the Hacienda website at [www.hacienda.pr.gov](http://www.hacienda.pr.gov).



*The addresses and phone numbers listed above are subject to change.*

## **Which Returns To File**

Generally, you will file returns with both Puerto Rico and the United States. The income reported on each return depends on your residency status in Puerto Rico. To determine if you are a bona fide resident of Puerto Rico and have income sourced within and outside Puerto Rico, see the information in chapter 1.

### **Bona Fide Resident of Puerto Rico**

Bona fide residents of Puerto Rico will generally pay tax to Puerto Rico on their worldwide income.

**U.S. citizen or resident alien.** If you are a U.S. citizen or resident alien and also a bona fide resident of Puerto Rico during the tax year, you must generally file the following returns.

- A Puerto Rico tax return reporting income from worldwide sources. If you report U.S. source income on your Puerto Rico tax return, you can claim a credit against your Puerto Rico tax, up to the amount allowable, for income taxes paid to the United States.
- A U.S. tax return reporting income from worldwide sources, but excluding Puerto Rico source income. However, see *U.S. Government employees* under *Special Rules for Puerto Rico*, later, for an exception.

If you are excluding Puerto Rico income on your U.S. tax return, you will not be allowed any deductions or credits that are directly or indirectly allocable to exempt income. For more information, see *Special Rules for Completing Your U.S. Tax Return* in chapter 4.

If all of your income is from Puerto Rico sources, you are not required to file a U.S.

tax return. However, if you have self-employment income, see *Self-employment tax*, later.

**U.S. citizen only.** If you are a U.S. citizen, you may also qualify under these rules if you have been a bona fide resident of Puerto Rico for at least 2 years before moving from Puerto Rico. In this case, you can exclude your income derived from sources within Puerto Rico (but not wages and salaries received as an employee of the U.S. Government or its agencies) that you earned before the date you changed your residence. For more information, see *Puerto Rico* under *Year of Moving From a Territory* in chapter 1.

**Nonresident alien.** If you are a bona fide resident of Puerto Rico during the tax year, but a nonresident alien of the United States, you must generally file the following returns.

- A Puerto Rico tax return reporting income from worldwide sources. If you report U.S. source income on your

Puerto Rico tax return, you can claim a credit against your Puerto Rico tax, up to the amount allowable, for income taxes paid to the United States.

- A U.S. tax return (Form 1040 or 1040-SR) reporting income from worldwide sources, but excluding Puerto Rico source income (other than amounts for services performed as an employee of the United States or any of its agencies). For tax purposes other than reporting income, however, you will be treated as a nonresident alien individual. For example, you are not allowed the standard deduction, you cannot file a joint return, and you are not allowed a deduction for a dependent unless that person is a citizen or national of the United States. There are also limitations on what deductions and credits are allowed. See Pub. 519 for more information.

**Self-employment tax.** If you have no U.S. filing requirement but have income that is effectively connected with a trade or business in Puerto Rico, you must file Form 1040-SS with the United States to report your self-employment income and, if necessary, pay self-employment tax. For more information, see *Self-Employment Tax* in chapter 4.

**Additional Medicare Tax.** You may be required to pay Additional Medicare Tax. Also, you may need to report Additional Medicare Tax withheld by your employer. For more information, see *Additional Medicare Tax* under *Special Rules for Completing Your U.S. Tax Return* in chapter 4.

**Net Investment Income Tax (NIIT).** The NIIT is 3.8% of the lesser of an individual's net investment income or the excess of the individual's modified adjusted gross income over a specified threshold amount. The NIIT will apply to a bona fide resident of Puerto Rico if a taxpayer has modified adjusted gross

income from sources outside of Puerto Rico that exceeds a specified threshold amount, for example, \$200,000 for single filers. The NIIT does not apply to any individual who is a nonresident alien with respect to the United States. See Form 8960 and its instructions for more information on the NIIT.

**Estimated tax payments.** To see if you are required to make payments of estimated income tax, self-employment tax, Additional Medicare Tax, and/or NIIT to the IRS, get Form 1040-ES (or Form 1040-ES(PR)).

To pay by check or money order, send your payment with the Form 1040-ES (or Form 1040-ES(PR)) payment voucher to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

To get information on paying electronically (by credit or debit card, or through the

Electronic Federal Tax Payment System (EFTPS)), go to [IRS.gov/Payments](https://www.irs.gov/Payments).

For information on making estimated income tax payments to Hacienda, see *Where To Get Forms and Information*, earlier.

### **Not a Bona Fide Resident of Puerto Rico**

An individual who is not a bona fide resident of Puerto Rico for the tax year may have to file tax returns with both Puerto Rico and the United States.

**U.S. citizen or resident alien.** If you are a U.S. citizen or resident alien but not a bona fide resident of Puerto Rico during the tax year, you must generally file the following returns.

- A Puerto Rico tax return reporting only your income from Puerto Rico sources. Wages for services performed in Puerto Rico, whether for a private employer, the U.S. Government, or

otherwise, are income from Puerto Rico sources.

