TAX TIPS FOR FOREIGN EMPLOYEES

BOWEN & GREEN, CPA's
2645 Dallas Highway SW, Suite 200
Marietta, GA 30064
Main Office Phone (770) 514-8927
EMAIL Bowen: jodee@jodeebowencpa.com
EMAIL Green: taxman@regreencpa.com
WEBB PAGE: www.jodeebowencpa.com
WEBB PAGE: www.regreencpa.com

CLARIFICATION OF ISSUANCE

This material has been prepared by the above Certified Public Accountants who are responsible for the contents. This is not specific advice on your tax situation. See *SCOPE AND LIMITATIONS* on page 2.

This has been revised for filing 2014 tax year tax returns. *See page 3 for new items for 2014 tax year filing.*

SHOULD YOU USE A PROFESSIONAL PREPARER – If your employer provides or pays for your tax preparation you are fortunate. If you have relied on a tax professional to prepare your tax returns, you may want to continue that practice. *Be certain the tax preparer you select has had experience in filing tax returns for individuals working abroad and with clergy tax issues if you are clergy.* This publication will review many of the unique differences you will be subjected to in the preparation of your tax return.

UPDATED FEBRUARY 2015

TAX TIPS FOR FOREIGN EMPLOYEES
JANUARY 2015

SCOPE AND LIMITATIONS

The following material has been prepared based on the tax laws and regulations for the 2014 tax return year. This is presented in summary form only.

No copies of forms are included. You should obtain the forms and detailed instruction for the forms directly from the Internal Revenue Service. The detailed instruction booklets published by the Internal Revenue Service should be used to determine what information is needed for each specific line of the forms.

This is only an overview and is not meant to be interpreted as tax advice concerning your specific circumstances. The IRS considers this publication as an interpretation and will not recognize this as a binding authority when discussing tax matters with an IRS agent.

Many special filing circumstances are not within the scope of this presentation. Such special circumstances include but are not limited to the following:

U.S. citizen with a spouse who is not a U.S. citizen

One spouse is a U.S. citizen or resident alien and the other spouse is a nonresident alien

U.S. citizen living abroad who has a legally adopted child that is not a U.S. citizen or resident

Advice on the best filing status for you to use (Married filing joint, married filing separate or head of household).

Blocked Income

Special regulations for Residents of Guam, U.S. Virgin Islands, American Samoa, Puerto Rico, or the Commonwealth of the Northern Mariana Islands.

If you are not certain about the requirements or regulations, or think your situation involves special circumstances, read the information published by the IRS, consult an experienced tax professional, or as a last measure consult directly with the IRS.

Before discussing the special requirements for overseas filing, here are some tips on prevention of and/or taking care of problems with tax returns filed in previous years.

SAVE YOUR TAX RETURNS

We recommend that you save your tax returns indefinitely. Make certain you have access to prior year returns in case the IRS request information or audits. Currently the IRS saves their copy of your returns for seven years.

TAX TIPS FOR FOREIGN EMPLOYEES
JANUARY 2015

NEW ITEMS FOR 2014 TAX YEAR FILING

1) The exclusion amount is increased to $99,200.00 per individual taxpayer.
2) The Self-employment tax rate for clergy & self-employed individuals is 15.3% on earnings up to $117,000.00
3) The housing expense base increased to $43.48 per day or $15,872.00 per year.
4) The housing expense deduction has changed for some locations – see IRS Publication 54 for details and sample calculations.
5) IRA contributions may be made, however, see complex requirements to be met before making the contribution to an IRA.
6) While this change occurred in 2013 the enforcement by the IRS has grown greater so I am including it again. The Report of Foreign Bank Accounts formerly Form TDF 90-22.1 is changed to an online file only form and the new form is Fin CEN Form 114. *The report must be filed electronically and received by the Treasury Department on or before June 30th. The June 30th filing date may not be extended.*
7) The provisions of the Affordable Care Act (also known as Obama Care) **do not apply to expatriates living and working overseas who qualify for the earnings exclusion provisions.**

CHECK YOUR SOCIAL SECURITY RECORDS

Do not discard any of your tax returns and their supporting documents until you have checked the accuracy of your social security records. You can do this by filling out a form at your local Social Security Office or by going to their Web page, which is located at WWW.SSA.GOV, or by calling (800) 772-1213 and requesting the form be sent to you by mail. This is by special request only and not sent automatically each year.

