

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

by Scott Hollenbeck and Maureen Keenan Kahr

For 2011, the total amount of foreign-earned income reported by U.S. taxpayers grew in real terms by 32.3 percent, to over \$54.2 billion. Foreign-source gross income reported by U.S. taxpayers reached nearly \$170.0 billion for the year; total foreign tax credit claimed was just under \$16.5 billion. Unless otherwise stated, the statistics reported in this article are based on data compiled from Form 2555, *Foreign Earned Income*, Form 2555-EZ, *Foreign Earned Income Exclusion*, Form 1116, *Foreign Tax Credit*, and Form 1040, *U.S. Individual Income Tax Return*. U.S. taxpayers file these forms with their individual income tax returns to report foreign-earned income and claim the foreign tax credit.

Foreign-Earned Income Highlights

In 2011, nearly 450,000 U.S. taxpayers living abroad reported just over \$54.2 billion in foreign-earned income, an increase of 32.3 percent in real terms from 2006 (the last time this study was done). U.S. taxpayers claimed more than \$28.3 billion as a foreign-earned income exclusion on their tax returns for the year. Between 2006 and 2011, the inflation-adjusted amount of the foreign-earned income exclusion increased 38.4 percent, while the housing exclusion increased 5.8 percent, rising from just under \$1.5 billion to nearly \$1.6 billion for 2011 (Figure A).

Asian-based U.S. taxpayers reported the largest amount of total foreign-earned income (\$24.9 billion) from any continent for 2011, a 52.2-percent increase in real growth from the \$16.4 billion reported for 2006. This continued a decade of large increases reported on returns from Asia. For 2011, these returns represent approximately 46 percent of all the foreign-earned income reported by U.S. taxpayers, up from roughly 40 percent for 2006 and 36 percent for 2001. Some of this growth is attributable to returns with a tax home of Afghanistan with \$3.0 billion reported in total foreign-earned income for 2011, after reporting \$0.5 billion in 2006. Taxpayers based in Singapore also drove this growth, reporting a real increase of 129.4 percent (to \$1.9 billion); China reporting an increase of 71.0 percent (to \$3.3 billion); and similarly, with taxpayers in Hong Kong reporting an increase of 41.2 percent (to \$2.9 billion).

European-based U.S. taxpayers reported the second largest amount of foreign-earned income of just under \$14.4 billion, which was a real decrease of 3.2 percent

from 2006. As in previous years, the United Kingdom continued to lead all countries from all continents with over \$5.4 billion in foreign-earned income, accounting for more than a third of all European-based returns. This was a 22.1-percent decrease from \$7.0 billion in 2006, contributing largely to the overall decrease from European-based returns.

Total foreign-earned income reported for North American-based taxpayers grew 22.9 percent for 2011. Canadian-based taxpayers drove this growth, reporting over \$3.8 billion in foreign-earned income for the year, a 28.9-percent increase from 2006. Over 60 percent of all taxpayers reporting foreign-earned income had no U.S. income tax liability for 2011.

Foreign Tax Credit Highlights

From 2006 to 2011, inflation-adjusted foreign-source gross income reported on Form 1116, *Foreign Tax Credit*, grew 27.0 percent, and real foreign tax credits claimed rose 34.5 percent. U.S. taxpayers claimed a total of nearly \$16.5 billion in foreign tax credits from approximately 6.9 million returns for 2011; these credits were based on a reported \$170.0 billion in foreign-source gross income and \$22.0 billion in foreign taxes paid or accrued.

As with foreign-earned income by country, the United Kingdom continued to lead in terms of foreign-source gross income reported on Form 1116. For 2011, taxpayers reported \$13.9 billion in foreign-source gross income from the United Kingdom, a modest growth of 4.2 percent from the inflation-adjusted \$13.3 billion reported for 2006. By region, taxpayers reported the most foreign-source gross income (\$32.4 billion) from European countries for 2011. For the most significant regions, the Oceania countries (Australia, New Zealand, etc.) reported the largest growth. From 2006 to 2011, foreign-source gross income reported for these countries doubled to \$2.7 billion, and the 113.9-percent growth from Australia contributed to most of this growth.

Overview of Foreign-Earned Income Provisions

In an effort to increase U.S. participation in foreign trade, a Federal income tax law was passed in 1926, which allowed for an exclusion of foreign-earned income from taxes. Under the 2011 version of the law, Section 911 of the Internal Revenue Code, qualified U.S. citizens or resident aliens living and working abroad could elect to exclude a certain amount of foreign-earned income and an excess foreign housing cost. The election was made separately for each of the exclusions. To qualify, an

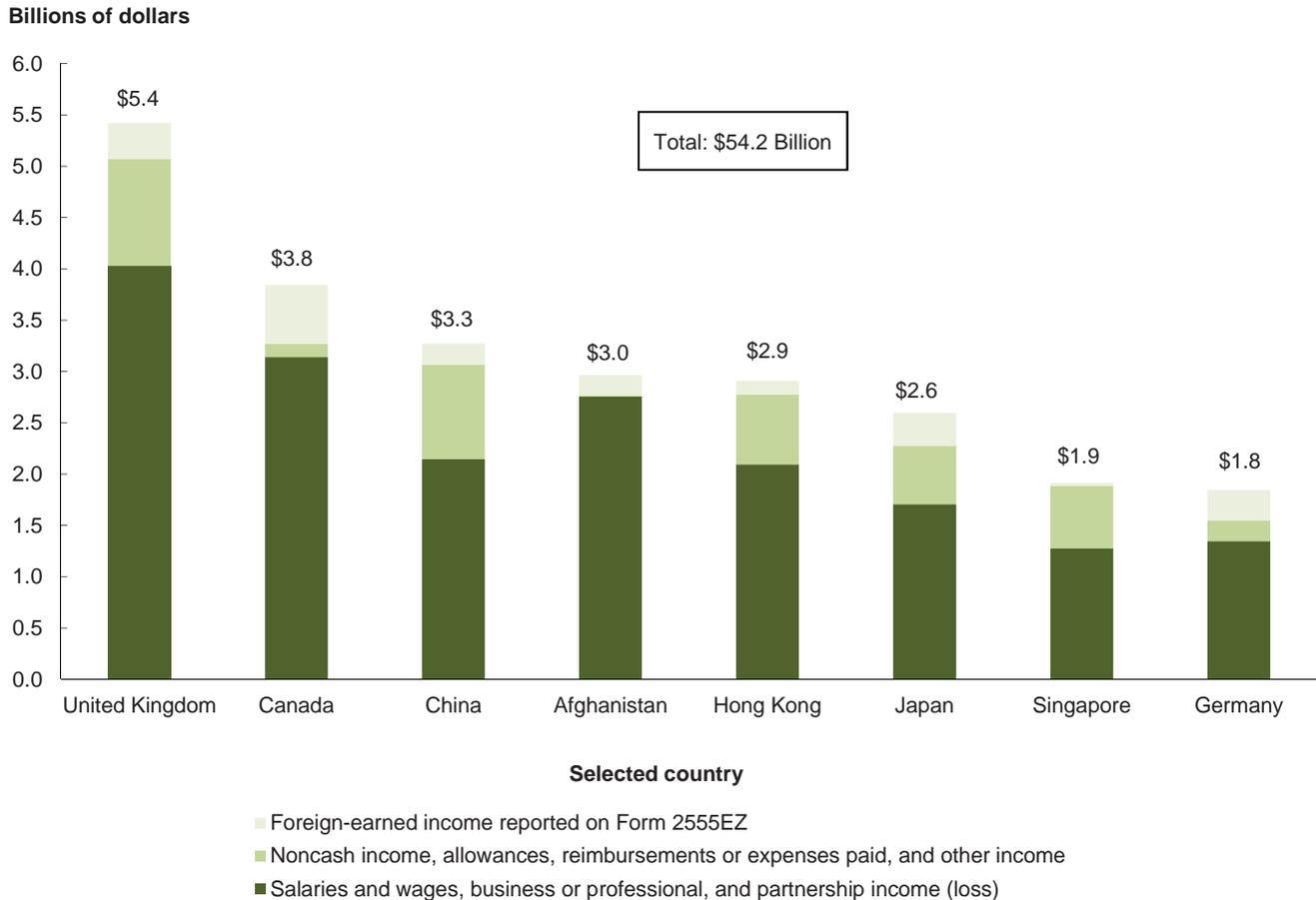
This article was written by Scott Hollenbeck and Maureen Keenan Kahr, economists with the Individual Research Section, under the direction of Mike Strudler, Chief.

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Figure A

Foreign-Earned Income by Selected Country, Tax Year 2011



NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

individual must have had a foreign tax home and satisfied either the bona fide residence or physical presence test. Only U.S. citizens could use the bona fide residence test. The bona fide residence test was generally satisfied if the individual had established and maintained a residence in a foreign country for an uninterrupted period that included an entire taxable year. An individual would not be considered a resident if a statement was submitted to the taxing authorities of the foreign country indicating nonresidency and the foreign country did not subject the individual to foreign income taxation. Under the physical presence test, an individual had to be present in a foreign country for at least 330 full days during any period of 12 consecutive months.

In general, earned income was compensation received for personal services. Thus, wages, salaries, and professional fees qualified as earned income for purposes of the exclusion. Taxpayers engaged in a trade or business that used both capital and services to produce income, could treat any reasonable amount that did not exceed 30 percent of the taxpayer's share of the net profits of the trade or business as earned income. Earned income also included employer-provided allowances or reimbursements, such as cost-of-living allowances, overseas compensation differentials, quarters, education allowances, and the full rental value of property or facilities provided by the employer. To qualify for the exclusions, the earned income had to be foreign-earned income. In

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general, it would be foreign-earned income if the taxpayer performed personal services in a foreign country. The actual location of the employer and employee at the time the taxpayer received the compensation did not affect this determination. Not included in foreign-earned income were pensions, annuities, compensation by the U.S. Government, and income excluded by an employer to compensate for meals and lodging provided for the employer's convenience.

For 2011, the maximum amount of foreign-earned income a taxpayer could exclude was \$92,900, prorated on a daily basis for the qualifying period. (For 2006, this amount was \$82,400.) If a taxpayer elected both the foreign-earned income and housing exclusions, the foreign housing exclusion was calculated first. The foreign-earned income exclusion was then limited to the excess of foreign-earned income over the housing exclusion.

Qualified housing expenses were reasonable housing costs paid or incurred during the tax year. In general, these expenses included utilities, insurance, and rent. The excess-housing cost was equal to the individual's qualified housing expenses for the tax year over a base-level amount (\$14,864 for 2011) prorated on a daily basis. To the extent these were employer-provided amounts, the excess housing cost was allowed as a foreign housing exclusion. Housing costs related to self-employment were allowed as a foreign housing deduction in computing adjusted gross income. The foreign housing deduction was limited to the excess of foreign-earned income over the sum of foreign-earned income and housing exclusions. Any excess housing amount that was not deductible could be carried over to the following tax year.

In addition to the exclusions (foreign-earned income and housing) and the housing deduction, individuals could also claim a foreign tax credit (discussed in more detail in the Foreign Tax Credit Overview section). This credit was for foreign income taxes paid or accrued on two types of income: (1) foreign-earned income for which the income exclusion was not claimed, and (2) foreign-source income that did not qualify for the exclusions or deduction.

U.S. taxpayers file Form 2555, *Foreign Earned Income*, with Form 1040, *U.S. Individual Income Tax Return*, to claim the exclusions and the housing deduction.

For 2011, of the 145.4 million individual income tax returns filed with the Internal Revenue Service, an estimated 449,277 had a Form 2555 attached (or Form 2555-EZ), slightly more than 0.3 percent of the total.¹ Tables 1 and 2 present statistics for individual income tax returns with the foreign-earned income exclusion, foreign housing exclusion, and foreign housing deduction.

Total Foreign-Earned Income

For 2011, U.S. taxpayers reported \$54.2 billion in foreign-earned income, a real increase of 32.3 percent from the 2006 inflation-adjusted amount of \$41.0 billion. This represents a real annual growth rate of 5.8 percent from 2006.^{2,3} This can be attributed to an increase in the number of returns filed with the exclusion, despite a decrease in the average amount of foreign-earned income reported per return. From 2006 to 2011, taxpayers filed approximately 115,000 more returns with the exclusion (up 34.2 percent). During this same period, the average amount of total foreign-earned income per return decreased approximately 1.4 percent in real terms, from an average of \$122,424 for 2006 to \$120,738 for 2011.

Of the nearly 450,000 returns filed with a Form 2555 attached, returns with a tax home of Canada (10.2 percent), the United Kingdom (7.0 percent), Japan (5.1 percent), Afghanistan (5.1 percent), and China (5.0 percent) represented about a third of the total number of returns filed for the year. In 2011, nearly 23,000 taxpayers reported a tax home of Afghanistan, a 288.2-percent increase from just under 6,000 taxpayers for 2006. The number of returns reporting China as a tax home grew steadily, rising 143.6 percent between 2001 and 2006, and another 79.6 percent between 2006 and 2011 (to over 22,000 returns). The large growth in Afghanistan, the continued growth in China, and the more modest increases in the number of returns from other tax homes in Asia, led to an overall 40.3-percent increase in Asian-based returns (Figure B). For 2011, the number of Asian-based returns with foreign-earned income (about 195,000) was nearly 82 percent higher than the number of returns for Europe (just over 107,000). These data show a decade of strong growth in Asian-based U.S. taxpayers since 2001, when Europe represented the region with the largest number of returns reported.

