

Form **1040**

U.S. Income

Name,
Address,
and SSN

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TAX MATTERS

For U.S. Tax Payers Working Abroad

Introduction

- Objective of Presentation
- Overview of IRS Forms and Explanations
- FBAR Report

The Basics



- U.S. tax payers residing overseas are required to file federal income taxes and in some cases state income taxes
- Staff working in International Organizations (UN) are exempt from Austrian income taxes
- Your salary earned abroad is considered “Foreign Earned Income” in most cases

Foreign Earned Income

Income does NOT include:

- Pension or Social Security benefits
- Dividends – Interest - Capital Gains
- Alimony
- Annuities
- U.S. Government employees salary

Earnings Statement (IAEA's W-2)



International Atomic Energy Agency
Statement of Earnings for the Year 200
(in US Dollars)

Personnel No.: 9999 *BLOESS, JOE*

Net Base Salary:	27,683.45
Post Adjustment:	18,092.50
Staff Member Pension Contribution:	4,869.38
Special Post Allowance:	0.00
Language Allowance:	0.00
Other Emoluments:	0.00
Overtime:	0.00
Night Differential:	0.00
Dependency Allowance:	1,739.10
Rental Subsidy:	2,776.61
End of Service Allowance:	0.00
Mobility Hardship Allowance:	0.00
Assignment Grant:	16,671.18
Repatriation Grant:	0.00
Education Grant:	14,270.10
Other Grants:	0.00
Income Tax Reimbursement:	0.00
Education Travel:	0.00
Home Leave Travel:	0.00
Repatriation Travel:	0.00
Commuted Annual Leave:	0.00
Others:	0.00
Total:	<u>86,201.22</u>

+ 50,000 in NON-IAEA INCOME

TOTAL INCOME 136,201

February 05, 2001

CERTIFIED CORRECT

Ziya YAZICI
Head, Staff Accounts Payable Section

Sample 2015 FORM 1040

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2015	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																									
For the year Jan. 1–Dec. 31, 2015, or other tax year beginning _____, 2015, ending _____, 20			See separate instructions.																										
Your first name and initial	Last name		Your social security number																										
If a joint return, spouse's first name and initial	Last name		Spouse's social security number																										
Home address (number and street). If you have a P.O. box, see instructions.			Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.																									
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).																													
Foreign country name		Foreign province/state/county	Foreign postal code	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse																									
Filing Status	1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child																												
Exemptions	6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. b <input type="checkbox"/> Spouse			Boxes checked on 6a and 6b No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on lines above ▶																									
	c Dependents: <table border="1"> <thead> <tr> <th>(1) First name</th> <th>Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) <input type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> </tbody> </table>				(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>
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				<input type="checkbox"/>																									
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				<input type="checkbox"/>																									
If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>	d Total number of exemptions claimed																												
Income	7 Wages, salaries, tips, etc. Attach Form(s) W-2 8a Taxable interest. Attach Schedule B if required b Tax-exempt interest. Do not include on line 8a. 8b 9a Ordinary dividends. Attach Schedule B if required b Qualified dividends 9b 10 Taxable refunds, credits, or offsets of state and local income taxes 11 Alimony received 12 Business income or (loss). Attach Schedule C or C-EZ 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/> 14 Other gains or (losses). Attach Form 4797 15a IRA distributions 15a b Taxable amount 15b 16a Pensions and annuities 16a b Taxable amount 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 18 Farm income or (loss). Attach Schedule F 19 Unemployment compensation 20a Social security benefits 20a b Taxable amount 20b 21 Other income. List type and amount 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶			7 8a 9a 10 11 12 13 14 15b 16b 17 18 19 20b 21 22																									
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	If you did not get a W-2, see instructions.																												
Adjusted Gross Income	23 Educator expenses 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 25 Health savings account deduction. Attach Form 8889 26 Moving expenses. Attach Form 3903 27 Deductible part of self-employment tax. Attach Schedule SE 28 Self-employed SEP, SIMPLE, and qualified plans 29 Self-employed health insurance deduction 30 Penalty on early withdrawal of savings 31a Alimony paid b Recipient's SSN ▶ 32 IRA deduction 33 Student loan interest deduction 34 Tuition and fees. Attach Form 8917 35 Domestic production activities deduction. Attach Form 8903 36 Add lines 23 through 35 37 Subtract line 36 from line 22. This is your adjusted gross income ▶			23 24 25 26 27 28 29 30 31a 32 33 34 35 36 37																									