Approximately six weeks after the Social Security Administration receives your completed form, they will mail you a record showing your yearly earnings as per their records. These are the earnings they will use to compute your benefits when you claim them. Check the annual amounts with your W-2 forms for each year. If in any year you filed Schedule SE to report self-employment earnings, check extra carefully to make certain it is included in your record. If you find any errors, mail a photocopy of your W-2's and/or Schedule SE and ask that your records be corrected.

CHANGE OF ADDRESS

You should complete Form 8822 Change of Address just prior to leaving for overseas. Failure to file this form may result in you not receiving notices that the IRS may send you on returns that you have already filed. Failure to receive the notices will not stop penalties and interest from accruing. Keep your address updated promptly each and every time you change your address.

SPECIAL NOTE: If you are living in an area where the mail service is unreliable, you may want to consider having the IRS send any notices to an individual who can receive them promptly and will get the information to you on a timely basis.

TAX TIPS FOR FOREIGN EMPLOYEES
JANUARY 2015

FOREIGN EARNED INCOME EXCLUSION

A U.S. citizen or a U.S. resident alien (Green Card holders are treated the same as a U. S. CITIZEN) may qualify to exclude foreign earned income as follows:

2002 thru 2005 $80,000
2006 - $82,400
2007 - $85,700
2008 - $87,600
2009 - $91,400
2010 - $91,500
2011 - $92,900
2012 - $95,100
2013 - $97,600
2014 - $99,200
2015 - $100,800

<u>You are required to file your tax return annually to claim the exclusion using form 2555. The exclusion amount is per taxpayer; therefore, on a joint return each individual taxpayer that has excludable income must complete a form 2555. If you income falls below a minimum amount you may not have to file. See publication 54 page 3 for a table of these amounts.</u>

Foreign earned income means any amount that is received as compensation for services rendered overseas. Examples:

Wages, salaries, and professional fees

Additional allowances paid - housing, utilities, expatriate bonuses, educational expense reimbursements, or tuition assistance for children for primary, secondary, and college level, etc.

Reimbursements - moving expenses, utilities, etc

Repatriation salary continuation (paid after returning to the U.S., for services rendered overseas) **<u>may</u>** also qualify for the exclusion under certain circumstances. *This exclusion is complex and we recommend you consult a professional tax advisor, and acquaint him with your employer's compensation policies, on this exclusion.*

Amortization of indebtedness - If the organization amortizes a portion of your educational loans as a part of your overseas service this is considered gross income for tax purposes. Your employer will include the amortized amount in your W-2 form.

The location where the services are performed is considered the source of the earned income. The location of the payer and the place of payment are irrelevant for income tax reporting. If while you are an expatriate and you are required to perform any services while in the United States, the salary attributable to the performance of those services is U.S. source earned income and may not be excluded on Form 2555.

All your taxable earned income should be included in your W-2 forms furnished to you by your employer. This is if your employer is a USA employer required to furnish you with W-2 forms. If you are hired locally by a non USA company your overseas earnings may be documented with a copy of your local country tax return or a letter on your employer's letterhead stating your earnings for THE CALENDAR YEAR.

QUALIFICATIONS FOR EXCLUSIONS

To qualify for the exclusion you must meet either one of the following two tests.