¹ Data for all taxpayers who filed a Form 1040 for 2011 cited in this article are from *Statistics of Income, Individual Income Tax Returns 2011*, Publication 1304.

² Data in this article are compared to 2006 and 2001 data because these are the last years for which comparable statistics are available.

³ For comparability, 2006 amounts presented in this article were adjusted for U.S. inflation to 2011 constant dollars. However, these adjustments do not necessarily adjust for country-specific inflation in countries for which income was reported. The inflation-adjusted constant-dollar amounts are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year	CPI-U
2011	224.939
2006	201.6

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Figure B

Foreign-Earned Income, Exclusions, and Housing Deduction, by Selected Country or Region, Tax Years 2006 and 2011

[Money amounts are in thousands of dollars]

Selected country or region	Number of returns [1]			Total foreign-earned income			Foreign-earned income exclusion before deductions		
	2006 [2]	2011	Percentage change	2006 [2]	2011	Percentage change	2006 [2]	2011	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All geographic areas	334,851	449,277	34.2	40,993,722	54,244,646	32.3	20,483,374	28,344,312	38.4
North America	36,179	52,883	46.2	3,624,815	4,455,934	22.9	1,984,349	2,938,301	48.1
Canada	30,067	45,949	52.8	2,981,436	3,841,763	28.9	1,628,789	2,580,459	58.4
Other North America	6,112	6,934	13.4	643,379	614,171	-4.5	355,560	357,842	0.6
Asia	138,795	194,703	40.3	16,371,651	24,911,137	52.2	8,840,231	12,730,672	44.0
Afghanistan	5,912	22,951	288.2	496,232	2,961,433	496.8	368,102	1,749,519	375.3
China	12,430	22,328	79.6	1,910,958	3,267,117	71.0	828,647	1,444,917	74.4
Hong Kong	10,792	13,181	22.1	2,058,484	2,905,841	41.2	768,852	975,487	26.9
Iraq	18,325	14,021	-23.5	2,039,515	1,552,010	-23.9	1,325,470	1,029,197	-22.4
Israel	8,986	9,872	9.9	564,748	645,902	14.4	448,417	488,073	8.8
Japan	23,529	23,054	-2.0	2,350,711	2,593,308	10.3	1,244,670	1,246,605	0.2
Saudi Arabia	5,109	7,968	56.0	688,662	1,135,434	64.9	407,436	598,546	46.9
Singapore	3,636	7,749	113.1	834,525	1,914,293	129.4	291,687	634,166	117.4
South Korea	6,668	13,659	104.8	774,384	1,123,230	45.0	390,366	656,363	68.1
United Arab Emirates	7,423	12,153	63.7	847,611	1,623,109	91.5	563,940	905,731	60.6
Other Asia	35,988	47,769	32.7	3,805,820	5,189,461	36.4	2,202,642	3,002,067	36.3
Europe	99,732	107,220	7.5	14,848,191	14,367,774	-3.2	6,119,048	6,668,589	9.0
France	9,653	11,111	15.1	1,054,319	1,209,808	14.7	552,329	623,621	12.9
Germany	21,513	19,173	-10.9	1,917,976	1,843,857	-3.9	1,171,725	1,101,969	-6.0
Switzerland	7,093	10,548	48.7	1,113,016	1,832,500	64.6	512,414	834,680	62.9
United Kingdom	28,409	31,599	11.2	6,961,514	5,421,593	-22.1	1,925,680	1,944,761	1.0
Other Europe	33,067	34,790	5.2	3,801,365	4,060,017	6.8	1,956,900	2,163,558	10.6
Latin/South America	13,911	14,732	5.9	1,299,931	1,757,461	35.2	755,500	880,165	16.5
Oceania	9,724	14,449	48.6	950,171	1,742,935	83.4	598,599	954,874	59.5
Australia	6,420	10,353	61.3	738,594	1,443,738	95.5	432,200	707,197	63.6
Other Oceania	3,305	4,097	24.0	211,577	299,197	41.4	166,398	247,676	48.8
Other	36,510	65,290	78.8	3,898,963	7,009,404	79.8	2,185,647	4,171,712	90.9

Footnotes at end of figure.

Along with the number of returns, U.S. taxpayers in Asian-based countries reported the largest increases in total earned income for 2011 (just over \$24.9 billion), an increase of 52.2 percent from the amount reported for 2006. North American-based countries (up 22.9 percent) and Oceania countries (up 83.4 percent) also showed significant real increases. The latter occurred primarily due to returns from Australia nearly doubling the amount of foreign-earned income reported to \$1.4 billion.

While the number of returns from Europe increased by 7.5 percent from 2006 to 2011, total foreign-earned income decreased 3.2 percent, in real dollars, to \$14.4 billion. Decreases reported by taxpayers in the United Kingdom (down 22.1 percent) and Germany (down 3.9 percent) contributed to this decline. In contrast,

foreign-earned income reported on returns from Latin/South American-based countries increased 35.2 percent to nearly \$1.8 billion during this same period. This reversed the loss reported in the previous study, when these countries reported a 16.7-percent decline in foreign-earned income from 2001.⁴

As in previous years, United Kingdom-based individuals reported the largest amount of foreign-earned income (just over \$5.4 billion) in 2011. However, the decline for these taxpayers (down 22.1 percent), along with rapid growth in several other countries, reduced the overall share of foreign-earned income in the United Kingdom from 17.0 percent for 2006 to 10.0 percent for 2011. The difference in total foreign-earned income between the United Kingdom (the largest source) and

⁴ See Hollenbeck, Scott, and Maureen Keenan Kahr. "Individual Foreign-Earned Income and Foreign Tax Credit, 2006," *Statistics of Income Bulletin*, Spring 2009, Volume 28, Number 4.

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Figure B—Continued

Foreign-Earned Income, Exclusions, and Housing Deduction, by Selected Country or Region, Tax Years 2006 and 2011—Continued

[Money amounts are in thousands of dollars]

Selected country or region	Housing exclusion			Housing deduction		
	2006 [2]	2011	Percentage change	2006 [2]	2011	Percentage change
	(10)	(11)	(12)	(13)	(14)	(15)
All geographic areas	1,491,218	1,578,263	5.8	93,318	99,010	6.1
North America	30,841	22,816	-26.0	530	1,949	267.7
Canada	13,239	14,766	11.5	* 176	1,789	914.7
Other North America	17,602	8,049	-54.3	* 355	* 160	-54.9
Asia	719,693	923,406	28.3	43,143	47,189	9.4
Afghanistan	0	3,220	[3]	* 125	* 254	103.2
China	125,439	137,003	9.2	3,111	5,610	80.3
Hong Kong	217,393	232,093	6.8	14,946	11,677	-21.9
Iraq	2,555	2,757	7.9	* 925	* 150	-83.8
Israel	725	2,515	246.8	162	* 146	-9.8
Japan	149,320	141,647	-5.1	11,313	13,963	23.4
Saudi Arabia	7,088	9,095	28.3	* 4	980	[3]
Singapore	58,831	153,308	160.6	762	3,123	309.8
South Korea	43,359	33,895	-21.8	3,321	1,764	-46.9
United Arab Emirates	30,384	89,278	193.8	3,615	5,738	58.7
Other Asia	84,598	118,596	40.2	4,862	3,783	-22.2
Europe	607,948	447,264	-26.4	42,000	35,879	-14.6
France	43,196	53,453	23.7	4,232	4,229	-0.1
Germany	57,232	50,701	-11.4	3,861	5,704	47.7
Switzerland	55,100	69,010	25.2	1,637	3,245	98.2
United Kingdom	330,915	153,213	-53.7	24,909	17,090	-31.4
Other Europe	121,506	120,890	-0.5	7,362	5,611	-23.8
Latin/South America	33,548	31,846	-5.1	969	2,577	166.1
Oceania	13,326	34,444	158.5	* 55	556	916.9
Australia	12,809	32,469	153.5	* 54	441	723.4
Other Oceania	519	1,975	280.6	* 1	* 115	[3]
Other	85,861	118,488	38.0	6,621	10,861	64.0

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.

[2] For comparability, 2006 amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year CPI-U

2011 224.939

2006 201.600

[3] Percentage not computed.

NOTE: Detail may not add to totals because of rounding.

Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

Canada (the second largest source) was \$1.6 billion. For 2006, the gap in total foreign-earned income reported on returns from these two countries was approximately \$4.0 billion.

China-based U.S. taxpayers continued to report remarkable growth in total foreign-earned income. For these taxpayers, total foreign-earned income grew 71.0 percent, in real terms, from approximately \$1.9 billion for 2006 to nearly \$3.3 billion for 2011. Other Asia-based returns, United Arab Emirates (up 91.5 percent to \$1.6

billion) and Saudi Arabia (up 64.9 percent to \$1.1 billion), also showed large increases during this same period.

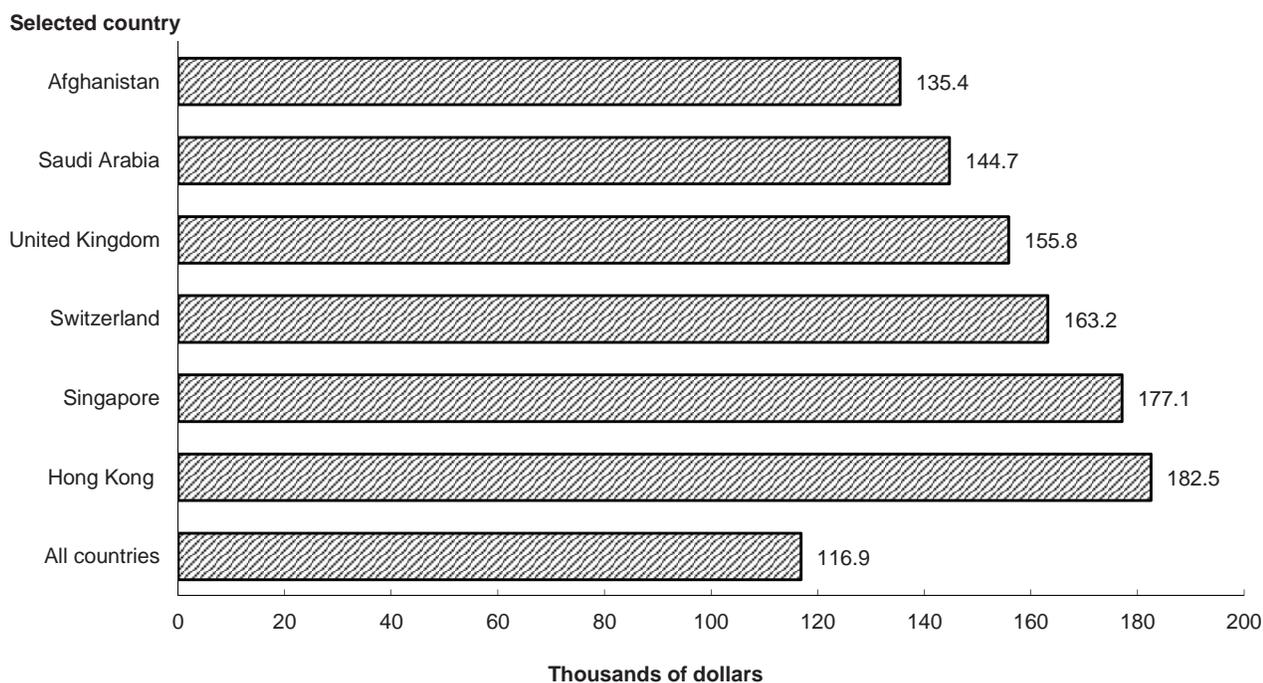
Individuals with tax homes in the United Kingdom (10.0 percent), Canada (7.1 percent), China (6.0 percent), Afghanistan (5.5 percent), Hong Kong (5.4 percent), Japan (4.8 percent), Singapore (3.5 percent), and Germany (3.4 percent) accounted for approximately 45.6 percent of the total foreign-earned income for 2011 (Figure A). Of these selected countries, six also had the largest amounts of income for the 2006 study, with Afghanistan

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Figure C

Average Foreign Salaries and Wages Earned by U.S. Taxpayers Reporting Wages on Form 2555, by Selected Country, Tax Year 2011



NOTE: U.S. taxpayers filed Form 2555, *Foreign Earned Income*, with Form 1040, *U.S. Individual Income Tax Return*.
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

and Singapore replacing Iraq and Switzerland for 2011. In rank order, China jumped from the seventh to the third highest amount of foreign-earned income, while Afghanistan took the fourth spot. The only other movement for these countries from the 2006 study was Hong Kong moving ahead of Japan. While foreign-earned income decreased in the United Kingdom (down 22.1 percent) and Germany (down 3.9 percent), it increased in the six remaining countries.