Form 2555

Form **2555** **Foreign Earned Income**
 Department of the Treasury Internal Revenue Service
 Attach to Form 1040. Information about Form 2555 and its separate instructions is at www.irs.gov/form2555.
For Use by U.S. Citizens and Resident Aliens Only

Name shown on Form 1040

Part I General Information

1 Your foreign address (including country)

3 Employer's name

4a Employer's U.S. address

b Employer's foreign address

5 Employer is (check any that apply):
 a A foreign entity
 b A U.S. company
 c A foreign affiliate of a U.S. company
 d Other (specify)

6a If you previously filed Form 2555 or Form 2555-EZ, enter the last year you filed the form.

b If you did not previously file Form 2555 or 2555-EZ to claim either of the exclusions, check here

c Have you ever revoked either of the exclusions?

d If you answered "Yes," enter the type of exclusion and the tax year for which the revocation was effective

7 Of what country are you a citizen/national?

8a Did you maintain a separate foreign residence for your family because of adverse living conditions in your home country? See **Second foreign household** in the instructions

b If "Yes," enter city and country of the separate foreign residence. Also, enter the number of days you maintained a second household at that address.

9 List your tax home(s) during your tax year and date(s) established.

Next, complete either Part II or Part III. If an item does not apply, enter "NA," the information asked for, any exclusion or deduction you claim may be available.

Part II Taxpayers Qualifying Under Bona Fide Residence Test (see instructions)

10 Date bona fide residence began and ended

11 Kind of living quarters in foreign country:
 a Purchased house
 b Rented house or apartment
 c Quarters furnished by employer
 d Other (specify)

12a Did any of your family live with you abroad during any part of the tax year?
 b If "Yes," who and for what period?

13a Have you submitted a statement to the authorities of the foreign country where you claim residence that you are not a resident of that country? See instructions

b Are you required to pay income tax to the country where you claim bona fide residence? See instructions

c If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident.

14 If you were present in the United States or its possessions during the tax year, complete column (a) through (e) for each day you were present in the U.S. Report the number of days you were present in the U.S. in column (e). Do not include the income from column (d) in Part IV, but report it on Form 1040.

(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)	(e) Date arrived in U.S.	(f) Date left U.S.	(g) Days in U.S.

15a List any contractual terms or other conditions relating to the length of your employment abroad.

b Enter the type of visa under which you entered the foreign country.

c Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation

d Did you maintain a home in the United States while living abroad?

e If "Yes," enter address of your home, whether it was rented, the names of the occupants, and the date you left.

For Paperwork Reduction Act Notice, see the Form 1040 instructions. Cat. No. 11900P

OMB No. 1545-0074
2015

Form **2555-EZ** **Foreign Earned Income Exclusion**
 Department of the Treasury Internal Revenue Service (99)
 Attach to Form 1040. Information about Form 2555-EZ and its separate instructions is at www.irs.gov/form2555ez.
Attachment Sequence No. 34A

Your social security number

You May Use This Form If You:

- Are a U.S. citizen or a resident alien.
- Earned wages/salaries in a foreign country.
- Had total foreign earned income of \$100,800 or less. See line 17.
- Are filing a calendar year return that covers a 12-month period.

And You:

- Do not have self-employment income.
- Do not have business/moving expenses.
- Do not claim the foreign housing exclusion or deduction.