Bona Fide Residence Test:

You must be a bona fide resident of a foreign country or countries for an uninterrupted period that includes a complete tax year. A complete tax year is from January 1 through December 31 for individual taxpayers who are required to file their returns on a calendar year basis. A vacation or visit back to the U.S. during that year will not affect your status as a bona fide resident of the foreign country.

SPECIAL NOTE: Bona fide resident for part of a year. Once you have established a bona fide residence in a foreign country for an uninterrupted period that includes an entire tax year, you will qualify as a bona fide resident for the period starting with the date you actually began the residence and ending with the date you abandon the foreign residence. Therefore, you could qualify as a bona fide resident for part of a tax year.

Example: You were a bona fide resident of England from March 1, 2011, through September 14, 2013. On September 15, 2013, you returned to the United States. Since you were a bona fide resident of a foreign country for all of 2012, you qualify as a bona fide resident from March 1, 2011, through September 14, 2013.

Physical Presence Test:

You can meet this test by being physically present in a foreign country or countries 330 full days during a period of 12 consecutive months. The 330 days do not have to be consecutive. A full day is a period of 24 hours in a row, beginning at midnight. The 12-month period can begin with any calendar day of any calendar month. It ends the day before the same calendar day 12-months later.

TAX TIPS FOR FOREIGN EMPLOYEES
JANUARY 2015

These are the basic qualifications. See IRS Publication 54 - Tax Guide for U.S. Citizens and Resident Aliens Abroad for further details. That publication details how to account for days when overseas travel is involved between the USA and your overseas residence. If you are in doubt on this requirement you may also file for a special extension until you meet the bona fide residence rule. One common misconception is that once you file under this test you must use it every year. Once you meet the bona fide residence rule above file all overseas returns using that rule as long as you qualify.

EXCEPTIONS TO TESTS

Waiver of Time Requirements:

Both the bona fide residence test and the physical presence test contain minimum time requirements that you must meet before you qualify under the test. There are two exceptions to the test.

1. The minimum time requirements can be waived if you must leave a foreign country because of <u>war, civil unrest, or similar adverse conditions</u> in that country. You must also be able to show that you reasonably could have expected to meet the minimum time requirements if it had not been for the adverse conditions. Before you can qualify for the waiver, you must actually have your tax home in the foreign country and be a resident of and be physically present in, the foreign country.

   The IRS publishes a list of countries affected and the beginning and ending times for each country. Only those countries on the list will qualify for the exception. *If you have been evacuated from a country by your employer and/or the U.S. Government check with the IRS published listing before filing your tax return for that year.*

2. If you are present in a foreign country, in violation of U.S. law, you will not be treated as a bona fide resident of or physically present in a foreign country while in violation of the law. Any income earned in those countries will not qualify for the exclusion. Currently Cuba is the only country to which travel restrictions apply and the beginning date of the restriction was Jan. 1, 1987. In previous years other countries have been restricted. This can change at any time. AS OF THIS DATE I HAVE NOT SEEN A CHANGE INVOLVING CUBA WITH THE RECENT MOVE TO NORMALIZE RELATIONS BETWEEN THE USA AND CUBA. If you are a US Citizen assigned to work at the US naval base in Guantanamo Cuba you are not in violation of the law and your income can be excluded if you meet all the requirements. Therefore, you should get the listing from the IRS if you have any questions about the country you reside in.

CHOOSING THE EXCLUSION

To choose either of the exclusions, complete the appropriate parts of Form 2555 and file it with your return. <u>Pay special attention to the applicable section that requires you to list your trips to the USA or its possessions</u> if you are claiming the bona fide residence status and the similar requirements if you are claiming the physical presence status. The dates of arrival and departure should agree with the dates stamped by immigration in your passport or travel document if the dates are actually stamped in your passport. **All trips should be listed**.

If the trip was for vacation or medical treatment the number of days on business would be zero. If the trip was to attend meetings or other official business those are days in the USA on business. Remuneration paid and/or earned while in the USA on business does not qualify for the overseas earnings exclusion.