- A U.S. tax return reporting income from worldwide sources. Generally, you can claim a foreign tax credit for income taxes paid to Puerto Rico on the Puerto Rico income that is subject to Puerto Rico taxes and not exempt from U.S. taxes (see chapter 4 for more information).

**Nonresident alien.** If you are a nonresident alien of the United States who does not qualify as a bona fide resident of Puerto Rico for the tax year, you must generally file the following returns.

- A Puerto Rico tax return reporting only your income from Puerto Rico sources. Wages for services performed in Puerto Rico, whether for a private employer, the U.S. Government, or otherwise, is income from Puerto Rico sources.

- A U.S. tax return (Form 1040-NR) according to the rules for a nonresident alien. See the Instructions for Form 1040-NR.

***De minimis exception to determining source of income.*** In certain situations, you will not have income from a territory. See *De minimis exception* under *Compensation for Labor or Personal Services* in chapter 2.

**Where to file.** Use the addresses listed below to file your U.S. and Puerto Rico income tax returns.

If you are not including a check or money order, send your U.S. tax return and all attachments to:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

If you request a refund on your Puerto Rico return, send your Puerto Rico tax return and all attachments to:

Departamento de Hacienda  
P.O. Box 9024140  
San Juan, PR 00902-6272

Send all other Puerto Rico tax returns, with all attachments, to:

Departamento de Hacienda  
P.O. Box 9024140  
San Juan, PR 00902-2501

## **Special Rules for Puerto Rico**

In addition to the general rules given earlier for filing U.S. and Puerto Rico tax returns, there are some special rules that apply to certain individuals and types of income.

**U.S. Government employees.** Wages and cost-of-living allowances paid by the U.S. Government (or one of its agencies) for working in Puerto Rico are subject to Puerto Rico tax. However, the cost-of-living allowances are excluded from Puerto Rico gross income up to the amount exempt from U.S. tax. In order to claim this exclusion, you must:

- Include with your Puerto Rico tax return evidence to show the amount received during the year, and
- Be in full compliance with your Puerto Rico tax responsibilities.

These wages are also subject to U.S. tax, but the cost-of-living allowances are excludable. A foreign tax credit is available in order to avoid double taxation.

**Active duty member of the U.S. Armed Forces.** If you are an active duty member of the U.S. Armed Forces whose state of legal residence is Puerto Rico, your military income is Puerto Rico-source income. In this case, you will follow the tax rules for U.S. Government employee wages above, regardless of where you are stationed. If you are an active duty member of the U.S. Armed Forces whose state of legal residence is not Puerto Rico, the source of your military wages is generally the same as your state of legal residence (that is, not sourced in Puerto Rico). In that case, you will follow the tax rules for U.S. Government employee wages for your state of legal residence, regardless of where you are stationed.

**Civilian spouse of active duty member of the U.S. Armed Forces.** If, under the rule discussed at the beginning of chapter 1 (see *Special rule for civilian spouse of active duty member of the U.S. Armed Forces*), your tax residence is Puerto Rico, follow the guidance in the section for bona fide residents under *Which Returns To File*, earlier. However, if your tax residence is one of the 50 states or the District of Columbia and your only income from Puerto Rico is from wages, salaries, tips, or self-employment, you will be taxed on your worldwide income and file only a U.S. tax return (Form 1040 or 1040-SR) and a state and/or local tax return, if required. If you have income from Puerto Rico other than wages, salaries, tips, or self-employment that is considered to be sourced in that territory (see Table 2-1), contact the Hacienda for guidance.

The spouse of the service member may elect to use the same residence for tax purposes as

the service member regardless of the date on which the marriage of the spouse and service member occurred.

## **Income from sources outside Puerto Rico and the**

**United States.** If you are a U.S. citizen and bona fide resident of Puerto Rico and you have income from sources outside both Puerto Rico and the United States, that income is treated as foreign source income under both tax systems. In addition to your Puerto Rico and U.S. tax returns, you may also have to file a return with the country or territory from which your outside income was derived. To avoid double taxation, a foreign tax credit is generally available for either the U.S. or Puerto Rico return.

***Example.*** You are a bona fide resident of Puerto Rico and a U.S. citizen. You traveled to the Dominican Republic and worked in the construction industry for 1 month. Your wages were \$20,000. Because the wages

were earned outside Puerto Rico and outside the United States, you must file a tax return with Puerto Rico and the United States. You may also have to file a tax return with the Dominican Republic.

**Moving expense deduction.** The deduction for moving expenses is suspended unless you are a member of the U.S. Armed Forces who moves pursuant to a military order and incident to a permanent change of station. For more information, see Pub. 3.

**Additional child tax credit (ACTC).** If you are not required to file a U.S. income tax return, this credit is available only if you meet all three of the following conditions.

- You were a bona fide resident of Puerto Rico during the entire tax year.
- Social security and Medicare taxes were withheld from your wages or you paid self-employment tax.

- You had one or more qualifying children. (For the definition of a qualifying child, see the Instructions for Form 1040-SS.)

If your income exceeds certain levels, you may be disqualified from receiving this credit. Use Form 1040-SS to claim the ACTC.

## **Double Taxation**

A mutual agreement procedure exists to settle cases of double taxation between the United States and the Commonwealth of Puerto Rico. See *Double Taxation* in chapter 4.

