

## **UNITED STATES**

If you are a United States citizen or resident, you must file federal income taxes and declare all income earned abroad as well as in the USA, regardless of whether you also paid tax in the foreign country.

Income earned while abroad is taxable unless you qualify for either the bona fide residence test or the physical presence test (see below). Remember to also include income earned in the tax year before you went abroad, and since you returned.

For more information, read the Tax Guide for U.S. Citizens and Resident Aliens Abroad (IRS Publication 54) which is available online at [www.irs.gov](http://www.irs.gov) or can be ordered from: IRS Forms Distribution Center, Rancho Cordova, CA 95743-0001.

### **Foreign Earned Income Exclusion:**

If you are working and living overseas, and meet the physical presence test (see below), the IRS allows you to exclude your foreign earned income up to a maximum of US\$80,000 (2004 figures) in a calendar year. This exclusion will be calculated on a pro-rated basis if you began working overseas part way through the calendar year. See Publication 54 to check if you qualify for the Foreign Earned Income Exclusion. To claim the exclusion, you will need to file Form 2555 or 2555-EZ (shorter version) along with your federal tax return form (Form 1040).

### **Physical Presence Test:**

If you are physically present in a foreign country or countries for 330 full days during a 12-month period, you will qualify for the Foreign Earned Income Exclusion under the physical presence test. The 12-month period must either begin or end during the year in which you are filing taxes, but does not have to correspond to a calendar/tax year. Vacation time spent abroad can also be included. See Publication 54 or Form 2555 or 2555 EZ for further information.

### **When To File, and Extensions:**

The normal deadline for filing taxes is April 15 for the previous tax year. If you were working overseas on this due date (April 15), you qualify for an automatic 2-month extension and must file your taxes by June 15. When you file your return, include a letter explaining that you are eligible for this extension because you were working overseas on April 15.

If you will not meet the physical presence test until after the June 15 deadline, you have two options:

- 1) You can request an extension by filing IRS Form 4868 by June 15. Form 4868 can be filed electronically and should show your properly estimated tax liability based on the information available to you. A four month extension (until August 15) is automatically approved. If you need additional time (beyond August 15), you are required to have a further extension approved by the IRS by filing Form 2688 (for extension beyond the 4 month extension). You should do this ahead of time so that if your extension request is not approved, you can still file in time. Please

remember that all extensions after April 15, even those requested and approved, still require you to pay interest on any tax owed.

2) Another option is to file your standard 1040 Form (tax return) on time and pay any necessary taxes. Then, when you meet the physical presence test, you can file an amended return (Form 1040X) and receive a refund.

### **Where To File:**

All US income tax returns and requests for extensions should be mailed to:  
Internal Revenue Service Center, Philadelphia, PA 19255-0215.

## **CANADA**

If you're a Canadian citizen, you must file an income tax return on your world income (income you receive in Canada and overseas). You can get a general tax guide and return with information for individuals outside Canada from the:

International Tax Office  
Revenue Canada  
Room 534, 875 Heron Road  
Ottawa, Ontario K1A 1A  
1-800-267-5177

The website for the Canada Customs and Revenue Agency is [www.ccr-aadrc.gc.ca](http://www.ccr-aadrc.gc.ca)

## **OTHER COUNTRIES**

If you are a citizen of a country besides the U.S. or Canada, please contact your nearest Embassy or home country tax office (or better still, their website) for information on reporting income earned abroad.

For other countries' tax information, your best resource is the web:

United Kingdom: UK Inland Revenue, [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)

Australia: Australian Taxpayers Office, [www.ato.gov.au](http://www.ato.gov.au)

New Zealand: Inland Revenue, [www.ird.govt.nz](http://www.ird.govt.nz)