WHEN TO FILE

If on the due date of your tax return, (April 15,2015 for the 2014 tax year) you live outside the U.S. and Puerto Rico, and your "tax home" was also outside the U.S. and Puerto Rico you are automatically granted a 2-month extension of time to file until June 15,2015. An expatriate working and living overseas generally meets the definition of having a "tax home" overseas. If you have questions read the definition of "tax home" in IRS Publication 54.

If you take this extension, you must attach a statement to your return explaining that you met this tax home abroad condition, if you are not filing form 2555. Any tax you owe can be paid with the return when it is filed, however, you will be charged interest on the unpaid tax starting with April 15.

SPECIAL EXTENSION OF TIME

In the first year you go overseas, you may not qualify for the Foreign Earned Income Exclusion by the due date of your return. Do ***NOT*** file your return electing the exclusion with Form 2555 attached before you meet the qualifications. The following can occur, at the option of the IRS, if you file before you qualify:

1. Your exclusion will be denied,
2. Your taxable income will be recomputed by the IRS,
3. You will receive a tax deficiency notice,
4. Interest will be assessed on the additional tax due,
5. Underpayment penalty may be assessed if there is tax due,
6. If tax is due, a late payment penalty may also be assessed.
7. An accuracy related penalty can be assessed.

AND

8. If penalties are assessed, interest will be charged on them in addition to the additional tax.

The IRS computers do this automatically and several penalties can be assessed on the same return. It is common practice for the IRS to assess multiple penalties on the same incident.

Extension Request:

You can use IRS Form 2350 to request an extension for a period of time, ending 30 days after the date on which you expect to meet either the bona fide residence or physical presence test. If you must allocate moving expenses (see below), you will qualify for an extension up to 90 days after the end of the year following the year you moved to a foreign country. The due date for filing this extension is June 15. This must be filed timely or it will be denied. *Mail form 2350 to Internal Revenue Service Center, Austin, TX 73301-0045.*

> **Special Note**: This is ***only an extension of time to file*** your return. This is ***NOT an extension of time* to pay the taxes that you owe.** Interest on unpaid taxes starts on April 15, 2015 and Late Payment Penalty will be charged on unpaid amounts starting June 15, 2015. The IRS computer will compute and assess the interest and penalties automatically! You will have to dispute them within the time they show on the penalty assessment or pay them.

HOW & WHERE TO FILE

ELECTRONIC FILING

The IRS has mandated that returns are to be filed electronically. Under very limited circumstances will they accept a paper copy of a tax return. See IRS web page on filing electronically, also IRS *Publication 54 (page 6 of the current publication). Professional and paid tax return preparers are* mandated to file electronically, with severe penalties assessed them for not filing electronically.

Overseas filers who are sending a payment with a payment voucher, (or their return if permitted under the special circumstances) send their payment voucher with their check, or their completed tax returns with their check to the Internal Revenue Service Center, P. O. Box 1303 Charlotte, NC 28201-1303 USA.

Overseas filers with no payment due with the return send their returns to Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301-0215 USA.

ELECTRONIC PAYMENT

Payment can be made electronically by the following methods:

1. Authorizing the IRS to withdraw the funds directly from your bank account by completing that section of form 1040 page 2. No charge for this method.
2. Payment by credit card or debit card – you pay a fee for this type payment. Consult your card provider for the amount you will be charged. This can be very expensive.

INCOME EARNED OVER MORE THAN 1 YEAR

Expatriate Service Bonuses:

Regardless of when you actually receive income, you must credit it to the tax year in which you earned it in figuring your exclusion amount for that year. A bonus based on the previous year's work is excludable based on the previous year excludable amount if it is not received until the current year.

For example, the allowance listed above may be received in the year of your repatriation or relocation to the USA or possibly the year after your return. It may be an unknown amount until the assignment is terminated.