Composition of Foreign-Earned Income

For 2011, of the \$54.2 billion in foreign-earned income (cited above), taxpayers reported just under \$49.2 billion on Form 2555. Taxpayers reported the remaining \$5.1 billion using Form 2555-EZ. Data related to the composition of foreign-earned income are not available on Form 2555-EZ; therefore, the breakdown in the ensuing discussion includes only those amounts reported on Form 2555.

Salaries and wages comprised 76.7 percent of the total foreign-earned income reported for 2011 (Table 1). Of the remaining 23.3 percent, allowances, reimbursements,

or expenses paid by employers made up 10.6 percent; business or professional, and partnership, noncash and other income accounted for 12.7 percent. The average foreign-source salary for a taxpayer filing Form 2555 (with wages) was approximately \$116,858. This average, however, varied greatly among the various countries. Of the top six countries, (those with the highest average wages with at least 5,000 Forms 2555 attached to individual tax returns); returns from Hong Kong-based taxpayers reported the highest average salary (\$182,500) for 2011, followed by Singapore (\$177,059). Afghanistan reported the lowest average salary (\$135,412) (Figure C).

The average salary reported for Hong Kong returns increased by just over \$23,000 (in real dollars) from 2006. Also, for 2011, the difference in average salary between Hong Kong and Singapore was just over \$5,400. In comparison, for the 2006 study, the United Kingdom and Hong Kong were the top two countries, respectively, based on average salary. At that time, the average salary reported by taxpayers based in the United Kingdom was approximately \$32,000 higher than the average salary earned in Hong Kong.

Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction

From 2006 to 2011, the total amount reported for the foreign-earned income exclusion grew 38.4 percent (in real terms) to \$28.3 billion. This growth occurred while the amount of foreign-earned income that a taxpayer could exclude increased from \$82,400 to \$92,900. The amount reported for the housing exclusion increased approximately 5.8 percent, from an inflation-adjusted \$1.5 billion to \$1.6 billion. The housing deduction also increased in real terms (6.1 percent), to a total of \$99.0 million for 2011.

Increases in both the housing exclusion and housing deduction can mostly be attributed to more taxpayers claiming these benefits. Also, some of this growth may be due to higher limits placed on the amount of housing expenses eligible for the exclusion or deduction. In general, a limit of \$27,870 (up from \$24,720 in 2006) was placed on eligible housing expenses; however, taxpayers could take a higher expense amount if they resided in specific countries or cities listed by the IRS in the instructions for Form 2555, *Foreign Earned Income*.

For 2011, individuals with a tax home of Canada reported the highest amount of exclusions for foreign-earned income, followed by the United Kingdom and Afghanistan. Canadian-based taxpayers reported \$2.6 billion in foreign-earned income exclusions for the year, up 58.4 percent from the inflation-adjusted \$1.6 billion excluded in 2006. In comparison, United Kingdom-based taxpayers reported over \$1.9 billion, up 1.0 percent from 2006, despite the 22.1-percent decline in reported foreign-earned income cited above. Afghanistan reported over \$1.7 billion in foreign-earned income exclusions, after only reporting \$0.4 billion for 2006. The 375.3-percent growth in Afghanistan, coupled with a 74.4-percent increase in China (to over \$1.4 billion), contributed to much of the overall 44.0-percent growth in foreign-earned income from Asian-based taxpayers for 2011.

Of the \$1.6 billion reported for 2011 (cited above), individuals with a tax home of Hong Kong (14.7 percent), the United Kingdom (9.7 percent), Japan (9.0 percent) or China (8.7 percent) accounted for about 42.1 percent of the housing exclusion reported for the year. This overall increase reversed the 38.7-percent decrease reported in the 2006 study.

Taxpayers with foreign-earned income use the housing deduction to increase their total statutory adjustments, thus decreasing their adjusted gross income. For 2011, just over 5,500 taxpayers claimed the housing

deduction for a total of \$99.0 million. The average housing deduction was \$17,763 for the year.

Individual taxpayers claiming both the foreign-earned income and housing exclusions, along with the housing deduction, reported worldwide income of over \$73.4 billion for 2011. After claiming the exclusions and deduction, these taxpayers reduced their worldwide income by \$30.0 billion, or almost 41 percent. Approximately 60.8 percent of all taxpayers who claimed the exclusions, deduction, and any foreign tax credit to which they were entitled, had no U.S. income tax liability for 2011. This was up from 57.4 percent from 2006.

Starting in 2006, individual taxpayers reporting foreign-earned income used a new foreign-earned income tax worksheet to figure out their tax, and to calculate the tax on nonexcluded income using tax rates that would have applied had they not claimed the exclusion. For 2011, the change in the calculation affected just over 210,000 returns, resulting in an additional \$1.4 billion in tax. In comparison, this change affected nearly 139,000 returns for 2006, resulting in an additional \$0.8 billion in tax.

Overview of Foreign Tax Credit Provisions

For 2011, U.S. taxpayers with income from sources outside the United States, regardless of their residency, could claim a credit against their U.S. income tax liabilities for most foreign taxes paid or accrued (except for taxes paid on income excluded under the foreign-earned income provisions). The purpose of the credit, originally created in 1918, is to avoid double taxation on foreign-source income, since the United States taxes its citizens and resident aliens based on their worldwide incomes.

The foreign tax credit is subject to a limitation based on the taxpayer's total U.S. income tax liability. This prevents taxpayers from using foreign taxes paid in relatively high-tax-rate countries from offsetting taxes paid on their U.S.-source incomes. The limitation is computed separately for the following categories of foreign-source income: passive income, general income, Section 901(j) income, certain income re-sourced by a treaty, and lump-sum distributions from certain retirement plans. The allowable credits for each category of foreign-source income are then added together.

Passive income generally includes dividends, interest, rents, royalties, and annuities. Section 901(j) income is income earned from activities conducted in a sanctioned country; no credit is allowed for taxes paid or accrued to sanctioned countries.⁵ Certain income re-sourced by treaty allows specific types of income to be treated as foreign-source income, if there is a tax treaty

⁵ A foreign tax credit is not allowed for foreign taxes paid or accrued to countries sanctioned by the U.S. Government. Nevertheless, a foreign tax credit limitation is computed for each sanctioned country. For 2011, the countries were Cuba, Iran, North Korea, Sudan, and Syria.

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Figure D

Selected Income and Credit Items, Tax Years 2006 and 2011

[Money amounts are in thousands of dollars]

Item	2006 [1]	2011	Percentage change
	(1)	(2)	(3)
Worldwide income, all 1040 returns [2]	9,109,773,918	8,528,125,741	-6.4
Worldwide income, returns with Form 1116 [3]	1,330,969,514	1,155,322,207	-13.2
Form 1116			
Foreign-source gross income	133,857,682	169,982,715	27.0
Foreign tax credit [4]	12,227,706	16,451,088	34.5

[1] For comparability, 2006 amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year CPI-U
2011 224.939
2006 201.6

[2] Worldwide income is total income or loss reported on Form 1040 before the foreign-earned income and housing exclusions have been taken.

[3] U.S. taxpayers file Form 1116, *Foreign Tax Credit*, with Form 1040, *U.S. Individual Income Tax Return*, per the instructions for Form 1116 (see www.irs.gov/form1116).

[4] Includes foreign tax credits reported on Form 1040 without a supporting Form 1116. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also meet certain other conditions are not required to file Form 1116 to claim the foreign tax credit.

Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

that treats it as such, and the treaty is applied. Lump-sum distributions are distributions from a retirement plan that are subject to U.S. tax using income averaging. General income is foreign income from sources outside the United States that do not fall into one of the other four categories; it includes high-taxed income that would otherwise be passive income.

In general, for taxpayers who file Form 1116, *Foreign Tax Credit*, with Form 1040, the limitation on the foreign tax credit for each type of income is calculated by multiplying the total U.S. income tax liability before credits by the ratio of the foreign-source taxable income for that type of income to total U.S. taxable income.⁶ However, not all taxpayers who claim the foreign tax credit file Form 1116 (see Data Sources and Limitations). Foreign taxes paid in excess of the limitation can be carried back 1 year and then forward for up to 10 years. Taxes carried to another year are added to the taxes available for credit for that year for the same income category. Tables 3 through 5 present statistics on the foreign tax credit and related foreign-source income reported on individual income tax returns.

Foreign-Source Gross Income

Foreign-source gross income is all income earned outside the United States, except for income used to claim

the foreign-earned income exclusion. Taxpayers reported just under \$170.0 billion in foreign-source gross income for 2011 (Figure D). This represents approximately 14.7 percent of total worldwide income for those taxpayers who reported foreign-source gross income and 2.0 percent of total worldwide income for all U.S. taxpayers. These statistics include only foreign-source gross income reported on Form 1116, because some taxpayers with this type of income do not file this form.⁷ Between 2006 and 2011, foreign-source gross income grew 27.0 percent in real percentage terms, whereas worldwide income reported on all individual U.S. tax returns fell 6.4 percent.

Of the nearly \$170.0 billion in foreign-source gross income, taxpayers reported \$87.6 billion (or 51.5 percent) without stating a specific country, and the remaining \$82.4 billion stated a specific country.⁸ The United Kingdom (\$13.9 billion), followed by Canada (\$12.9 billion), Germany (\$5.6 billion), Colombia (\$4.3 billion), and China (\$3.9 billion) made up the top five countries with the most foreign-source income. Of these, all but China was in the top five for 2006. China surpassed Japan in this category for 2011.

Together, the top five countries accounted for about half (49.3 percent) of all foreign-source gross income with a stated country. Of this percentage, taxpayers reported earning 16.9 percent from the United Kingdom,

⁶For income from the certain income re-sourced by treaty category, a separate foreign tax credit limitation has to be computed for each amount re-sourced from a treaty country.

⁷Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes, who met certain other conditions, mainly that the foreign-source gross income was from the passive income category, and all of the income and any foreign taxes paid on it were reported on a qualified payee statement, did not have to file Form 1116 to claim the foreign tax credit on Form 1040. Also, some taxpayers deduct their foreign taxes on Schedule A rather than taking a credit by filing Form 1116. Therefore, foreign-source income for these taxpayers would not be reported.

⁸The \$87.6 billion of total foreign-source gross income reported without a stated country includes \$0.1 billion for high-taxed income.

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followed by Canada (15.7 percent), Germany (6.7 percent), Colombia (5.2 percent), and China (4.8 percent) (Figure E).

U.S. taxpayers filing Form 1116 reported earning an average of \$47,522 in foreign-source gross income for 2011. For the top five countries, taxpayers reported the highest average foreign-source gross income for Colombia (\$1,244,965), followed by China (\$162,219), the United Kingdom (\$133,849), Germany (\$124,558), and Canada (\$40,442) (Figure F).

Among the geographic regions with the most significant foreign-source gross income, Oceania had the highest growth between 2006 and 2011. For this region, foreign-source gross income grew 100.9 percent, rising to just under \$2.7 billion for 2011, from an inflation-adjusted \$1.3 billion for 2006. Much of this increase was due to the growth in Australia, up 113.9 percent from \$1.1 billion for 2006 to \$2.4 billion for 2011.

Despite the large growth for Oceania countries, the amount of foreign-source gross income (\$2.7 billion) was still much smaller than for other regions. Europe had the largest foreign-source gross income (\$32.4 billion), yet the percentage growth for this region (16.9 percent) between 2006 and 2011 was the smallest. Asia had the second largest amount of foreign-source gross income (\$19.1 billion), followed by North America (\$16.7 billion). For additional data on foreign-source gross income by region or country, see Table 4.

Foreign Taxes and Foreign Tax Credit

For 2011, U.S. taxpayers paid (or accrued) \$22.0 billion in foreign taxes as reported on Form 1116. This was before carrybacks, carryovers, reductions, and reclassifications. The United Kingdom, Canada, Germany, China, and Switzerland made up the top five countries in terms of foreign taxes paid or accrued and accounted for 44.4 percent of the total.

