

TOP 5 U.S. TAX ISSUES FOR EXPATS

1) It is mandatory for US expats to file a U.S. Federal Tax Return.

If a U.S. person's worldwide income exceeds the filing threshold (which varies by filing status), filing a U.S. Federal Tax Return becomes mandatory. Income includes wages/salary from U.S. and non-U.S. sources, interests, dividends, rental income, etc. For the self-employed, the threshold is always \$400.

2) It is possible to have a reduction or elimination of U.S. taxes by applying for the Foreign Income Exclusion.

By applying for the Foreign Earned Income, expats may be able to exclude up to \$100,800 (2015) of foreign earned income from U.S. taxation. Certain housing expenses, such as rent and utilities, are also included in tax exclusion thanks to Foreign Housing Exclusion (residency requirements apply).

3) Income earned in the U.S. by U.S. expats is not always excluded from taxation.

Not all worldwide earned income can be excluded from U.S. taxes with the Foreign Earned Income Exclusion. However, people who are required to pay taxes on their income to another country may be able to use the Foreign Tax Credit to offset the U.S. tax owed.

4) Affordable Care Act does not apply to expats.

The Affordable Care Act requires that every American holds the minimum essential health coverage or pay an individual shared responsibility tax. Those who qualify for the Foreign Earned Income Exclusion, or hold a U.S. expatriate health plan, are exempt from these provisions.

5) Tax deadline for filing is different for expats.

U.S. taxpayers living outside the U.S. receive an automatic extension until June 15th to file. However, any U.S. taxes owed are due by April 15th to avoid penalties and interests.

Additional information available ... www.mirtaxes.com

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