A schedule must be attached to the tax return showing the computations. This schedule must show the unused portion of the exclusion for each tax year and the amount of these earnings that is attributable to be excluded for each tax year. Any earnings in excess of the excludable amount for any of the tax years involved would be taxable income. *Also, see Publication 54, which limits the amount of exclusion of income to no more than what was earned in the year it was received plus the one preceding tax year.*

In order to complete the schedules you will need to have the data from your overseas tax returns for the previous year involved.

TAX INCREASE – STACKING RULE TAX YEARS 2007 & FORWARD

A stacking rule is applied to ensure that citizens living and working abroad are subject to the same U. S. tax rates as individuals living and working in the U. S. Thus, any income in excess of the exclusion amount is taxed by applying to that income the tax rates that would have been applicable had the individual not taken the foreign earned exclusion or housing exclusion.

This may have a major affect on the tax on the income in excess of the exclusion and for either a partial year when the expatriate has earnings in the U.S. before going overseas, or the tax year when returning from overseas work.

FOREIGN MOVING EXPENSES

Below is a brief summary of the moving expense deductions. The calculations are complex and vary depending on whether the move is to the overseas appointment or returning permanently from your overseas service. I recommend that you have a tax professional prepare your tax return when the moving expenses are involved.

Moving Expenses to or from an overseas location to or from the USA are deducted using Form 3903. Your employer is required to provide you the details of all moving expenses it paid for you. There are several exceptions to their deductibility.

(1) Moving expenses attributable to excluded income claimed by filing Form 2555 may not be deducted on Form 3903.

Example: If the gross income reported on your W-2 forms for overseas work is equal to or less than the exclusion amount computed on Form 2555 then you may not deduct the moving expense since you have already excluded them from your taxable income.

TAX TIPS FOR FOREIGN EMPLOYEES
JANUARY 2015

You must complete Form 2555 before you complete form 3903. The exclusion amount from these forms will be the smaller amount of:

(a) Your actual overseas earnings, or

(b) The ratable portion of the exclusion based on the number of days you were overseas during the year of the move.

If you cannot exclude all of your overseas earnings in the year of the move, you can deduct, using Form 3903, that portion of your moving expenses attributable to the overseas income you could not exclude. The amount you can deduct may be figured on a two-year earnings basis depending on the following:

(a) If you qualify under either the bona fide residence or physical presence test for a minimum of 120 days during the tax year of your move there is a special formula based on one year's earnings only.

(b) If your qualification under either the bona fide residence or physical presence tests does not include 120 days in the foreign country in the year of move, you must compute your deductible moving expenses using the foreign earnings for the year of your move and the year following your move if your move is from the U.S. to an overseas country.

If your move is from overseas back to the U.S. and in the year of your move you spent less than 120 days overseas the moving expenses must be calculated using the foreign earnings for the year of the move and the year preceding the move.

The calculations involved in these circumstances are complex. See IRS Publication 54 for details and sample calculations.

Special Note: You must file for an extension on form 2350 under (b) above. Be certain that you check yes on line 3 for the question asking if you will need additional time to allocate moving expenses. On Line 1 you will need to request an extension of time until 90 days after the close of the first full calendar tax year after you established overseas residence.

Example - If you established overseas residence during November 2014 you should request an extension until March 30, 2016 for filing your 2014 tax return.

Special Note: Moving expenses you paid out of your pocket and not reimbursed by your employer can be added to the amounts your employer paid when computing your total moving expenses figures for Form 3903. See IRS Publication 521 - Moving Expenses.

Costs of moving and storing personal belongings in the U.S. are a deductible expense as part of the moving expense in the year of move and as an itemized deduction in each year you are serving overseas.

Expenses involved in the selling or purchase of your residence are no longer deductible as a moving expense.