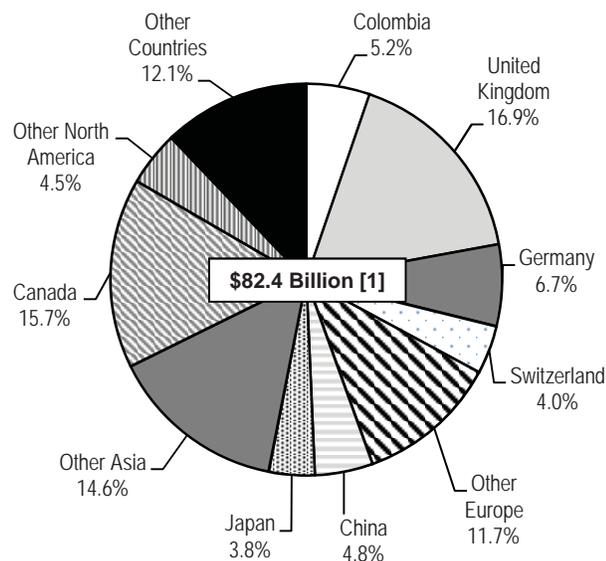
Similar to foreign-source gross income, the highest amount (\$4.4 billion) and greatest share (25.8 percent) of total foreign taxes paid or accrued to a stated country was for the United Kingdom. Canada was the next largest recipient of foreign taxes paid or accrued (\$2.4 billion or 14.0 percent), followed by Germany (\$1.1 billion or 6.1 percent), China (nearly \$1.0 billion or 5.7 percent), and Switzerland (\$0.9 billion or 5.1 percent). Of the \$22.0 billion in foreign taxes paid or accrued, taxpayers reported \$4.8 billion (approximately 21.8 percent of the total amount) without a stated country (Figure G).⁹

Total foreign taxes paid or accrued grew 42.3 percent between 2006 and 2011. Among the most significant regions, Oceania had the highest growth (126.3 percent). This was primarily due to the 131.0-percent real growth in foreign taxes paid or accrued to Australia. Latin/South America showed the next highest growth (103.9 percent). Even with this large growth, however, the amount paid or accrued to Oceania and Latin/South America countries (about \$0.65 billion each) was still small compared to Europe, Asia, and North America, the three largest regions in terms of foreign taxes paid. Of these regions, Asia grew the most (59.4 percent), followed by Europe (37.2 percent) and North America (22.4 percent) in terms of foreign taxes paid or accrued.

Collectively, European countries made up the largest recipient of foreign taxes paid or accrued (\$8.3 billion), and the United Kingdom accounted for over half (\$4.4 billion) of this amount. In addition, foreign taxes paid or

Figure E

Foreign-Source Gross Income, by Selected Country or Region, Tax Year 2011



[1] Foreign-source gross income reported on the Form 1116, *Foreign Tax Credit*, with stated country or region. Total foreign-source gross income (including that reported without a country or region) was \$170.0 billion. NOTE: Percentages may not add to 100 due to rounding. Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

⁹ The \$4.8 billion of total foreign taxes paid or accrued without a stated country includes \$4.3 million in taxes paid or accrued on high-taxed income.

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Figure F

Foreign-Source Gross Income and Foreign Taxes, by Selected Country or Region, Tax Years 2006 and 2011

[Money amounts are in thousands of dollars]

Item, selected country or region	2006 [1]		2011		Percentage change in amount
	Number of returns [2]	Amount	Number of returns [2]	Amount	
	(1)	(2)	(3)	(4)	(5)
Foreign-source gross income, total	2,789,011	133,857,682	3,576,909	169,982,715	27.0
North America	227,240	13,538,418	336,594	16,652,533	23.0
Canada	212,857	11,120,480	319,821	12,934,181	16.3
Other North America	16,723	2,417,937	29,071	3,718,353	53.8
Asia	102,977	13,051,307	140,980	19,093,930	46.3
China	14,079	1,761,713	24,258	3,935,103	123.4
Hong Kong	7,306	1,767,011	8,578	2,660,033	50.5
Japan	34,876	2,897,434	35,140	3,115,052	7.5
Other Asia	58,486	6,625,150	78,459	9,383,744	41.6
Europe	277,003	27,683,076	291,596	32,365,839	16.9
Germany	38,839	4,175,696	44,614	5,557,019	33.1
Switzerland	19,591	1,527,427	18,273	3,299,242	116.0
United Kingdom	104,193	13,323,192	103,755	13,887,534	4.2
Other Europe	146,479	8,656,761	142,586	9,622,041	11.2
Latin/South America	14,554	4,832,364	26,997	7,202,573	49.0
Colombia	1,233	3,585,999	3,467	4,316,293	20.4
Other Latin/South America	14,867	1,246,366	23,975	2,886,280	131.6
Oceania	14,434	1,335,292	22,867	2,682,217	100.9
Australia	10,373	1,120,991	16,929	2,398,005	113.9
Other Oceania	4,225	214,300	6,140	284,213	32.6
Other	42,561	3,055,492	43,331	4,395,318	43.8
Country not stated [3]	2,288,708	70,361,733	2,972,191	87,590,305	24.5
Foreign taxes paid or accrued, total	2,648,572	15,493,433	3,366,548	22,039,411	42.3
North America	215,827	2,270,168	316,829	2,778,640	22.4
Canada	201,280	1,978,872	296,762	2,414,016	22.0
Other North America	15,132	291,297	23,392	364,624	25.2
Asia	90,063	2,620,337	133,848	4,177,757	59.4
China	12,165	524,033	21,861	981,874	87.4
Hong Kong	5,960	302,276	7,715	395,809	30.9
Japan	29,902	734,963	34,504	861,206	17.2
Other Asia	50,056	1,059,065	73,138	1,938,866	83.1
Europe	246,302	6,052,802	264,856	8,305,468	37.2
Germany	35,194	848,231	42,952	1,058,811	24.8
Switzerland	18,262	434,353	16,692	880,575	102.7
United Kingdom	84,396	3,399,853	92,524	4,440,803	30.6
Other Europe	130,914	1,370,366	127,603	1,925,280	40.5
Latin/South America	13,639	319,324	23,406	651,001	103.9
Colombia	1,190	92,527	2,401	135,133	46.0
Other Latin/South America	13,165	226,796	21,279	515,869	127.5
Oceania	11,620	285,084	20,897	645,055	126.3
Australia	7,950	258,880	15,107	598,001	131.0
Other Oceania	3,801	26,203	5,921	47,054	79.6
Other	37,266	397,396	34,608	678,629	70.8
Country not stated [4]	2,175,744	3,548,317	2,751,865	4,802,859	35.4

[1] For comparability, 2006 amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

Year CPI-U
2011 224.939
2006 201.6

[2] Number of returns detail does not add to total because taxpayers may report data for more than one country per return.

[3] For Tax Year 2011 the \$87.6 billion of total foreign-source gross income reported without a specific country or region being stated include \$0.1 billion for high-taxed income.

[4] For Tax Year 2011 the \$4.8 billion of total foreign taxes paid or accrued reported without a specific country or region being stated include \$4.3 million for high-taxed income.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

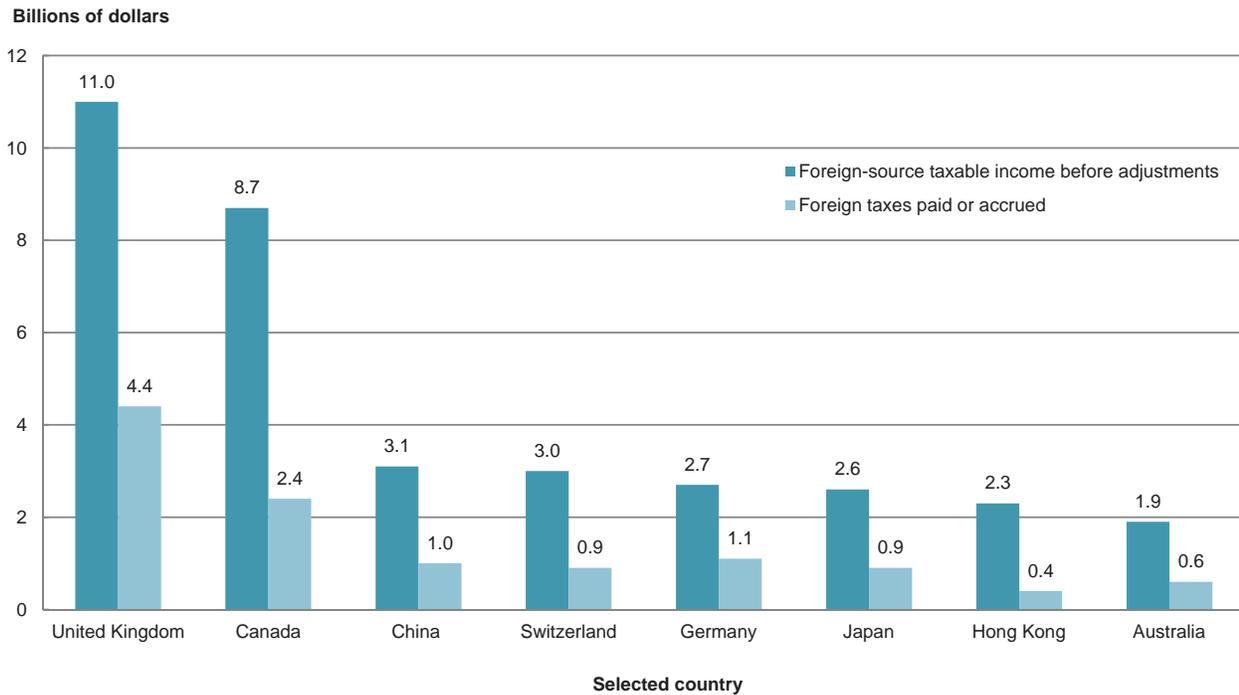
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Figure G

Foreign-Source Taxable Income and Foreign Taxes, by Selected Country, Tax Year 2011



Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax and Credit, April 2014.

accrued to European countries was nearly twice as high as Asian countries (\$4.2 billion), the next highest region.

General limitation income, the income type for which most of the \$22.0 billion in foreign taxes reported on Form 1116 was paid or accrued, accounted for nearly \$18.1 billion in foreign taxes (82.0 percent of the total). Passive income was the next largest income type with just over \$3.8 billion (17.4 percent of the total) in foreign taxes. Total foreign taxes available for credit after carrybacks, carryover, reductions, and reclassifications under high-tax kickout¹⁰ were \$33.8 billion, and the foreign tax credit before adjustments (gross foreign tax credit) was approximately \$16.2 billion (Table 3) (See Explanation of Selected Terms). Table 5 presents additional data on foreign taxes, by income type.

For 2011, taxpayers reported a foreign tax credit on 6.9 million individual tax returns, an increase of 7.6 percent from 6.4 million returns for 2006. The foreign tax credit grew 34.5 percent in real terms, rising \$4.2

billion from the inflation-adjusted \$12.2 billion reported for 2006 to slightly under \$16.5 billion for 2011.

Though the foreign tax credit grew between 2006 and 2011, it did not do so each year. For 2009, the total inflation-adjusted foreign tax credits claimed fell 20.9 percent. For all other years, the foreign tax credit grew, rising 36.9 percent for 2007, followed by a 3.4-percent growth for 2008, a 14.7-percent growth for 2010, and a 4.8-percent growth for 2011. The average foreign tax credit for 2011 was \$2,383, up from \$1,905 (in 2011 constant dollars) for 2006 (Figure H).

Summary

For 2011, the total amount of foreign-earned income reported by U.S. taxpayers grew 32.3 percent, in real terms, to over \$54.2 billion. Returns from Asian-based countries realized the largest increase (in real dollars), rising by more than \$8.5 billion, while North American-based countries (up \$0.8 billion) and Oceania-based countries

¹⁰ As stipulated on Form 1116, *Foreign Tax Credit*, Part III Figuring the Credit.

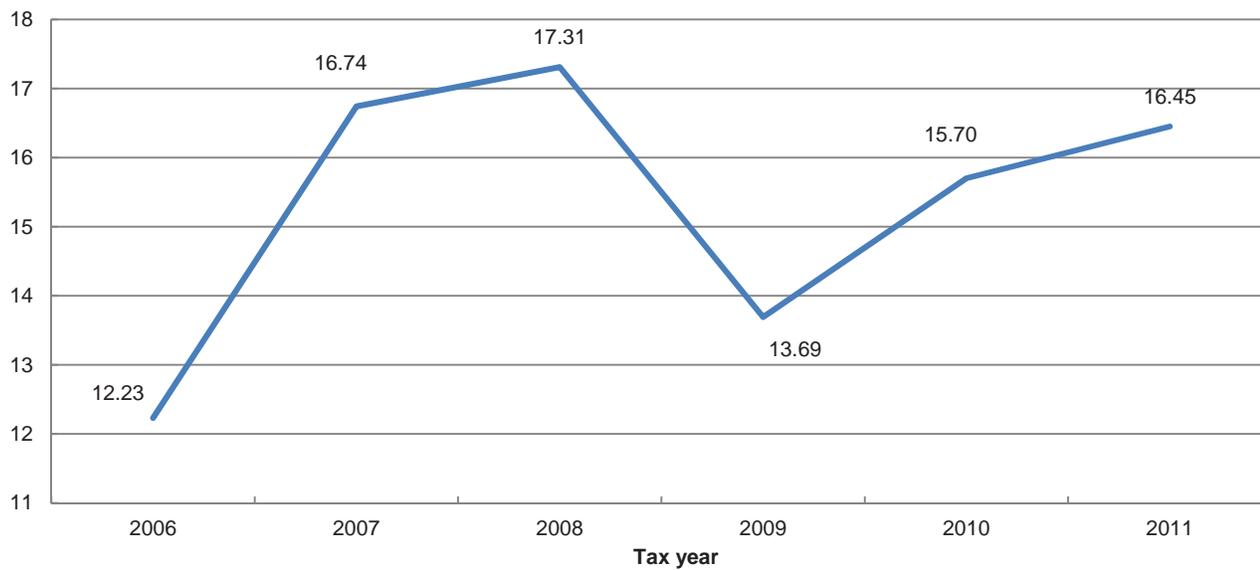
Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Figure H

Foreign Tax Credit, Tax Years 2006–2011

Billions of dollars



NOTES: For comparability, all amounts have been adjusted for inflation to 2011 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

Year	CPI-U
2011	224.939
2010	281.056
2009	214.537
2008	215.303
2007	207.342
2006	201.6

Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.
Source: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

(also, up \$0.8 billion) showed modest gains. Foreign-earned income in European-based countries declined 3.2 percent, after showing an increase of 10.2 percent during the 2006 study.