Part I Tests To See If You Can Take the Foreign Earned Income Exclusion

1 **Bona Fide Residence Test**

a Were you a bona fide resident of a foreign country or countries for a period that includes an entire tax year (see instructions)? Yes No

- If you answered "Yes," you meet this test. Fill in line 1b and then go to line 3.
- If you answered "No," you do not meet this test. Go to line 2 to see if you meet the Physical Presence Test.

b Enter the date your bona fide residence began and ended (see instructions)

2 **Physical Presence Test**

a Were you physically present in a foreign country or countries for at least 330 full days during—
 { 2015 or any other period of 12 months in a row starting or ending in 2015? } Yes No

- If you answered "Yes," you meet this test. Fill in line 2b and then go to line 3.
- If you answered "No," you do not meet this test. You cannot take the exclusion unless you meet the Bona Fide Residence Test above.

b The physical presence test is based on the 12-month period from through

3 **Tax Home Test.** Was your tax home in a foreign country or countries throughout your period of bona fide residence or physical presence, whichever applies? Yes No

- If you answered "Yes," you can take the exclusion. Complete Part II below and then go to page 2.
- If you answered "No," you cannot take the exclusion. Do not file this form.

Part II General Information

4 Your foreign address (including country)

5 Your occupation

6 Employer's name

7 Employer's U.S. address (including ZIP code)

8 Employer's foreign address

9 Employer is (check any that apply):
 a A U.S. business
 b A foreign business
 c Other (specify)

10a If you previously filed Form 2555 or 2555-EZ, enter the last year you filed the form.

b If you did not previously file Form 2555 or 2555-EZ, check here and go to line 11a.

c Have you ever revoked the foreign earned income exclusion?
 d If you answered "Yes," enter the tax year for which the revocation was effective. Yes No

11a List your tax home(s) during 2015 and date(s) established.

b Of what country are you a citizen/national?

For Paperwork Reduction Act Notice, see the Form 1040 instructions. Cat. No. 13272W Form 2555-EZ (2015)

Form 2555 - Amounts

Foreign Earned Income Exclusion (FEIE)

\$100,800 for 2015



Housing Exclusion

Minimum: \$15,872

Maximum: \$35,400

USD to Euro 2015 = 0.914

Housing Expenses

Included:

- ✓ Rent
- ✓ Repairs
- ✓ Utilities (not telephone)
- ✓ Parking

NOT Included:

- Mortgage interest
- Property Taxes
- Cable TV
- Maids
- Furniture

Form 2555

Bona Fide Residence Test

- ‘Tax Home’ is in a foreign country for the entire calendar year
- ‘Tax Home’ means “regular place of employment” , “place of duty” IAEA

Physical Presence Test

- From the day of *arrival* must have **no** more than 35 *non-qualify* days in the next 365 days.
- Or must have 330 *qualifying* days in the next 365 days

Filing of Tax Returns

- Due Date: April 15
- Automatic extension to file tax return is June 15 for Expats
- Extension beyond April 15 is an extension to file and **NOT** extension to pay

Extensions

- For an automatic extension to October 15 use Form **4868**
- For extension beyond October under the Physical Presence Test use Form **2350**

Foreign Bank and Financial Accounts (FBAR)

- [Form 114](#), Report of Foreign Bank and Financial Accounts
- The FBAR must be completed online through the BSA E-Filing System Website
 - The US citizen has a financial interest in at least one financial account located outside US
 - The aggregate value of all foreign financial accounts in excess of \$10,000 at any time during the calendar year to be reported

Foreign Account Tax Compliance Act (FACTA)

- Targets tax non-compliance by U.S. taxpayers with foreign accounts
- Focuses on reporting by individual taxpayers as well as foreign financial institutions
- Filing and reporting is only required if the total asset value exceeds the appropriate reporting threshold:
 - \$200,000 for individual filers
 - \$400,000 for joint filers

Web:

FBAR Forms and Information

<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-FBAR>

IRS Publication 54, “Tax Guide for US Citizens and Resident Aliens Abroad”

<http://www.irs.gov/pub/irs-pdf/p54.pdf>

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Thank you for listening!

Questions?