Detailed IRS information on the moving expense deductions and computations are contained in the following publications:

Instructions to Form 3903
IRS Publication 521 - Moving Expenses
IRS Publication 54 - Tax Guide for US Citizens and Resident Aliens Abroad

FOREIGN TAX CREDIT

In some cases where you are taxed on the same income by the U.S. and the foreign country, you may claim a credit against your U.S. income taxes. You use Form 1116 to compute the amount of credit. Consult IRS Publication 514 and the instructions for form 1116 for detailed information on the Foreign Tax Credit. These calculations are very complex.

CONTRIBUTIONS

Charitable contributions deducted from your paycheck and charitable contributions you make while overseas may be deductible under certain circumstances. The general rule is that contributions made directly to a foreign church or charities are not deductible. However, there are some exceptions for Canada, Israel, and Mexico, and you can deduct contributions to a U.S. organization that transfers funds to a charitable foreign organization if the U.S. organization controls the use of the funds by the foreign organization, or if the foreign organization is just an administrative arm of the U.S. organization.

Contributions are an itemized deduction. If you have no taxable income because of the overseas exclusion you cannot take the deduction. All other rules that apply to itemized deductions (i.e. limitations) apply to overseas filers who may have taxable income when they are overseas.

SELF-EMPLOYMENT TAXES

Clergy and self-employed individuals who are required to pay U.S. Social Security Taxes on overseas income are required to make quarterly installment payments. These should be made on the due dates specified on Form 1040-ES. The payments should be mailed to Internal Revenue Service; P. O. Box 1300; Charlotte, NC 28201-1300.

If you are a clergy subject to self-employment tax on income paid by a USA charity, you may request your employer or sponsoring organization to withhold taxes each month in lieu of making quarterly installments. You need to complete the withholding form and specify the amount you authorize to be withheld each pay period.

TAX TIPS FOR FOREIGN EMPLOYEES
JANUARY 2015

FORM 673 – STATEMENT FOR CLAIMING EXEMPTION FROM WITHHOLDING

You may be requested by your employer to complete form 673 – Statement for Claiming Exemption from Withholding on Foreign Earned Income eligible For the Exclusion Provided by Section 911. This authorizes the employer to not withhold income taxes on your pay for overseas service. Your employer must still withhold Social Security and Medicare taxes.

BINATIONAL SOCIAL SECURITY (TOTALIZATION) AGREEMENTS

The Unites States has entered into agreements with several foreign countries to coordinate social security coverage and taxation of workers who are employed in one of the countries. These agreements are commonly referred to as totalization agreements. Agreements are currently in effect with the following countries listed in the table below. If you are serving in one of these countries, you must work with your employer to ensure that you are not taxed in both countries for Social Security Taxes on the same income. It is generally best to maintain your U.S. Social Security Coverage, however, certain qualifications must be met, and your employer must process the paperwork for you to qualify.

This applies to clergy and individuals serving in these countries. Each country has separate agreements and they are not identical for all the countries. If you are working in one of these countries, you must work through your employer to determine which country you will be taxed in for Social Security or Self Employment taxes. This is not optional; the rules are very specific and mandatory.

Table 6–1. **List of Tax Treaties** (Updated through October 31 30, 2013)

Country	Official Text Symbol[1]	General Effective Date	Citation	Applicable Treasury Explanations or Treasury Decision (T.D.)
Australia	TIAS 10773	Dec. 1, 1983	1986-2 C.B. 220	1986-2 C.B. 246
Protocol	TIAS	Jan. 1, 2004		
Austria	TIAS	Jan. 1, 1999		
Bangladesh	TIAS	Jan. 1, 2007		
Barbados	TIAS 11090	Jan. 1, 1984	1991-2 C.B. 436	1991-2 C.B. 466
Protocol	TIAS	Jan. 1, 2005		
Belgium	TIAS	Jan. 1, 2008		
Bulgaria	TIAS	Jan. 1, 2009		
Canada[2]	TIAS 11087	Jan. 1, 1985	1986-2 C.B. 258	1987-2 C.B. 298
Protocol	TIAS	Jan. 1, 2009		
China, People's Republic of	TIAS 12065	Jan. 1, 1987	1988-1 C.B. 414	1988-1 C.B. 447
Commonwealth of Independent States[3]	TIAS 8225	Jan. 1, 1976	1976-2 C.B. 463	1976-2 C.B. 475
Cyprus	TIAS 10965	Jan. 1, 1986	1989-2 C.B. 280	1989-2 C.B. 314
Czech Republic	TIAS	Jan. 1, 1993		
Denmark	TIAS	Jan. 1, 2001		
Protocol	TIAS	Jan. 1, 2008		
Egypt	TIAS 10149	Jan. 1, 1982	1982-1 C.B. 219	1982-1 C.B. 243
Estonia	TIAS	Jan. 1, 2000		
Finland	TIAS 12101	Jan. 1, 1991		