While taxpayers with a tax home in the United Kingdom reported the most foreign-earned income (just over \$5.4 billion), those in Afghanistan reported the largest overall growth, increasing 496.8 percent to just under \$3.0 billion for 2011. U.S. taxpayers in Australia (up 95.5 percent), United Arab Emirates (up 91.5 percent), China (up 71.0 percent), and Saudi Arabia (up 64.9 percent) reported substantial growth in foreign-earned income. China-based (\$3.3 billion) and Afghanistan-based (\$3.0 billion) taxpayers reported the third and fourth highest amount of foreign-earned income. The total amount of housing exclusion claimed increased by 5.8 percent, from \$1.5 billion reported for 2006 to \$1.6 billion for 2011.

Foreign-source gross income reported by U.S. taxpayers reached nearly \$170.0 billion for 2011, and the total

foreign tax credit claimed was just under \$16.5 billion. In real terms, this represents a 27.0-percent growth in foreign-source gross income and a 34.5-percent growth in the foreign tax credit from 2006, the last year a study was prepared on these data. As the source of \$32.4 billion in foreign-source gross income and the recipient of \$8.3 billion in foreign taxes paid, European countries were the largest component of these measures. The United Kingdom had the largest of these measures, with \$13.9 billion in foreign-source gross income and \$4.4 billion in foreign taxes paid. Additionally, taxpayers claimed a foreign tax credit on 6.9 million returns, an increase of just 7.6 percent from 2006, while the size of the credit grew 34.5 percent in real terms over this period.

Data Sources and Limitations

The IRS Statistics of Income Division (SOI) based the 2011 data presented in this article on a sample of individual income tax returns, Forms 1040, processed during

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Calendar Year 2012. These returns had one or more of the following: a foreign tax credit, an attached Form 1116, foreign-earned income exclusion, housing exclusion or housing deduction, or an attached Form 2555 or Form 2555-EZ. SOI understated the foreign-source income and taxes in this article to the extent that they either were not, or did not, have to be reported on Form 1116 to support the foreign tax credit claimed on Form 1040. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also met certain other conditions were not required to file Form 1116 to claim the foreign tax credit. Therefore, about 60.0 percent of Forms 1040 (as originally filed) with a foreign tax credit did not include the supporting Form 1116. The average foreign tax credit reported on these returns was \$69. Foreign-source income and losses are also understated to the extent that taxpayers who were not eligible for a credit did not file Form 1116. Taxpayers who had foreign-source income, but paid no taxes or had no U.S. tax liability before credits, could not claim a foreign tax credit.

Of the sampled returns, taxpayers filed about 1.8 percent with a foreign tax credit or an attached Form 1116, and 13.7 percent with an attached Form 2555 or Form 2555-EZ, on delinquent returns for tax years prior to 2011. Because these prior-year returns were processed during the 2011 filing period, SOI included them as a representation of 2011 returns filed after December 31, 2012. The sampled returns used for the statistics do not reflect adjustments made during audit examination, which determines the acceptability of the reported data.

SOI stratified the sample based on the: (1) presence or absence of Form 2555, *Foreign Earned Income*, Form 2555-EZ, *Foreign Earned Income Exclusion*, and Form 1116, *Foreign Tax Credit*; (2) presence or absence of other specific forms or schedules; (3) larger of positive income or negative income; (4) size of business and farm receipts; and (5) usefulness of returns for tax policy modeling purposes. The data from Form 2555, *Foreign Earned Income* and Form 1116, *Foreign Tax Credit*, for 2011 are based on a sample of 124,704 returns and a population of 8,372,358 returns. For a general description of the sampling procedures and data limitations of Statistics of Income tabulations, see *Statistics of Income, Individual Income Tax Returns 2011*, IRS Publication 1304, and the appendix to this issue of the *Bulletin*.

Additional Tabular Data on Tax Stats

For additional Form 2555 and Form 1116 data, see the Individual section of the Tax Stats Webpages at <http://www.irs.gov/uac/SOI-Tax-Stats-Individual-Income-Tax-Return-Form-1040-Statistics>. This site includes data on foreign-earned income and the foreign tax credit, by form, tax years, country or region, type of income, and size of adjusted gross income. Since 1991, the IRS Statistics of Income (SOI) Division has published these data in 5-year intervals. *SOI Bulletin* articles are also available for 1996, 2001, and 2006.

Explanation of Selected Terms

Definitions used in this article are generally the same as those in *Statistics of Income, Individual Income Tax Returns 2011*, IRS Publication 1304. The following is a partial list of definitions for terms that cannot be found in IRS Publication 1304.

Foreign Taxes Available for Credit—This is total foreign taxes paid or accrued plus carryovers, less reductions in foreign taxes, and adjusted for taxes reclassified under high-tax kickout.

Foreign-Tax-Credit Adjustments—These include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

Foreign-Source-Taxable Income—This is foreign-source gross income less deductions and losses. The deductions include any expenses directly related to foreign-source income, a prorated share of the taxpayer's itemized or standard deductions, and a prorated share of interest expenses.

Gross-Foreign-Tax Credit—This is foreign tax credits before being limited to tax and before foreign tax credit adjustments are taken.

Worldwide Income—This is the total income or loss reported on Form 1040 before taxpayers claim the foreign-earned income and foreign housing exclusions. It includes salaries and wages; taxable interest; dividends; taxable refunds of State and local income taxes; alimony received; business income or loss; capital gains or losses; taxable distributions from an IRA; taxable pensions and annuities; income or loss from rents, royalties, partnerships, S corporations, and estates and trusts; farm income or loss; unemployment compensation; taxable Social Security benefits, and other income or losses.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Total number of returns [1]	Selected income, exclusion, deduction, and credit items reported on Form 1040					
		Adjusted gross income or deficit	Worldwide income [2]	Salaries and wages		Foreign-earned income exclusion [3]	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	449,277	43,106,077	73,434,409	426,689	60,407,706	445,276	28,061,251
No adjusted gross income (includes deficits)	105,777	-632,662	4,432,755	98,801	4,813,501	104,425	4,960,679
\$1 under \$10,000	98,095	279,925	5,564,540	92,916	5,226,686	97,718	5,178,124
\$10,000 under \$25,000	51,607	875,669	4,158,481	48,165	3,640,852	50,496	3,161,098
\$25,000 under \$50,000	50,714	1,837,429	5,539,923	48,444	4,825,124	50,519	3,514,955
\$50,000 under \$75,000	34,283	2,114,744	4,788,519	33,602	4,321,884	34,222	2,510,691
\$75,000 under \$100,000	22,551	1,944,643	3,723,551	21,599	3,266,286	22,154	1,661,268
\$100,000 under \$200,000	41,235	5,796,342	9,403,158	40,091	8,170,347	41,134	3,246,497
\$200,000 under \$500,000	29,928	9,189,865	12,218,281	28,978	10,682,610	29,658	2,487,697
\$500,000 under \$1,000,000	9,701	6,637,248	7,812,307	9,252	6,574,682	9,625	867,120
\$1,000,000 under \$1,500,000	2,494	3,012,858	3,343,277	2,220	2,503,441	2,481	220,793
\$1,500,000 under \$2,000,000	1,081	1,862,165	2,007,390	993	1,492,239	1,062	92,697
\$2,000,000 under \$5,000,000	1,359	3,980,843	4,171,922	1,210	2,723,571	1,337	119,562
\$5,000,000 under \$10,000,000	303	2,051,729	2,091,670	280	1,171,649	298	27,135
\$10,000,000 or more	149	4,155,280	4,178,637	139	994,837	149	12,935

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusion, deduction, and credit items reported on Form 1040—continued							
	Total adjustments		Taxable income		Foreign tax credit		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
All returns	97,612	688,818	216,961	36,750,497	107,029	5,737,902	176,124	5,014,836
No adjusted gross income (includes deficits)	19,162	61,232	0	0	0	0	29	327
\$1 under \$10,000	15,419	39,558	1,835	1,328	401	19	1,055	115
\$10,000 under \$25,000	13,054	50,798	27,657	176,326	9,009	10,563	19,655	24,848
\$25,000 under \$50,000	14,553	77,891	45,119	798,269	15,077	50,656	32,174	118,189
\$50,000 under \$75,000	9,165	54,945	33,742	1,340,973	12,243	91,486	28,295	221,936
\$75,000 under \$100,000	6,125	39,711	22,459	1,352,591	8,948	94,611	19,492	230,387
\$100,000 under \$200,000	9,737	93,419	41,146	4,592,702	22,621	487,824	35,670	739,288
\$200,000 under \$500,000	6,537	94,180	29,917	8,112,173	24,414	1,339,910	26,158	1,101,198
\$500,000 under \$1,000,000	2,150	70,995	9,701	6,154,749	9,155	1,212,458	8,709	775,716
\$1,000,000 under \$1,500,000	735	40,802	2,494	2,826,813	2,390	549,389	2,257	374,390
\$1,500,000 under \$2,000,000	339	21,331	1,081	1,758,050	1,028	339,279	984	231,497
\$2,000,000 under \$5,000,000	457	32,416	1,359	3,764,599	1,311	716,550	1,231	487,094
\$5,000,000 under \$10,000,000	117	4,698	303	1,958,822	290	350,364	280	231,945
\$10,000,000 or more	63	6,843	149	3,913,102	142	494,792	135	477,908

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555							
	Number of Forms 2555 filed by primary taxpayer	Number of Forms 2555 filed by secondary taxpayer	Total foreign-earned income		Foreign-earned income reported on Form 2555 only		Salaries and wages	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
All returns	437,127	51,014	448,728	54,244,646	346,414	49,176,467	322,841	37,726,589
No adjusted gross income (includes deficits)	105,023	8,062	105,319	5,178,185	59,175	3,059,042	52,771	2,663,720
\$1 under \$10,000	97,482	8,269	98,144	5,413,162	66,665	3,865,008	61,719	3,514,071
\$10,000 under \$25,000	50,272	6,187	51,007	3,688,343	42,744	3,264,588	40,227	3,007,351
\$25,000 under \$50,000	47,835	7,940	50,813	4,625,324	43,136	4,206,319	40,569	3,859,526
\$50,000 under \$75,000	31,955	5,152	34,460	3,915,124	29,645	3,652,838	28,546	3,301,532
\$75,000 under \$100,000	21,240	3,097	22,386	2,907,096	20,772	2,818,341	19,706	2,550,072
\$100,000 under \$200,000	39,738	5,568	41,432	7,303,082	39,531	7,174,277	37,642	6,067,179
\$200,000 under \$500,000	28,709	4,714	30,002	9,074,786	29,686	9,037,851	28,069	6,097,203
\$500,000 under \$1,000,000	9,564	1,385	9,767	5,359,950	9,693	5,345,226	8,959	2,982,933
\$1,000,000 under \$1,500,000	2,451	315	2,506	2,004,446	2,494	1,996,993	2,148	1,063,209
\$1,500,000 under \$2,000,000	1,071	122	1,078	1,116,153	1,073	1,109,597	945	616,865
\$2,000,000 under \$5,000,000	1,339	158	1,363	2,058,124	1,353	2,053,137	1,137	1,138,957
\$5,000,000 under \$10,000,000	301	32	303	795,635	299	788,274	271	426,455
\$10,000,000 or more	147	13	150	805,236	147	804,977	131	437,517

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555—continued							
	Business or professional income (less loss)		Partnership income (less loss)		Noncash income		Allowances, reimbursements, or expenses paid by employers	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
All returns	28,058	1,979,879	2,621	1,448,735	13,319	182,889	45,007	5,226,743
No adjusted gross income (includes deficits)	6,930	276,962	* 325	* 20,847	3,309	30,347	2,420	31,194
\$1 under \$10,000	6,037	214,417	* 298	* 6,576	3,245	26,672	4,698	66,456
\$10,000 under \$25,000	3,507	159,232	* 96	* 6,344	1,360	14,789	2,805	50,347
\$25,000 under \$50,000	3,494	190,696	* 51	* 3,777	1,571	21,277	3,450	89,554
\$50,000 under \$75,000	1,935	141,095	* 120	* 35,636	896	16,264	3,200	121,056
\$75,000 under \$100,000	1,403	103,398	* 41	* 3,315	387	4,737	2,043	101,878
\$100,000 under \$200,000	2,522	260,440	158	28,497	820	19,134	8,005	592,583
\$200,000 under \$500,000	1,485	309,648	490	176,359	1,144	26,526	11,452	1,735,709
\$500,000 under \$1,000,000	461	149,520	440	262,191	435	16,405	4,729	1,307,944
\$1,000,000 under \$1,500,000	120	48,476	283	232,115	86	3,908	1,138	409,469
\$1,500,000 under \$2,000,000	57	16,750	106	149,283	29	619	439	189,190
\$2,000,000 under \$5,000,000	88	71,637	170	253,529	23	697	472	306,624
\$5,000,000 under \$10,000,000	11	17,843	24	79,049	10	764	110	124,633
\$10,000,000 or more	* 7	* 19,767	18	191,218	* 3	* 750	45	100,107