# **The Commonwealth of the Northern Mariana Islands**

The CNMI has its own tax system based partly on the same tax laws and tax rates that apply to the United States and partly on local taxes imposed by the CNMI government.

## **Where To Get Forms and Information**



Requests for advice about CNMI residency and tax matters should be addressed to:

Commonwealth of the Northern Mariana Islands

Division of Revenue and Taxation

P.O. Box 5234 CHRB

Dandan Commercial Center

Saipan, MP 96950



You can order forms and publications by calling 670-664-1000.



You can order forms and publications through fax at 670-664-1015.



You can access the CNMI website at [www.finance.gov.mp/forms.php](http://www.finance.gov.mp/forms.php).



*The addresses and phone numbers listed above are subject to change.*

## **Which Return To File**

In general, all individuals with income from the CNMI will file only one return, either to the CNMI or to the United States. Your residency status with regard to the CNMI determines which return you will file. Be sure to check the *Special Rules for the Commonwealth of the Northern Mariana Islands*, later, for additional information about filing your tax return.

## **Bona Fide Resident of the Commonwealth of the Northern Mariana Islands**

If you are a U.S. citizen, resident alien, or nonresident alien and a bona fide resident of the CNMI during the tax year, file your income tax return with the CNMI.

- Include income from worldwide sources on your CNMI return. In determining your total tax payments, include all income tax withheld and paid to either the CNMI or the United States, any credit for an overpayment of income tax to either the CNMI or the United States, and any payments of estimated tax to either the CNMI or the United States. Pay any balance of tax due with your tax return.
- Generally, if you properly file your return with, and fully pay your income tax to, the CNMI, then you are not liable for filing an income tax return

with, or for paying tax to, the United States for the tax year. However, if you were self-employed in 2023, see *Self-employment tax*, later.

**Example.** You were a bona fide resident of the CNMI for 2023. You received wages of \$30,000 paid by a private employer in the CNMI and dividends of \$4,000 from U.S. corporations that carry on business mainly in the United States. You must file a 2023 income tax return with the CNMI Division of Revenue and Taxation. You report your total income of \$34,000 on the CNMI return.

**Where to file.** If you are a bona fide resident of the CNMI for the tax year, send your return and all attachments to the Division of Revenue and Taxation at the address given earlier.

**U.S. Citizen or Resident Alien (Other Than a Bona Fide Resident of the Commonwealth of the Northern Mariana Islands)**

If you have income from sources within the CNMI and are a U.S. citizen or resident alien, but you are not a bona fide resident of the CNMI during the tax year, file your income tax return with the United States.

- Include income from worldwide sources on your U.S. return. In determining your total tax payments, include all income tax withheld and paid to either the United States or the CNMI, any credit for an overpayment of income tax to either the United States or the CNMI, and any payments of estimated tax to either the CNMI or the United States. Pay any balance of tax due with your tax return.

**Note.** You may also need to complete Form 5074.

- You are not liable for filing an income tax return with, or for paying tax to, the CNMI for the tax year.

**Form 5074.** If you file a U.S. income tax return, attach a completed Form 5074 if you (and your spouse if filing a joint return) have:

- Adjusted gross income of \$50,000 or more for the tax year, and
- Gross income of \$5,000 or more from sources within the CNMI.

The United States and the CNMI use this form to divide your income taxes.

**De minimis exception to determining source of income.** In certain situations, you will not have income from a territory. See *De minimis exception* under *Compensation for Labor or Personal Services* in chapter 2.

**Citizen or resident alien of the United States but not a bona fide resident of the Commonwealth of the Northern Mariana Islands.** If you are a citizen or resident alien of the United States but not a bona fide resident of the CNMI during the tax year and

you are not including a check or money order, send your return and all attachments to:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

**Nonresident Alien (Other Than a Bona Fide Resident of the Commonwealth of the Northern Mariana Islands)**

If you are a nonresident alien of the United States who does not qualify as a bona fide resident of the CNMI for the tax year, you must generally file the following returns. • A CNMI tax return reporting only your income

from sources within the CNMI. In this situation, wages for services performed in the CNMI, whether for a private employer, the U.S. Government, or otherwise, are income from sources within the CNMI. • A U.S. tax return (Form 1040-NR) reporting U.S. source income according to the rules for a nonresident alien. See the Instructions for Form 1040-NR.

If you are not a bona fide resident of the CNMI during the tax year and you are not including a check or money order, send your U.S. tax return and all attachments to:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments to:

Internal Revenue Service

P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

Send your CNMI tax return and all  
attachments to:

Department of Finance  
Division of Revenue and Taxation  
Commonwealth of the Northern Mariana  
Islands  
P.O. Box 5234 CHRB  
Saipan, MP 96950

## **Citizen of the Commonwealth of the Northern Mariana Islands**

If you are a citizen of the CNMI (meaning that you were born or naturalized in the CNMI) but not otherwise a U.S. citizen or a U.S. resident alien during the tax year, file your income tax return with the CNMI. Include income from worldwide sources on your CNMI return. Take into account tax withheld by both jurisdictions in determining if there is tax overdue or an

overpayment. Pay any balance of tax due with your tax return. Send your return and all attachments to:

Department of Finance  
Division of Revenue and Taxation  
Commonwealth of the Northern Mariana  
Islands  
P.O. Box 5234 CHRB  
Saipan, MP 96950

## **Special Rules for the Commonwealth of the Northern Mariana Islands**

Special rules apply to certain types of income, employment, and filing status.