Country	Official Text Symbol[1]	General Effective Date	Citation	Applicable Treasury Explanations or Treasury Decision (T.D.)
Protocol	TIAS	Jan. 1, 2008		
France	TIAS	Jan. 1, 1996		
Protocol	TIAS	Jan. 1, 2009		
Germany	TIAS	Jan. 1, 1990		
Protocol	TIAS	an. 1, 2008		
Greece	TIAS 2902	Jan. 1, 1953	1958-2 C.B. 1054	T.D. 6109, 1954-2 C.B. 638
Hungary	TIAS 9560	Jan. 1, 1980	1980-1 C.B. 333	1980-1 C.B. 354
Iceland	TIAS 8151	Jan. 1, 2009		
India	TIAS	Jan. 1, 1991		
Indonesia	TIAS 11593	Jan. 1, 1990		
Ireland	TIAS	Jan. 1, 1998		
Israel	TIAS	Jan. 1, 1995		
Italy	TIAS	Jan. 1, 2010		
Jamaica	TIAS 10207	Jan. 1, 1982	1982-1 C.B. 257	1982-1 C.B. 291
Japan	TIAS	Jan. 1, 2005		
Kazakhstan	TIAS	Jan. 1, 1996		
Korea, South	TIAS 9506	Jan. 1, 1980	1979-2 C.B. 435	1979-2 C.B. 458
Latvia	TIAS	Jan. 1, 2000		
Lithuania	TIAS	Jan. 1, 2000		
Luxembourg	TIAS	Jan. 1, 2001		
Malta	TIAS	Jan. 1, 2011		
Mexico	TIAS	Jan. 1,1994		
Protocol	TIAS	Jan. 1, 2004		
Morocco	TIAS 10195	Jan. 1, 1981	1982-2 C.B. 405	1982-2 C.B. 427
Netherlands	TIAS	Jan. 1, 1994		
Protocol	IAS	Jan. 1, 2005		
New Zealand	TIAS 10772	Nov. 2, 1983	1990-2 C.B. 274	1990-2 C.B. 303
Protocol	TIAS	Jan. 1, 2011		
Norway	TIAS 7474	Jan. 1, 1971	1973-1 C.B. 669	1973-1 C.B. 693
Protocol	TIAS 10205	Jan. 1, 1982	1982-2 C.B. 440	1982-2 C.B. 454
Pakistan	TIAS 4232	Jan. 1, 1959	1960-2 C.B. 646	T.D. 6431, 1960-1 C.B. 755
Philippines	TIAS 10417	Jan. 1, 1983	1984-2 C.B. 384	1984-2 C.B. 412
Poland	TIAS 8486	Jan. 1, 1974	1977-1 C.B. 416	1977-1 C.B. 427
Portugal	TIAS	Jan. 1, 1996		
Romania	TIAS 8228	Jan. 1, 1974	1976-2 C.B. 492	1976-2 C.B. 504
Russia	TIAS	Jan. 1, 1994		
Slovak Republic	TIAS	Jan. 1, 1993		
Slovenia	TIAS	Jan. 1, 2002		
South Africa	TIAS	Jan. 1, 1998		
Spain	TIAS	Jan. 1, 1991		
Sri Lanka	TIAS	Jan. 1, 2004		
Sweden	TIAS	Jan. 1, 1996		
Protocol	TIAS	Jan. 1, 2007		
Switzerland	TIAS	Jan. 1, 1998		
Thailand	TIAS	Jan. 1, 1998		
Trinidad & Tobago	TIAS 7047	Jan. 1, 1970	1971-2 C.B. 479	
Tunisia	TIAS	Jan. 1, 1990		
Turkey	TIAS	Jan. 1, 1998		
Ukraine	TIAS	Jan. 1, 2001		
United Kingdom	TIAS	Jan. 1, 2004		