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555—continued									
	Less: meals and lodging excluded		Other foreign-earned income (less loss)		Foreign-earned income exclusion before deductions		Housing exclusion		Housing deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
All returns	2,576	31,850	22,351	2,643,482	447,281	28,344,312	71,599	1,578,263	5,574	99,010
No adjusted gross income (includes deficits)	* 302	* 800	2,438	36,772	104,733	4,999,209	3,761	43,505	336	3,715
\$1 under \$10,000	822	5,347	2,433	42,163	97,969	5,234,300	5,484	66,933	332	3,594
\$10,000 under \$25,000	* 451	* 3,062	1,313	29,587	50,945	3,205,282	5,301	70,916	783	4,787
\$25,000 under \$50,000	* 317	* 3,333	1,257	44,821	50,670	3,547,245	7,920	109,649	784	8,131
\$50,000 under \$75,000	* 270	* 6,737	1,130	43,993	34,411	2,532,612	6,396	108,139	510	7,896
\$75,000 under \$100,000	* 108	* 3,745	944	58,687	22,338	1,677,456	4,555	77,930	495	5,433
\$100,000 under \$200,000	189	5,358	3,394	211,803	41,355	3,278,197	12,734	266,899	693	8,255
\$200,000 under \$500,000	95	2,943	5,461	695,348	29,793	2,511,273	15,826	446,539	637	12,392
\$500,000 under \$1,000,000	** 22	** 524	2,555	626,732	9,703	875,471	6,457	236,943	442	16,166
\$1,000,000 under \$1,500,000	0	0	677	239,816	2,496	225,201	1,563	68,825	278	13,645
\$1,500,000 under \$2,000,000	0	0	306	136,892	1,067	94,298	660	31,197	98	5,383
\$2,000,000 under \$5,000,000	0	0	329	281,694	1,353	123,116	711	39,101	152	8,051
\$5,000,000 under \$10,000,000	**	**	87	139,555	299	27,573	157	8,108	22	1,036
\$10,000,000 or more	0	0	27	55,618	150	13,080	75	3,579	13	525

*Estimate should be used with caution because of the small number of sample returns on which it is based.

**Data combined to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

[1] Includes returns with no foreign-earned income, but filed Form 2555, *Foreign Earned Income*, to claim an exclusion for a prior year or for reporting purposes.

[2] Worldwide income is total income or loss reported on Form 1040, *U.S. Individual Income Tax Return*, before the foreign-earned income and housing exclusions have been taken.

[3] Amount reported on Form 1040 is the total amount of foreign-earned income exclusion after subtracting deductions allocable to excluded income.

NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns [1]	Total foreign-earned income	Foreign-earned income			
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Noncash income
	(1)	(2)	(3)	(4)	(5)	(6)
All geographic areas	449,277	54,244,646	37,726,589	1,979,879	1,448,735	182,889
North America, total	52,883	4,455,934	3,264,593	327,521	35,464	6,457
Canada	45,949	3,841,763	2,838,767	281,626	20,783	3,180
Greenland	0	0	0	0	0	0
Mexico	6,934	614,171	425,826	45,895	* 14,681	3,277
Latin/South America, total	14,732	1,757,461	1,070,212	104,699	132,060	9,188
Argentina	986	101,199	46,560	* 5,150	* 2,888	* 2,050
Brazil	3,351	658,798	346,275	27,689	* 121,521	1,310
Chile	1,383	186,795	122,445	* 678	* 5,150	795
Colombia	1,524	169,776	123,916	* 12,467	* 1,231	* 482
Costa Rica	2,147	115,691	44,344	* 24,115	* 891	* 1,260
Panama	1,187	135,904	106,562	* 5,806	0	* 87
Peru	1,098	140,886	104,471	* 6,361	0	* 161
Venezuela	778	87,159	62,011	* 2,161	0	* 956
Other Latin and South American countries	2,280	161,252	113,629	20,272	378	2,086
Caribbean, total	8,437	900,047	621,050	33,485	* 10,529	3,011
Bermuda	1,611	375,284	281,399	* 11,871	* 1,233	* 344
Cayman Islands	1,522	112,545	59,678	* 9,273	0	* 351
Dominican Republic	678	65,941	38,884	* 4,942	* 232	* 104
Jamaica	792	54,305	29,674	* 25	* 100	* 1,039
Other Caribbean countries	3,834	291,974	211,413	* 7,375	* 8,964	* 1,171
Europe, total	107,220	14,367,774	9,181,012	643,645	778,849	19,413
Austria	1,446	135,671	81,474	* 4,792	* 672	0
Belgium	1,613	272,956	155,975	4,810	* 21,486	* 378
Czech Republic	1,318	123,737	72,741	* 7,636	* 8,893	* 1,290
Denmark	1,525	139,682	108,913	* 279	0	* 28
Finland	683	41,279	21,595	0	* 7,626	* 11
France	11,111	1,209,808	786,677	65,686	62,834	393
Germany	19,173	1,843,857	1,192,016	103,888	49,923	2,436
Greece	1,082	90,726	58,448	* 4,406	0	* 293
Hungary	428	44,915	30,566	* 3,559	* 367	* 307
Ireland	1,723	183,087	131,083	8,211	* 3,344	0
Italy	5,528	582,527	347,861	47,617	* 15,257	* 2,147
Luxembourg	521	92,352	74,249	* 341	0	0
Netherlands	3,512	533,276	317,467	7,373	* 6,065	* 636
Norway	1,336	166,735	114,207	* 957	* 1,084	* 22
Poland	756	86,888	58,047	* 3,488	* 2,377	0
Portugal	689	60,166	35,613	* 8,646	0	* 101
Russia	2,048	488,463	331,776	22,596	* 19,694	* 651
Spain	2,993	274,845	179,070	13,085	* 2,211	* 45
Sweden	1,772	161,194	115,418	* 4,164	0	* 45
Switzerland	10,548	1,832,499	1,357,515	98,325	11,514	1,933
Turkey	1,647	195,223	103,930	* 9,731	* 832	* 826
United Kingdom	31,599	5,421,593	3,279,729	185,354	563,016	5,829
Other European countries	4,170	386,296	226,641	38,705	* 1,653	* 2,044

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns [1]	Total foreign-earned income	Foreign-earned income			
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Noncash income
	(1)	(2)	(3)	(4)	(5)	(6)
Africa, total	14,530	1,588,249	1,058,435	67,476	* 6,641	4,866
Angola	622	156,312	85,953	* 2,349	0	* 37
Egypt	1,752	238,765	172,968	* 5,778	* 2,757	* 280
Kenya	1,505	79,646	63,194	* 6,118	0	* 1,126
Morocco	491	30,419	11,535	0	0	* 7
Nigeria	1,241	234,120	120,178	* 4,592	* 1,225	* 471
South Africa	1,534	210,482	127,714	15,867	0	* 68
Other African countries	7,386	638,507	476,895	32,773	* 2,658	2,878
Asia, total	194,703	24,911,137	17,577,987	607,044	445,465	114,295
Afghanistan	22,951	2,961,433	2,652,455	104,170	0	* 2,746
China	22,328	3,267,117	2,033,969	40,468	70,395	13,441
Hong Kong	13,181	2,905,841	1,891,435	50,163	152,494	11,879
India	6,402	735,565	501,332	28,183	* 6,974	3,546
Indonesia	1,745	300,606	161,455	* 12,191	* 3,607	* 261
Iraq	14,021	1,552,010	1,350,441	22,118	0	* 416
Israel	9,872	645,902	451,668	45,656	* 9,593	* 54
Japan	23,054	2,593,308	1,570,777	44,165	90,503	6,192
Kuwait	7,481	780,878	640,581	* 13,772	* 2,547	5,273
Lebanon	2,230	147,825	114,621	* 13,727	* 145	* 1,503
Malaysia	1,405	208,115	101,042	14,581	0	* 203
Philippines	2,910	305,849	213,560	* 19,011	0	* 670
Qatar	4,205	571,297	358,203	* 8,090	* 7,896	5,503
Saudi Arabia	7,968	1,135,434	959,948	17,178	* 4,874	5,085
Singapore	7,749	1,914,293	1,235,869	17,281	23,210	11,244
South Korea	13,659	1,123,230	745,544	37,994	* 9,167	7,583
Taiwan	7,482	715,328	533,543	7,614	20,342	* 2,485
Thailand	4,205	432,292	248,496	39,300	* 1,006	2,108
United Arab Emirates	12,153	1,623,109	1,171,856	33,752	36,377	26,758
Other Asian countries	9,704	991,706	641,191	37,632	* 6,335	7,345
Oceania, total	14,449	1,742,935	1,209,658	31,094	13,180	7,047
Australia	10,353	1,443,738	974,038	27,320	13,180	4,430
New Zealand	2,563	226,704	176,561	3,744	0	* 710
Other Oceania countries	1,534	72,494	59,059	* 30	0	* 1,907
All other countries	42,323	4,521,108	3,743,641	164,915	26,549	18,611

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Foreign-earned income—continued			Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Allowances, reimbursements, or expenses paid by employers	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(7)	(8)	(9)	(10)	(11)	(12)
All geographic areas	5,226,743	31,850	2,643,482	28,344,312	1,578,263	99,010
North America, total	108,186	* 1,023	103,137	2,938,301	22,816	1,949
Canada	64,665	* 1	61,210	2,580,459	14,766	1,789
Greenland	0	0	0	0	0	0
Mexico	43,521	* 1,022	41,927	357,842	8,049	* 160
Latin/South America, total	205,444	* 3,760	89,763	880,165	31,846	2,577
Argentina	20,945	0	* 3,017	56,887	2,522	0
Brazil	99,360	0	38,129	195,687	14,298	* 1,223
Chile	31,239	* 38	13,658	93,035	4,426	* 254
Colombia	11,001	0	* 10,278	105,147	3,213	0
Costa Rica	* 2,316	0	* 1,856	102,470	* 307	* 10
Panama	5,203	* 2,146	* 8,078	87,752	2,387	* 698
Peru	11,613	0	6,728	79,340	1,302	* 13
Venezuela	18,344	* 956	* 2,810	44,599	1,663	0
Other Latin and South American countries	5,424	* 620	5,207	115,247	1,729	378
Caribbean, total	52,800	* 117	34,248	539,367	37,894	* 687
Bermuda	33,290	0	21,009	138,096	28,241	* 674
Cayman Islands	* 4,447	0	* 1,965	97,601	3,143	* 1
Dominican Republic	1,676	0	* 5,391	50,393	* 390	0
Jamaica	* 278	* 12	* 509	47,887	* 26	0
Other Caribbean countries	13,110	* 105	* 5,374	205,394	6,093	* 13
Europe, total	1,496,297	* 2,226	871,562	6,668,589	447,264	35,879
Austria	10,352	0	* 921	97,363	2,523	* 116
Belgium	49,828	* 30	30,713	124,682	13,001	* 252
Czech Republic	17,057	0	10,299	70,147	1,423	* 222
Denmark	* 2,042	0	* 3,537	106,224	883	* 10
Finland	* 2,251	0	* 2,164	26,439	* 227	* 68
France	114,962	* 4	44,191	623,621	53,453	4,229
Germany	121,908	0	77,510	1,101,969	50,701	5,704
Greece	* 1,788	0	* 238	64,613	1,445	0
Hungary	* 5,819	0	* 1,832	21,621	* 878	0
Ireland	8,953	0	12,904	98,620	3,581	* 214
Italy	69,033	0	37,296	319,520	16,636	1,067
Luxembourg	* 1,352	0	11,944	42,776	2,842	* 251
Netherlands	111,856	0	36,350	257,283	18,194	* 20
Norway	14,061	0	5,283	99,775	2,680	* 24
Poland	8,102	0	7,109	38,627	2,358	* 13
Portugal	0	* 57	* 8,072	48,627	* 398	* 37
Russia	56,737	0	37,190	137,514	29,876	2,613
Spain	14,171	0	17,752	153,266	10,228	* 39
Sweden	8,052	0	* 1,769	115,135	2,354	0
Switzerland	161,170	* 647	115,226	834,680	69,010	3,245
Turkey	36,158	0	11,677	102,168	3,912	* 162
United Kingdom	649,332	* 21	388,128	1,944,761	153,213	17,090
Other European countries	31,314	* 1,467	9,453	239,158	7,451	* 503

