

Exclusion of Income for Bona Fide Residents of American Samoa

1991

Attachment Sequence No. **68**

Department of the Treasury
Internal Revenue Service

▶ See Instructions below and on back.
▶ Attach to Form 1040.

Name(s) shown on Form 1040	Your social security number
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- A** Date bona fide residence began _____, ended _____
- B** Kind of living quarters in American Samoa ▶ Rented room Rented house or apartment
 Quarters furnished by employer Purchased home
- C** Did any of your family live with you in American Samoa during any part of the tax year? Yes No
 If "Yes," who and for what period? ▶ _____
- D** Did you maintain any home(s) outside of American Samoa? Yes No
 If "Yes," show address of your home(s), whether it was rented, and the names and relationships of the occupants ▶ _____
- E** Name and address of employer (state if self-employed) ▶ _____
- F** Complete the following for days absent from American Samoa during 1991.

Date of departure	Date of return	Number of days absent	Reason for absence

Include on lines 1 through 8 below only income that qualifies for the exclusion. (See the Instructions.)

1 Wages, salaries, tips, etc.	1		
2 Taxable interest income	2		
3 Dividend income	3		
4 Rent and royalty income	4		
5 Business income	5		
6 Farm income	6		
7 Capital gains	7		
8 Other income (list type and amount) ▶ _____	8		
9 Add lines 1 through 8 and enter the total. This is the amount you may exclude from your 1991 gross income. ▶	9		

Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 33 min.
- Learning about the law or the form** 5 min.
- Preparing the form** 25 min.
- Copying, assembling, and sending the form to the IRS** 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more

simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the Instructions for Form 1040.

Purpose of Form

If you qualify, use Form 4563 to figure the amount of income you can exclude from your gross income.

Who Qualifies

You qualify for the exclusion if you were a bona fide resident of American Samoa during all of 1991 (see **Bona Fide Residence Test** on page 2).

Note: *In future years, bona fide residents of Guam and the Commonwealth of the Northern Mariana Islands (CNMI) may also qualify for the exclusion. They will not qualify, however, unless implementation agreements are in effect with the United States. At the time this form went to print, the CNMI had not entered into an implementation agreement. Also, the effective date of the agreement between the United States and Guam had been postponed from January 1, 1991, to an undetermined date.*

Bona Fide Residence Test.—To qualify under this test you must be a bona fide resident of American Samoa for an uninterrupted period that includes a complete tax year (January 1–December 31, if you file a calendar year return).

No specific rule determines if you are a bona fide resident of American Samoa. At the time this form went to print, regulations were being written defining the bona fide residence test under section 931. The following factors may be considered:

- Intent;
- Establishment of a permanent home;
- Assimilation into the social, cultural, and economic environment; and
- Physical presence.

Other factors that may be considered are the nature, extent and reasons for temporary absences; assumption of economic burdens and payment of taxes to American Samoa; existence of other homes outside American Samoa; and place of employment.

What Income Can Be Excluded

If you qualify, you can exclude the following:

- Income received from sources in American Samoa, Guam, and the CNMI; and
- Income effectively connected with the conduct of a trade or business in those possessions.

Get **Pub. 570**, Tax Guide for Individuals With Income From U.S. Possessions, for information on how to determine the source of income.

Employees of the United States.—Amounts paid to you for services you performed as an employee of the U.S. Government or any of its agencies **cannot** be excluded. This rule applies to both civilian and military employees.

Income You Must Report on Form 1040

Even if you qualify for the exclusion, you must still report on Form 1040 your worldwide income. This includes all income you received during 1991 that does not qualify for the exclusion. The source of that income does not matter.

Deductions and Credits You May Not Take on Form 1040

If you claim the exclusion, you may not take any deduction or credit on Form 1040 that is definitely related to the excluded income.

Deductions and credits that are **not** definitely related to any particular type of income must be allocated between your excludable income and your other income to find the amount you may take on Form 1040. Examples of deductions that are not definitely related to any particular type of income are the standard deduction and certain itemized deductions (such as medical and dental expenses, gifts to charity, and real estate taxes and mortgage interest on your personal residence).

For more details, including how to figure the amount allocable to the excluded income, see Pub. 570.

Note: *You can take a deduction for each exemption you are entitled to claim. This deduction is not considered allocable to the excluded income.*

Self-Employed Individuals

If you were self-employed and your net earnings from self-employment were \$400 or more, you will generally have to pay self-employment tax on those earnings even though you can exclude them from your gross income. Use **Schedule SE** (Form 1040) to figure any self-employment tax due.

Where To File

Mail your return to the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

Note: *If you do not qualify for the exclusion, follow the Instructions for Form 1040. Report all your taxable income, including income from U.S., foreign, and possession sources. File your return with the Internal Revenue Service Center shown in the Form 1040 instructions for the place where you live.*