**Joint return.** If you file a joint return, file your return (and pay the tax) with the jurisdiction where the spouse who has the greater adjusted gross income (AGI) would have to file if you were filing separately. If the spouse with the greater AGI is a bona fide

resident of the CNMI during the tax year, file the joint return with the CNMI. If the spouse with the greater AGI is a U.S. citizen or resident alien but not a bona fide resident of the CNMI during the tax year, file your joint return with the United States. For this purpose, income is determined without regard to community property laws.

***Example.*** You, a U.S. citizen, were a resident of the United States, and your spouse, a citizen of both the CNMI and the United States, was a bona fide resident of the CNMI during the tax year. You earned \$65,000 as a computer programmer in the United States. Your spouse earned \$20,000 as an artist in the CNMI. You and your spouse will file a joint return. Because you have the greater AGI, you and your spouse must file your return with the United States and report the entire \$85,000 on that return.

**U.S. Armed Forces.** If you are a member of the U.S. Armed Forces on active duty who

qualified as a bona fide resident of the CNMI in a prior tax year, your absence from the CNMI solely in compliance with military orders will not change your bona fide residency. If you did not qualify as a bona fide resident of the CNMI in a prior tax year, your presence in the CNMI solely in compliance with military orders will not qualify you as a bona fide resident of the CNMI.

***Civilian spouse of active duty member of***

***the U.S. Armed Forces.*** If, under the rule discussed at the beginning of chapter 1 (see *Special rule for civilian spouse of active duty member of the U.S. Armed Forces*), your tax residence is the CNMI, follow the guidance in the section for bona fide residents under *Which Return To File*, earlier. However, if your tax residence is one of the 50 states or the District of Columbia and your only income from the CNMI is from wages, salaries, tips, or self-employment, you will be taxed on your worldwide income and file only a U.S. tax

return (Form 1040 or 1040-SR) and a state and/or local tax return, if required. If you have income from the CNMI other than wages, salaries, tips, or self-employment that is considered to be sourced in that territory (see Table 2-1), you may need to file Form 5074 with your U.S. tax return.

The spouse of the service member may elect to use the same residence for tax purposes as the service member regardless of the date on which the marriage of the spouse and service member occurred.

**Moving expense deduction.** The deduction for moving expenses is suspended unless you are a member of the U.S. Armed Forces who moves pursuant to a military order and incident to a permanent change of station. For more information, see Pub. 3. If you meet these requirements, see the discussion below.

If you are a bona fide resident in the tax year of your move, enter your deductible expenses on your CNMI tax return.

If you are not a bona fide resident, enter your deductible expenses on Form 3903, and enter the deductible amount on Schedule 1 (Form 1040), line 14, and on Form 5074, line 20.

**Self-employment tax.** If you have no U.S. filing requirement, but have income that is effectively connected with a trade or business in the CNMI, you must file Form 1040-SS with the United States to report your self-employment income and, if necessary, pay self-employment tax.

**Additional Medicare Tax.** You may be required to pay Additional Medicare Tax. Also, you may need to report Additional Medicare Tax withheld by your employer. For more information, see *Additional Medicare Tax* under *Special Rules for Completing Your U.S. Tax Return* in chapter 4.

**Estimated tax payments.** To see if you are required to make payments of estimated income tax, self-employment tax, and/or

Additional Medicare Tax to the IRS, get Form 1040-ES.

***Payment of estimated tax.*** If you must pay estimated tax, make your payment to the jurisdiction where you would file your income tax return if your tax year were to end on the date your first estimated tax payment is due. Generally, you should make the rest of your quarterly payments of estimated tax to the jurisdiction where you made your first payment of estimated tax. However, estimated tax payments to either jurisdiction will be treated as payments to the jurisdiction with which you file the tax return.

If you make a joint payment of estimated tax, make your payment to the jurisdiction where the spouse who has the greater estimated AGI would have to pay (if a separate payment were made). For this purpose, income is determined without regard to community property laws.

***Early payment.*** If you make your first payment of estimated tax early, follow the rules given earlier to determine where to send it. If you send it to the wrong jurisdiction, make all later payments to the jurisdiction to which the first payment should have been sent.

To pay by check or money order, send your payment with the Form 1040-ES payment voucher to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

To get information on paying electronically (by credit or debit card, or through the Electronic Federal Tax Payment System (EFTPS)), go to [IRS.gov/Payments](https://www.irs.gov/payments).

For information on making estimated income tax payments to the CNMI, see *Where To Get Forms and Information*, earlier.

## **Double Taxation**

A mutual agreement procedure exists to settle cases of double taxation between the United States and the Commonwealth of the Northern Mariana Islands. See *Double Taxation* in chapter 4.