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion Before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Foreign-earned income—continued			Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Allowances, reimbursements, or expenses paid by employers	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(7)	(8)	(9)	(10)	(11)	(12)
Africa, total	259,439	* 1,346	81,886	839,441	33,650	2,341
Angola	59,755	0	7,871	48,570	9,341	0
Egypt	35,634	* 93	* 11,312	114,203	3,701	* 617
Kenya	* 2,679	* 1,101	* 2,010	57,790	1,749	* 14
Morocco	* 1,412	0	* 956	24,287	* 248	0
Nigeria	79,667	0	7,229	89,842	2,319	* 13
South Africa	32,868	0	25,799	96,921	4,167	* 18
Other African countries	47,423	* 152	26,710	407,829	12,127	* 1,679
Asia, total	2,797,480	20,044	1,330,596	12,730,672	923,406	47,189
Afghanistan	6,819	* 2,917	* 2,334	1,749,519	3,220	* 254
China	629,455	4,055	276,667	1,444,917	137,003	5,610
Hong Kong	408,145	* 532	261,570	975,487	232,093	11,677
India	89,008	* 717	57,469	388,602	13,790	183
Indonesia	91,112	0	16,202	113,944	7,425	0
Iraq	* 9,718	0	* 180	1,029,197	2,757	* 150
Israel	9,161	0	8,631	488,073	2,515	* 146
Japan	307,977	* 564	255,376	1,246,605	141,647	13,963
Kuwait	23,208	* 1,218	* 4,836	575,054	17,014	* 557
Lebanon	* 8,709	0	* 1,215	124,862	* 984	* 16
Malaysia	75,213	0	12,262	79,825	7,712	* 14
Philippines	35,759	0	17,150	168,519	6,966	* 269
Qatar	113,208	* 1,843	14,951	322,587	22,200	* 801
Saudi Arabia	62,534	* 258	12,027	598,546	9,095	980
Singapore	381,621	* 104	213,001	634,166	153,308	3,123
South Korea	121,134	* 3,345	45,789	656,363	33,895	1,764
Taiwan	35,004	0	22,351	417,302	10,750	* 390
Thailand	90,096	0	13,500	227,775	11,908	483
United Arab Emirates	158,196	* 3,471	56,662	905,731	89,278	5,738
Other Asian countries	141,404	* 1,020	38,422	583,597	19,847	1,070
Oceania, total	219,851	* 2,481	79,470	954,874	34,444	556
Australia	218,237	* 404	78,759	707,197	32,469	441
New Zealand	* 454	0	* 712	181,218	1,970	* 107
Other Oceania countries	1,161	* 2,076	0	66,458	* 5	* 8
All other countries	87,246	852	52,819	2,792,904	46,944	7,833

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Includes returns with no foreign-earned income, but filed Form 2555 to claim an exclusion for a prior year or for reporting purposes.

NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns [1]	Selected income, exclusion, deduction, and credit items reported on Form 1040						
		Adjusted gross income or deficit	Worldwide income [2]		Salaries and wages		Foreign-earned income exclusion [3]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns	8,065,020	1,758,261,571	8,065,016	1,803,299,777	5,394,247	862,273,355	141,438	10,991,801
No adjusted gross income (includes deficits)	181,378	-60,718,996	181,374	-59,858,704	54,458	3,619,008	7,787	404,596
\$1 under \$10,000	291,945	1,382,352	291,945	2,301,536	122,358	1,354,476	13,100	779,502
\$10,000 under \$25,000	563,705	10,061,586	563,705	11,380,781	238,928	4,394,808	14,197	938,365
\$25,000 under \$50,000	1,028,019	38,927,994	1,028,019	41,567,598	544,622	17,490,731	18,874	1,484,168
\$50,000 under \$75,000	1,145,759	71,648,271	1,145,759	74,222,561	684,444	33,125,727	13,695	1,091,036
\$75,000 under \$100,000	1,055,408	92,250,401	1,055,408	94,862,653	700,750	47,075,864	9,972	817,752
\$100,000 under \$200,000	2,055,774	289,593,370	2,055,774	297,534,589	1,573,974	172,228,122	24,183	2,021,271
\$200,000 under \$500,000	1,214,954	365,217,580	1,214,954	376,305,084	1,034,808	232,438,972	25,251	2,159,301
\$500,000 under \$1,000,000	321,338	219,839,034	321,338	225,902,650	271,347	123,848,691	9,220	836,086
\$1,000,000 under \$1,500,000	87,211	105,953,545	87,211	108,274,916	71,500	50,396,960	2,398	214,462
\$1,500,000 under \$2,000,000	37,555	64,543,219	37,555	65,712,771	30,415	27,972,649	1,025	90,000
\$2,000,000 under \$5,000,000	57,238	171,756,306	57,238	174,189,936	46,438	65,571,696	1,303	116,171
\$5,000,000 under \$10,000,000	15,045	102,789,079	15,045	103,789,194	12,399	34,010,736	288	26,338
\$10,000,000 or more	9,690	285,017,830	9,690	287,114,212	7,807	48,744,916	146	12,754

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusion, deduction, and credit items reported on Form 1040—Continued							
	Foreign housing deduction		Taxable income		Foreign tax credit		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns	2,778	67,229	7,471,819	1,452,572,118	6,904,438	16,451,088	7,047,214	340,706,955
No adjusted gross income (includes deficits)	**36	**139	0	0	* 59	* 7	897	56,853
\$1 under \$10,000	**	**	105,290	224,216	64,717	2,927	72,033	28,794
\$10,000 under \$25,000	* 218	* 619	420,018	2,935,828	347,554	31,528	312,293	204,262
\$25,000 under \$50,000	184	1,063	982,277	20,543,889	879,375	162,771	840,132	1,921,264
\$50,000 under \$75,000	281	3,191	1,132,487	46,415,606	1,051,447	245,067	1,067,412	5,688,386
\$75,000 under \$100,000	196	2,702	1,049,172	64,557,185	988,734	272,407	1,019,099	8,645,520
\$100,000 under \$200,000	367	5,339	2,045,226	216,579,546	1,933,133	1,204,407	2,007,569	36,563,085
\$200,000 under \$500,000	524	10,198	1,211,203	292,758,715	1,142,539	3,071,156	1,203,511	71,138,045
\$500,000 under \$1,000,000	419	15,571	320,064	184,213,064	302,252	2,542,393	318,884	51,789,893
\$1,000,000 under \$1,500,000	267	13,410	86,911	90,260,042	81,708	1,331,248	86,595	25,609,516
\$1,500,000 under \$2,000,000	98	5,383	37,434	55,135,930	35,636	835,052	37,289	15,748,151
\$2,000,000 under \$5,000,000	152	8,051	57,077	147,721,726	53,958	2,087,824	56,881	41,848,159
\$5,000,000 under \$10,000,000	22	1,036	15,003	88,734,914	14,187	1,177,830	14,976	24,309,171
\$10,000,000 or more	13	525	9,657	242,491,457	9,139	3,486,470	9,644	57,155,855

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with a Form 1116							
	Foreign income, taxes and credit reported on Form 1116							
	Foreign-source gross income		Foreign-source deductions and losses		Foreign-source taxable income before adjustments [4]		Foreign taxes paid or accrued on:	
	Total							
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns	3,575,251	169,982,715	3,443,372	70,628,235	3,583,324	99,354,480	3,366,547	22,039,411
No adjusted gross income (includes deficits)	138,644	7,034,246	133,929	6,225,658	141,067	808,588	130,051	242,676
\$1 under \$10,000	207,402	514,699	203,137	364,303	208,065	150,396	190,117	96,264
\$10,000 under \$25,000	279,331	1,902,940	271,769	1,146,176	280,256	756,764	261,797	212,027
\$25,000 under \$50,000	404,393	3,017,088	393,306	706,324	406,168	2,310,764	377,909	448,600
\$50,000 under \$75,000	421,035	3,050,756	406,310	583,037	421,441	2,467,719	391,814	515,090
\$75,000 under \$100,000	365,695	3,130,087	349,557	561,357	366,023	2,568,730	344,774	449,483
\$100,000 under \$200,000	775,745	10,848,511	738,108	1,593,917	776,291	9,254,594	728,925	2,004,294
\$200,000 under \$500,000	616,633	21,818,891	590,575	4,371,238	617,383	17,447,653	584,811	4,278,987
\$500,000 under \$1,000,000	206,798	17,350,289	200,855	5,096,068	206,806	12,254,221	200,076	3,290,831
\$1,000,000 under \$1,500,000	63,309	9,360,918	61,626	2,880,718	63,449	6,480,200	61,610	1,724,656
\$1,500,000 under \$2,000,000	28,459	6,928,603	27,827	2,846,243	28,483	4,082,360	27,890	1,013,409
\$2,000,000 under \$5,000,000	46,036	18,631,956	44,982	7,406,767	46,099	11,225,189	45,271	2,515,536
\$5,000,000 under \$10,000,000	12,931	13,035,646	12,682	6,065,264	12,949	6,970,382	12,734	1,360,852
\$10,000,000 or more	8,839	53,358,084	8,710	30,781,164	8,845	22,576,920	8,767	3,886,706

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with a Form 1116—continued							
	Foreign income, taxes and credit reported on Form 1116—continued							
	Foreign taxes paid or accrued on:—continued							
	Dividends		Rents and royalties		Interest		Other income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	
All returns	2,878,341	2,223,581	25,151	166,865	80,196	240,054	721,330	19,408,912
No adjusted gross income (includes deficits)	115,145	55,866	460	3,953	1,677	1,087	21,892	181,770
\$1 under \$10,000	166,460	10,775	* 741	* 3,169	1,419	390	27,418	81,931
\$10,000 under \$25,000	219,645	26,088	* 1,270	* 1,645	5,274	4,778	46,767	179,515
\$25,000 under \$50,000	312,918	48,558	2,207	2,246	8,434	12,017	78,525	385,779
\$50,000 under \$75,000	338,491	69,272	2,689	6,948	6,081	3,523	67,983	435,348
\$75,000 under \$100,000	304,962	79,322	1,468	1,880	7,498	5,407	55,079	362,875
\$100,000 under \$200,000	620,080	301,316	4,976	16,993	15,965	16,179	144,082	1,669,805
\$200,000 under \$500,000	500,500	353,950	7,010	40,704	21,493	20,501	142,020	3,863,832
\$500,000 under \$1,000,000	169,293	243,900	2,354	24,967	6,484	29,879	64,587	2,992,085
\$1,000,000 under \$1,500,000	52,063	137,267	692	8,370	1,970	6,121	24,720	1,572,898
\$1,500,000 under \$2,000,000	23,381	90,812	289	4,287	1,104	3,468	12,492	914,842
\$2,000,000 under \$5,000,000	38,114	220,540	691	17,113	1,879	20,500	22,608	2,257,382
\$5,000,000 under \$10,000,000	10,459	144,240	167	17,761	519	7,487	7,252	1,191,366
\$10,000,000 or more	6,832	441,676	139	16,829	401	108,718	5,904	3,319,483

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with a Form 1116—continued									
	Foreign income, taxes and credit reported on Form 1116—continued									
	Foreign taxes available for credit		Foreign tax carryover		Reduction in foreign taxes		Gross foreign tax credit		Foreign tax credit after adjustments [5]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
All returns	3,746,457	33,821,904	1,577,864	13,735,047	88,754	1,974,191	2,758,322	16,180,506	2,761,046	16,164,689
No adjusted gross income (includes deficits)	175,523	1,215,057	127,615	995,258	3,342	24,215	* 44	* 6	* 44	* 6
\$1 under \$10,000	241,495	163,718	156,195	122,015	5,202	58,198	26,496	1,551	26,496	1,551
\$10,000 under \$25,000	316,983	530,508	196,122	400,698	5,710	82,217	114,620	24,040	114,620	23,947
\$25,000 under \$50,000	428,115	730,058	236,681	434,110	8,841	153,541	301,932	138,276	301,921	137,671
\$50,000 under \$75,000	437,232	779,499	185,809	408,228	7,736	143,857	362,683	211,889	363,680	211,424
\$75,000 under \$100,000	376,538	676,279	135,282	334,931	5,903	109,238	329,410	234,987	330,381	234,087
\$100,000 under \$200,000	786,179	2,916,247	264,151	1,306,386	16,456	391,294	705,138	1,119,482	705,239	1,117,927
\$200,000 under \$500,000	616,978	6,692,379	175,258	2,930,243	21,047	529,116	572,746	3,022,388	572,898	3,016,545
\$500,000 under \$1,000,000	207,398	4,717,409	57,812	1,691,005	8,656	264,749	194,201	2,528,818	194,622	2,526,746
\$1,000,000 under \$1,500,000	63,337	2,474,729	17,712	823,355	2,387	75,480	59,497	1,324,762	59,513	1,326,892
\$1,500,000 under \$2,000,000	28,524	1,544,885	7,292	564,155	1,061	33,159	27,132	833,437	27,156	832,607
\$2,000,000 under \$5,000,000	46,272	3,872,573	12,130	1,401,277	1,567	45,087	43,705	2,083,088	43,742	2,082,823
\$5,000,000 under \$10,000,000	12,988	2,029,181	3,314	682,510	460	14,949	12,309	1,172,153	12,320	1,171,342
\$10,000,000 or more	8,895	5,479,381	2,492	1,640,875	387	49,091	8,411	3,485,628	8,416	3,481,123

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data combined to prevent disclosure of taxpayer information.