Venezuela	TIAS	an. 1, 2000

1 (TIAS) — Treaties and Other International Act Series.
2 Information on the treaty can be found in Publication 597, Information on the United States—Canada Income Tax Treaty.
3 The U.S.-U.S.S.R. income tax treaty applies to the countries of Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

REPORT OF FOREIGN BANK AND FINANCIAL ACCOUNTS

Each United States person who has a financial interest in or signature authority or other authority over bank accounts, securities accounts, or other financial accounts in a foreign country which exceeds $10,000 in ***aggregate value*** on any one day during the calendar year, **must** report that relationship each calendar year by filing TD F 90-22.1 for tax years prior to 2013 with the Department of the Treasury on or before June 30, of the succeeding year. That applies to ***all accounts*** that you have signature authority on not just your personal accounts. ***FOR 2014 TAX YEAR SEE PAGE 3 NEW DEVELOPMENTS SECTIONS.***

See the instructions on the back of the form for detailed requirements and penalties for failure to file the form. Special note that the forms ***must be received by the due date. The form must be filed electronically only!***

When and Where to File:

This report shall be filed on or before June 30 each calendar year. Paper copies are no longer accepted. *The penalties for failure to file this return are very severe including heavy fines (civil penalties) and or Criminal Penalties (jail time).*

Additional Filing Requirements:

If the aggregate value of all "**Specified Foreign Financial Assets" Exceed the specified amount for expatriates qualifying for the overseas earnings exclusion, these Individuals** Must Attach Details of These foreign assets with their personal income tax return using form 8938. **This is in addition to the FORM 114 (see item 6 in section NEW ITEMS FOR 2014) above**. Minimum penalty for failure to file this return is $10,000.00 and IRS can increase the penalty by $10,000.00 per month to a maximum of $50,000.00. Statute of limitations does not begin to run until the required information is reported to the IRS. Statute of limitations extends up to 6 years under certain conditions.

This form (8938) is required with the 2011 AND FORWARD tax year returns, if it is applicable to you. The IRS web page has a valuable condensed article entitled "Do I need to file form 8938, "Statement of Foreign Financial Assets"? Also the form and detailed instructions are on the web page. Go to www.irs.gov and enter in the search box Form 8938 and it will take you to a listing of articles, the form and instructions as well. With the amount of penalties involved I recommend that you do this before working on your tax return.

IRS PUBLICATIONS

All the forms you will use have instructions printed either on them or in a separate booklet. In addition, information that is much more detailed is contained in the following IRS Publications:

Publication 54 -	Tax Guide for U.S. Citizens and Resident Aliens Abroad
Publication 514 -	Foreign Tax Credit for Individuals
Publication 521 -	Moving Expenses

You can get these publications and forms and other necessary data from the IRS on the Internet.

The Internal Revenue Service's internet address is **WWW.IRS.GOV**

Most of these publications may not be available at a local IRS office, however, you can always get them on the Internet and print them out for your use.

If you have a laser printer, you may print the tax forms on White, 20-pound paper, USA letter size 8 1/2x11 inches and they would be approved to use for filing your return <u>if you qualify for filing a paper copy of the return.</u>