# Guam

Guam has its own tax system based on the same tax laws and tax rates that apply in the United States.

## Where To Get Forms and Information



Requests for advice about Guam residency and tax matters should be addressed to:

Department of Revenue and Taxation  
Taxpayer Services Division  
P.O. Box 23607  
GMF, Guam 96921



You can order forms and publications by calling 671-635-1840 or 671-635-1841.



You can order forms and publications through fax at 671-633-2643.



You can get forms and publications at [www.guamtax.com](http://www.guamtax.com).



*The addresses and phone numbers listed above are subject to change.*

## **Which Return To File**

Bona fide residents of Guam are subject to special U.S. tax rules. In general, all individuals with income from Guam will file only one return—either to Guam or the United States.

### **Bona Fide Resident of Guam**

If you are a bona fide resident of Guam during the tax year, file your return with Guam. This applies to all bona fide residents who are citizens, resident aliens, or nonresident aliens of the United States.

- Include income from worldwide sources on your Guam return. In determining your total tax payments,

include all income tax withheld and paid to either Guam or the United States, any credit for an overpayment of income tax to either Guam or the United States, and any payments of estimated tax to either Guam or the United States. Pay any balance of tax due with your tax return.

- Generally, if you properly file your return with, and fully pay your income tax to, Guam, then you are not liable for filing an income tax return with, or for paying tax to, the United States. However, if you were self-employed in 2023, see *Self-employment tax*, later.

**Example.** You were a bona fide resident of Guam for 2023. You received wages of \$25,000 paid by a private employer in Guam and dividends of \$2,000 from U.S. corporations that carry on business mainly in the United States. You must file a 2023 income tax return with the government of

Guam. You report your total income of \$27,000 on the Guam return.

If you are a bona fide resident of Guam for the tax year, send your return and all attachments to:

Department of Revenue and Taxation  
Taxpayer Services Division  
P.O. Box 23607  
GMF, Guam 96921

## **U.S. Citizen or Resident Alien (Other Than a Bona Fide Resident of Guam)**

If you have income from sources within Guam and are a U.S. citizen or resident alien, but you are not a bona fide resident of Guam during the tax year, file your income tax return with the United States.

- Include income from worldwide sources on your U.S. return. In determining your total tax payments,

include all income tax withheld and paid to either the United States or Guam, any credit for an overpayment of income tax to either the United States or Guam, and any payments of estimated tax to either Guam or the United States. Pay any balance of tax due with your tax return. You may also need to complete Form 5074.

- You are not liable for filing an income tax return with, or for paying tax to, Guam for the tax year.

**Form 5074.** If you file a U.S. income tax return, attach a completed Form 5074 if you (and your spouse if filing a joint return) have:

- Adjusted gross income of \$50,000 or more for the tax year, and
- Gross income of \$5,000 or more from sources within Guam.

The United States and Guam use this form to divide your income taxes.

**De minimis exception to determining source of income.** In certain situations, you will not have income from a territory. See *De minimis exception* under *Compensation for Labor or Personal Services* in chapter 2.

If you are a citizen or resident alien of the United States but not a bona fide resident of Guam during the tax year and you are not including a check or money order, send your U.S. tax return and all attachments (including Form 5074) to:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments (including Form 5074) to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303

USA

## **Nonresident Alien (Other Than a Bona Fide Resident of Guam), Where To File**

If you are a nonresident alien of the United States who does not qualify as a bona fide resident of Guam for the tax year, you must generally file the following returns.

- A Guam tax return reporting only your income from sources within Guam. In this situation, wages for services performed in Guam, whether for a private employer, the U.S. Government, or otherwise, are income from sources within Guam.
- A U.S. tax return (Form 1040-NR) reporting U.S. source income according to the rules for a nonresident alien. See the Instructions for Form 1040-NR.

If you are not a bona fide resident of Guam during the tax year and you are not including

a check or money order, send your U.S. tax return and all attachments to:

Department of the Treasury

Internal Revenue Service

Austin, TX 73301-0215

USA

If you are including a check or money order, send your U.S. tax return and all attachments to:

Internal Revenue Service

P.O. Box 1303

Charlotte, NC 28201-1303

USA

Send your Guam tax return and all attachments to:

Department of Revenue and Taxation

Taxpayer Services Division

P.O. Box 23607 GMF, Guam 96921

## **Citizen of Guam**

If you are a citizen of Guam (meaning that you were born or naturalized in Guam) but not otherwise a U.S. citizen or a U.S. resident alien during the tax year, file your income tax return with Guam. Include income from worldwide sources on your Guam return. Take into account tax withheld by both jurisdictions in determining if there is tax overdue or an overpayment. Pay any balance of tax due with your tax return.

If you are a citizen of Guam, send your return and all attachments to:

Department of Revenue and Taxation  
Taxpayer Services Division  
P.O. Box 23607  
GMF, Guam 96921

## **Special Rules for Guam**

Special rules apply to certain types of income, employment, and filing status.