[1] Not all taxpayers with a foreign tax credit file the Form 1116, *Foreign Tax Credit*. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also meet certain other conditions are not required to file Form 1116 to claim the foreign tax credit.

[2] Worldwide income is total income or loss reported on Form 1040, *U.S. Individual Income Tax Return*, before the foreign-earned income and housing exclusions have been taken.

[3] Amount reported on Form 1040 is the total amount of foreign-earned income exclusion after subtracting deductions allocable to excluded income.

[4] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[5] Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 4. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region, Tax Year 2011

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments [1]	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All geographic areas	3,921,628	169,982,715	70,628,235	99,354,480	22,039,411	2,223,581	166,865	240,054	19,408,912
North America, total	442,718	16,652,533	6,293,190	10,359,344	2,778,640	182,469	39,471	20,417	2,536,283
Canada	405,886	12,934,181	4,232,307	8,701,874	2,414,016	153,629	24,957	19,497	2,215,932
Mexico	36,827	3,718,006	2,060,862	1,657,144	364,501	28,839	14,514	920	320,228
Other North American countries	* 5	* 347	* 21	* 326	* 123	0	0	0	* 123
Latin/South America, total	31,961	7,202,573	4,931,331	2,271,242	651,001	40,016	3,538	4,613	602,834
Argentina	3,128	197,403	53,656	143,747	34,034	381	* 198	0	33,456
Brazil	18,052	1,421,725	330,261	1,091,465	279,093	8,162	3,116	4,036	263,779
Chile	2,058	493,583	376,094	117,489	61,691	774	0	* 15	60,902
Colombia	3,821	4,316,293	4,014,744	301,549	135,133	633	* 67	336	134,097
Costa Rica	341	25,974	17,113	8,861	2,509	* 3	* 3	* 13	2,490
Panama	432	114,679	25,463	89,216	12,764	* 66	* 52	* 1	12,645
Peru	2,025	241,355	31,406	209,950	31,656	672	* 23	* 130	30,832
Venezuela	962	203,105	29,270	173,835	56,439	* 29,036	0	0	27,404
Other Latin/South American countries	1,145	188,456	53,324	135,132	37,683	289	* 81	* 82	37,231
Caribbean, total	9,197	1,023,967	170,672	853,295	73,322	14,632	* 111	* 64	58,516
Bermuda	1,540	193,198	27,184	166,014	4,516	168	* [2]	0	4,348
Cayman Islands	1,607	277,009	19,035	257,974	1,952	* [2]	* 2	0	1,950
Dominican Republic	196	35,453	3,945	31,508	6,146	* 49	* 55	0	6,042
Jamaica	735	104,481	49,376	55,105	16,696	* 8,309	0	* 58	8,328
Other Caribbean countries	5,118	413,826	71,134	342,694	44,014	6,105	* 53	* 6	37,847
Europe, total	393,233	32,365,839	8,489,532	23,876,307	8,305,468	393,232	54,548	142,029	7,715,659
Austria	2,412	195,493	90,735	104,758	35,335	1,546	* 115	201	33,473
Belgium	5,553	437,335	127,751	309,584	133,914	11,240	* 3	58	122,613
Czech Republic	475	91,820	16,904	74,916	13,889	* 1,799	* 2	55	12,033
Denmark	5,527	368,399	156,804	211,595	72,774	4,647	* 1	* 236	67,889
Finland	10,768	66,137	6,565	59,572	15,042	2,298	* 2	19	12,724
France	53,858	1,894,704	615,101	1,279,603	311,276	12,563	6,515	586	291,611
Germany	55,654	5,557,019	2,812,842	2,744,178	1,058,811	83,931	3,784	9,309	961,787
Greece	2,813	259,270	52,971	206,299	48,202	* 245	2,721	296	44,939
Hungary	316	223,607	138,251	85,356	19,134	* 2,879	* 39	* 12	16,204
Ireland	5,508	411,330	65,547	345,783	133,983	894	* 760	121	132,207
Italy	7,881	652,651	150,262	502,389	200,262	12,862	15,605	331	171,464
Luxembourg	7,459	670,717	30,299	640,418	110,969	68,005	* 120	* 29	42,814
Netherlands	19,467	987,306	254,802	732,505	218,123	16,434	* 586	249	200,854
Norway	6,509	353,402	51,836	301,566	85,149	1,950	* 4,371	784	78,043
Poland	1,170	198,068	82,050	116,019	34,708	1,326	* 30	131	33,220
Portugal	779	37,396	4,631	32,765	8,205	27	* 35	* 125	8,017
Russia	2,577	1,216,501	330,355	886,146	173,232	21,314	* 914	377	150,628
Spain	16,094	418,019	49,790	368,229	100,301	12,985	104	708	86,504
Sweden	12,692	472,749	89,533	383,216	105,396	20,852	* 110	175	84,258
Switzerland	24,127	3,299,242	316,677	2,982,565	880,575	46,466	7,834	112,673	713,602
Turkey	613	199,262	16,065	183,197	52,128	1,590	429	472	49,638
United Kingdom	135,324	13,887,534	2,916,872	10,970,662	4,440,803	59,563	9,635	15,042	4,356,562
Other European countries	15,656	467,875	112,890	354,989	53,258	7,816	* 833	36	44,574

Footnotes at end of table.

Individual Foreign-Earned Income and Foreign Tax Credit, 2011

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Table 4. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region, Tax Year 2011—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments [1]	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Africa, total	10,535	1,940,849	237,593	1,703,257	439,534	1,495	* 1,647	1,568	434,824
Angola	1,365	391,589	23,340	368,249	60,809	* 47	0	0	60,763
Egypt	672	183,397	8,212	175,185	46,450	68	0	0	46,382
Kenya	93	13,146	6,002	7,144	2,114	* [2]	* 15	* 21	2,079
Morocco	59	8,682	2,124	6,558	2,843	0	0	0	2,843
Nigeria	1,780	506,833	43,094	463,738	69,992	* 8	0	0	69,985
South Africa	2,165	382,845	84,840	298,005	160,015	744	* 541	* 120	158,609
Other African countries	4,402	454,357	69,983	384,377	97,310	628	* 1,091	* 1,428	94,162
Asia, total	182,776	19,093,930	2,964,048	16,129,883	4,177,757	147,418	30,055	32,767	3,967,518
Afghanistan	2,403	104,892	28,005	76,886	13,740	89	0	* 131	13,520
China	27,027	3,935,103	818,828	3,116,275	981,874	14,734	1,416	1,404	964,321
Hong Kong	10,457	2,660,033	397,229	2,262,804	395,809	3,807	790	* 206	391,007
India	28,657	1,841,732	274,453	1,567,279	462,874	10,030	14,089	19,427	419,328
Indonesia	1,929	393,580	22,515	371,065	104,507	497	* 12	129	* 103,869
Iraq	484	81,650	33,425	48,225	* 584	0	0	0	* 584
Israel	21,331	841,584	108,313	733,271	257,029	37,478	547	3,025	215,979
Japan	48,202	3,115,052	503,691	2,611,361	861,206	9,213	1,748	1,240	849,005
Kuwait	191	26,594	2,398	24,196	* 1	* 1	0	0	0
Lebanon	1,138	53,952	14,559	39,393	3,324	* 77	0	* 2,045	1,202
Malaysia	1,412	260,747	38,597	222,150	57,012	220	* 172	0	56,620
Philippines	3,373	223,548	19,426	204,122	54,291	5,995	* 2,097	27	46,172
Qatar	732	187,843	40,366	147,477	9,187	* 17	0	0	9,170
Saudi Arabia	961	244,967	31,611	213,356	12,685	* 79	0	* [2]	12,607
Singapore	9,168	2,017,640	226,653	1,790,987	349,718	13,085	690	* 46	335,897
South Korea	8,811	898,763	125,434	773,329	160,839	10,854	6,715	4,720	138,550
Taiwan	6,401	708,351	81,555	626,796	191,255	39,503	1,132	238	150,382
Thailand	1,980	355,725	36,949	318,777	110,180	717	* 24	28	109,410
United Arab Emirates	2,394	353,006	49,557	303,450	4,390	102	0	0	4,288
Other Asian countries	5,725	789,170	110,481	678,685	147,250	920	621	100	145,607
Oceania, total	30,662	2,682,217	604,963	2,077,255	645,055	12,055	4,337	13,153	615,510
Australia	22,391	2,398,005	516,561	1,881,444	598,001	10,418	3,938	9,112	574,532
New Zealand	6,901	241,949	71,468	170,481	44,029	1,615	* 399	4,034	37,982
Other Oceania countries	1,369	42,264	16,934	25,331	3,025	* 22	0	* 7	2,996
U.S. Possessions, total	31,285	1,430,502	348,711	1,081,791	165,772	2,989	* 78	* 438	162,267
Puerto Rico	29,700	1,309,533	269,338	1,040,196	156,105	1,116	* 78	0	154,910
Other U.S. Possessions	1,585	120,969	79,373	41,594	9,667	* 1,872	0	* 438	7,357
Country not stated	3,503,482	87,494,522	46,560,248	40,934,274	4,798,598	1,427,472	33,072	24,557	3,313,497
High taxed [3]	106,047	95,783	27,949	67,834	4,261	1,803	* 8	448	2,003

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[2] Less than \$500.

[3] High taxed is passive category income and taxes treated as general category income and taxes because the foreign taxes paid on the income (after expenses) exceeds the highest U.S. tax that can be imposed on the income.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.

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Table 5. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Type of Income, Tax Year 2011

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of income	Number of returns [1]	Foreign-source gross income		Foreign-source deductions and losses	
		Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)
All returns	3,921,628	3,576,909	169,982,715	3,444,866	70,628,235
Passive income [4]	2,983,396	2,722,673	47,923,175	2,615,314	13,762,424
General limitation income [5]	1,213,622	1,065,050	121,378,748	1,035,268	56,666,713
Section 901(j) income [6]	243	191	63,966	51	93,933
Certain income re-sourced by treaty [7]	10,059	9,726	593,721	9,371	103,586
Lump-sum distributions [8]	3,689	1,075	23,105	1,072	1,580

Type of income	Foreign-source taxable income before adjustments [2]		Foreign taxes paid or accrued on:					
	Number of returns	Amount	Total		Dividends		Rents and royalties	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All returns	3,584,450	99,354,480	3,366,548	22,039,411	2,878,342	2,223,581	25,151	166,865
Passive income [4]	2,724,505	34,160,751	2,545,713	3,831,812	2,329,866	1,745,594	16,153	82,823
General limitation income [5]	1,075,038	64,712,035	957,534	18,079,872	561,944	474,719	9,010	83,569
Section 901(j) income [6]	192	-29,967	60	1,421	* 43	* 1	0	0
Certain income re-sourced by treaty [7]	9,729	490,135	9,521	120,240	** 2,482	** 3,267	** 61	** 473
Lump-sum distributions [8]	1,075	21,525	1,290	6,065	**	**	**	**

Type of income	Foreign taxes paid or accrued on:				Foreign taxes available for credit		Gross foreign tax credit [3]	
	Interest		Other income		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
All returns	80,196	240,054	721,330	19,408,912	3,746,457	33,821,904	2,758,322	16,180,506
Passive income [4]	72,043	210,837	333,636	1,792,558	2,803,084	6,659,664	2,049,520	2,787,237
General limitation income [5]	7,236	27,358	425,592	17,494,226	1,129,560	26,969,980	822,593	13,298,489
Section 901(j) income [6]	**	**	**	**	64	4,164	0	0
Certain income re-sourced by treaty [7]	** 1,805	** 1,856	** 7,644	** 116,092	9,813	180,635	8,939	91,312
Lump-sum distributions [8]	0	0	1,239	6,036	3,688	7,461	1,082	3,467

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data combined to prevent disclosure of taxpayer information.

[1] Taxpayers may report more than one type of foreign-source income on a return. Consequently, the number of returns by type of income do not add to total.

[2] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[3] This is before adjustments. Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

[4] Passive income generally includes dividends, interest, rents, royalties, and annuities.

[5] General limitation income is foreign income from sources outside the United States that do not fall into one of the other four categories; it includes high-taxed income that would otherwise be passive income.

[6] Section 901(j) income is income earned from activities conducted in a sanctioned country. No credit is allowed for taxes paid or accrued to sanctioned countries, which for 2011 were Cuba, Iran, North Korea, Sudan, and Syria.

[7] Certain income re-sourced by treaty allows specific types of income to be treated as foreign-source income, if there is a tax treaty that treats it as such, and the treaty is applied.

[8] Lump-sum distributions are distributions from a retirement plan that are subject to U.S. tax using income averaging.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return*.

Source: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, April 2014.