**Joint return.** If you file a joint return, you should file your return (and pay the tax) with the jurisdiction where the spouse who has the greater adjusted gross income (AGI) would have to file if you were filing separately. If the spouse with the greater AGI is a bona fide resident of Guam during the tax year, file the joint return with Guam. If the spouse with the greater AGI is a U.S. citizen or resident alien but not a bona fide resident of Guam during the tax year, file the joint return with the United States. For this purpose, income is determined without regard to community property laws.

**Example.** You, a U.S. citizen, were a resident of the United States, and your spouse, a citizen of both Guam and the United States, was a bona fide resident of Guam during the tax year. You earned \$45,000 as an engineer in the United States. Your spouse earned \$15,000 as a teacher in Guam. You and your spouse will file a joint return. Because you

have the greater AGI, you and your spouse must file your return with the United States and report the entire \$60,000 on that return.

**U.S. Armed Forces.** If you are a member of the U.S. Armed Forces on active duty who qualified as a bona fide resident of Guam in a prior tax year, your absence from Guam solely in compliance with military orders will not change your bona fide residency. If you did not qualify as a bona fide resident of Guam in a prior tax year, your presence in Guam solely in compliance with military orders will not qualify you as a bona fide resident of Guam.

***Civilian spouse of active duty member of the U.S. Armed Forces.*** If, under the rule discussed at the beginning of chapter 1 (see *Special rule for civilian spouse of active duty member of the U.S. Armed Forces*), your tax residence is Guam, follow the guidance in the section for bona fide residents under *Which Return To File*, earlier. However, if your tax

residence is one of the 50 states or the District of Columbia and your only income from Guam is from wages, salaries, tips, or self-employment, you will be taxed on your worldwide income and file only a U.S. tax return (Form 1040 or 1040-SR) and a state and/or local tax return, if required. If you have income from Guam other than wages, salaries, tips, or self-employment that is considered to be sourced in that territory (see Table 2-1), you may need to file Form 5074 with your U.S. tax return.

The spouse of the service member may elect to use the same residence for tax purposes as the service member regardless of the date on which the marriage of the spouse and service member occurred.

**Moving expense deduction.** The deduction for moving expenses is suspended unless you are a member of the U.S. Armed Forces who moves pursuant to a military order and incident to a permanent change of station.

For more information, see Pub. 3. If you meet these requirements, see the discussion below.

If you are a bona fide resident in the tax year of your move, enter your deductible expenses on your Guam tax return.

If you are not a bona fide resident, enter your deductible expenses on Form 3903, and enter the deductible amount on Schedule 1 (Form 1040), line 14, and on Form 5074, line 20.

**Self-employment tax.** If you have no U.S. filing requirement, but have income that is effectively connected with a trade or business in Guam, you must file Form 1040-SS with the United States to report your self-employment income and, if necessary, pay self-employment tax.

**Additional Medicare Tax.** You may be required to pay Additional Medicare Tax. Also, you may need to report Additional Medicare Tax withheld by your employer. For more information, see *Additional Medicare Tax*

under *Special Rules for Completing Your U.S. Tax Return* in chapter 4.

**Estimated tax payments.** To see if you are required to make payments of estimated income tax, self-employment tax, and/or Additional Medicare Tax to the IRS, see Form 1040-ES.

***Payment of estimated tax.*** If you must pay estimated tax, make your payment to the jurisdiction where you would file your income tax return if your tax year were to end on the date your first estimated tax payment is due. Generally, you should make the rest of your quarterly payments of estimated tax to the jurisdiction where you made your first payment of estimated tax. However, estimated tax payments to either jurisdiction will be treated as payments to the jurisdiction with which you file the tax return.

If you make a joint payment of estimated tax, make your payment to the jurisdiction where the spouse who has the greater estimated

AGI would have to pay (if a separate payment were made). For this purpose, income is determined without regard to community property laws.

***Early payment.*** If you make your first payment of estimated tax early, follow the rules given earlier to determine where to send it. If you send it to the wrong jurisdiction, make all later payments to the jurisdiction to which the first payment should have been sent.

To pay by check or money order, send your payment with the Form 1040-ES payment voucher to:

Department of Revenue and Taxation  
Taxpayer Services Division  
P.O. Box 23607  
GMF, Guam 96921

To get information on paying electronically (by credit or debit card, or through the

Electronic Federal Tax Payment System (EFTPS)), go to [IRS.gov/Payments](https://www.irs.gov/Payments).

For information on making estimated income tax payments to the Department of Revenue and Taxation, see *Where To Get Forms and Information*, earlier.

## **Double Taxation**

A mutual agreement procedure exists to settle cases of double taxation between the United States and Guam. See *Double Taxation* in chapter 4.

# The U.S. Virgin Islands

The USVI has its own tax system based on the same tax laws and tax rates that apply in the United States. An important factor in USVI taxation is whether, during the tax year, you are a bona fide resident of the USVI.

## Where To Get Forms and Information



For information about filing your USVI tax return or about Form 1040INFO in St. Thomas, contact:

Virgin Islands Bureau of Internal Revenue  
6115 Estate Smith Bay  
Suite 225  
St. Thomas, USVI 00802



You can order forms and publications by calling 340-715-1040.



You can order forms and publications through fax at 340-774-2672.

For information about filing your USVI tax return or about Form 1040INFO in St. Croix, contact:

Virgin Islands Bureau of Internal Revenue  
4008 Estate Diamond Plot 7-B  
Christiansted, USVI 00820-4421



You can order forms and publications by calling 340-773-1040.



You can order forms and publications through fax at 340-773-1006.



You can access the USVI website at [http:// bir.vi.gov/](http://bir.vi.gov/).



*The addresses and phone numbers listed above are subject to change.*

## **Which Return To File**

In general, bona fide residents of the USVI pay income taxes only to the USVI. U.S. citizens or resident aliens (but not bona fide residents of the USVI) with USVI source income pay a portion of the tax to each jurisdiction.

### **Bona Fide Resident of the U.S. Virgin Islands**

File your tax return with the USVI if you are a U.S. citizen, resident alien, or nonresident alien and a bona fide resident of the USVI during the tax year.

- Include your worldwide income on your USVI return. In determining your total tax payments, take into account all income tax withheld and paid to either the USVI or the United States,

any credit for an overpayment of income tax to either the USVI or the United States, and any payments of estimated tax to either the USVI or the United States. Pay any balance of tax due with your tax return. Filing this return with the USVI generally also starts the statute of limitations on assessment of your U.S. income tax.

- You generally do not have to file with the United States for any tax year in which you are a bona fide resident of the USVI during the tax year, provided you report and pay tax on your income from all sources to the USVI and identify the source(s) of the income on the return.
- If you have self-employment income, you may be required to file Form 1040-SS with the United States. For more information, see Self-

*employment tax* under *Special Rules for the U.S. Virgin Islands*, later.

**Form 1040INFO.** If you are a bona fide resident of the USVI and have non-USVI source income, you must also file Virgin Islands Bureau of Internal Revenue Form 1040INFO, Non-Virgin Islands Source Income of Virgin Islands Residents, with the USVI. Attach Form 1040INFO to your USVI tax return before filing. You can get Form 1040INFO by contacting the address or website given earlier.

If you are a bona fide resident of the USVI for the tax year, file your return and all attachments with the U.S. Virgin Islands Bureau of Internal Revenue at:

Bureau of Internal Revenue  
6115 Estate Smith Bay  
St. Thomas, USVI 00802

## **U.S. Citizen or Resident Alien (Other Than a Bona Fide Resident of the U.S. Virgin Islands)**

If you are a U.S. citizen or resident alien but not a bona fide resident of the USVI during the tax year, you must file your original Form 1040 or 1040-SR with the United States and an identical copy of that return with the USVI if you have:

- Income from sources in the USVI, or
- Income effectively connected with the conduct of a trade or business in the USVI.

File your original Form 1040 or 1040-SR with the United States and file a signed copy of the U.S. return (including all attachments, forms, and schedules) with the U.S. Virgin Islands Bureau of Internal Revenue by the due date for filing Form 1040 or 1040-SR. Use Form

8689 to figure the amount of tax you must pay to the USVI.

**Form 8689.** Complete this form and attach it to both the return you file with the United States and the copy you file with the USVI. Figure the amount of tax you must pay to the USVI as follows:

$$\begin{array}{c} \text{Total tax on} \\ \text{U.S. return} \\ \text{(after certain adjustments)} \end{array} \times \frac{\text{USVI AGI}}{\text{Worldwide AGI}}$$

Pay any tax due to the USVI when you file your return with the U.S. Virgin Islands Bureau of Internal Revenue. To receive credit on your U.S. return for taxes paid to the USVI, include the amounts from Form 8689, lines 40 and 45, in the total on Form 1040 or 1040-SR, line 33. On the dotted line next to line 33, enter "Form 8689" and show the amounts.

**De minimis exception to determining source of income.** In certain situations, you

will not have income from a territory. See *De minimis exception* under *Compensation for Labor or Personal Services* in chapter 2.

If you are not a bona fide resident of the USVI during the tax year, but you have USVI source income, and you are not including a check or money order, file Form 1040 or 1040-SR and all attachments (including Form 8689) with the:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments (including Form 8689) to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

File a copy of your U.S. Form 1040 or 1040-SR with the U.S. Virgin Islands Bureau of Internal Revenue at:

Bureau of Internal Revenue  
6115 Estate Smith Bay  
St. Thomas, USVI 00802

### **Nonresident Alien (Other Than a Bona Fide Resident of the U.S. Virgin Islands)**

If you are a nonresident alien of the United States who does not qualify as a bona fide resident of the USVI for the tax year, you must generally file the following returns. • A USVI tax return reporting only your income from sources within the USVI. In this situation, wages for services performed in the USVI, whether for a private employer, the U.S. Government, or otherwise, are income from sources within the USVI. • A U.S. tax return (Form 1040-NR) reporting U.S. source income according to the rules for a nonresident alien. See the Instructions for Form 1040-NR.

If you are not a bona fide resident of the USVI during the tax year, and you are not including a check or money order, send your U.S. tax return and all attachments (including Form 8689) to:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215  
USA

If you are including a check or money order, send your U.S. tax return and all attachments (including Form 8689) to:

Internal Revenue Service  
P.O. Box 1303  
Charlotte, NC 28201-1303  
USA

Send your USVI tax return and all attachments to:

Bureau of Internal Revenue  
6115 Estate Smith Bay  
St. Thomas, USVI 00802

## **Special Rules for the U.S. Virgin Islands**

There are some special rules for certain types of income, employment, and filing status.

**Joint return.** If you file a joint return, you should file your return (and pay the tax) with the jurisdiction where the spouse who has the greater adjusted gross income (AGI) would have to file if you were filing separately. If the spouse with the greater AGI is a bona fide resident of the USVI during the tax year, file the joint return with the USVI. If the spouse with the greater AGI is a U.S. citizen or resident alien of the United States but not a bona fide resident of the USVI during the tax year, file the joint return with the United States. For this purpose, income is determined without regard to community property laws.

**Example.** You, a U.S. citizen, were a resident of the United States, and your spouse, a

citizen of both the USVI and the United States, was a bona fide resident of the USVI during the tax year. You earned \$55,000 as an architect in the United States. Your spouse earned \$30,000 as a librarian in the USVI. You and your spouse will file a joint return. Because you have the greater AGI, you and your spouse must file your return with the United States and report the entire \$85,000 on that return.

**U.S. Armed Forces.** If you are a member of the U.S. Armed Forces on active duty who qualified as a bona fide resident of the USVI in a prior tax year, your absence from the USVI solely in compliance with military orders will not change your bona fide residency. If you did not qualify as a bona fide resident of the USVI in a prior tax year, your presence in the USVI solely in compliance with military orders will not qualify you as a bona fide resident of the USVI.

**Civilian spouse of active duty member of the U.S. Armed Forces.** If, under the rule discussed at the beginning of chapter 1 (see *Special rule for civilian spouse of active duty member of the U.S. Armed Forces*), your tax residence is the USVI, follow the guidance in *Bona Fide Residents of the U.S. Virgin Islands under Which Return To File*, earlier. However, if your tax residence is one of the 50 states or the District of Columbia and your only income from the USVI is from wages, salaries, tips, or self-employment, you will be taxed on your worldwide income and file only a U.S. tax return (Form 1040 or 1040-SR) and a state and/or local tax return, if required. If you have income from the USVI other than wages, salaries, tips, or self-employment that is considered to be sourced in that territory (see Table 2-1), you may need to file Form 8689 with your U.S. tax return. In this case, follow the guidance under *U.S. Citizen or Resident Alien (Other Than a Bona Fide Resident of the U.S. Virgin Islands)*, earlier.

The spouse of the service member may elect to use the same residence for tax purposes as the service member regardless of the date on which the marriage of the spouse and service member occurred.

**Moving expense deduction.** The deduction for moving expenses is suspended unless you are a member of the U.S. Armed Forces who moves pursuant to a military order and incident to a permanent change of station. For more information, see Pub. 3. If you meet these requirements, see the discussion below.

If you are a bona fide resident in the tax year of your move, enter your deductible expenses on your USVI tax return.

If you are not a bona fide resident, enter your deductible expenses on Form 3903, and enter the deductible amount on Schedule 1 (Form 1040), line 14, and on Form 8689, line 20.

If your move was to the United States, complete Form 3903, and enter the

deductible amount on Schedule 1 (Form 1040), line 14.

**Self-employment tax.** If you have no U.S. filing requirement, but have income that is effectively connected with a trade or business in the USVI, you must file Form 1040-SS with the United States to report your self-employment income and, if necessary, pay self-employment tax.

**Additional Medicare Tax.** You may be required to pay Additional Medicare Tax. Also, you may need to report Additional Medicare Tax withheld by your employer. For more information, see *Additional Medicare Tax* under *Special Rules for Completing Your U.S. Tax Return* in chapter 4.

**Estimated tax payments.** To see if you are required to make payments of estimated income tax, self-employment tax, and/or Additional Medicare Tax to the IRS, get Form 1040-ES.

To pay by check or money order, send your payment with the Form 1040-ES payment voucher to:

Bureau of Internal Revenue  
6115 Estate Smith Bay  
St. Thomas, USVI 00802

To get information on paying electronically (by credit or debit card, or through the Electronic Federal Tax Payment System (EFTPS)), go to [IRS.gov/Payments](https://www.irs.gov/Payments).

For information on making estimated income tax payments to the Bureau of Internal Revenue, see *Where To Get Forms and Information*, earlier.

**Extension of time to file.** You can get an automatic 6-month extension of time to file your tax return. See *Extension of Time To File* in chapter 4. Bona fide residents of the USVI during the tax year must file a paper Form 4868 with the U.S. Virgin Islands Bureau of Internal Revenue. Nonresidents of the USVI

should file separate extension requests with the IRS and the U.S. Virgin Islands Bureau of Internal Revenue and make any payments due to the respective jurisdictions. However, the U.S. Virgin Islands Bureau of Internal Revenue will honor an extension request that is timely filed with the IRS.

## **Double Taxation**

A mutual agreement procedure exists to settle cases of double taxation between the United States and the U.S. Virgin Islands. See *Double Taxation* in chapter 4.

This page is intentionally left blank