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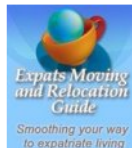
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Expats Moving and Relocation Guide



## Expats Moving and Relocation Guide

Smoothing your way to expatriate living

### Here is What American Expat Need to Know about Filing USA Tax Return

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Are you an American expat searching for tax advice and preparation?

Are you planning on filing your USA tax returns outside the U.S.A and are not sure what are your rights and obligations?

Nick Hodges the President of [ExpatsCFO.com](http://ExpatsCFO.com) is providing some answers to common questions about USA tax return.

**Expats Guide:** What are the deadlines for filing a tax return?

**Nick Hodges:** In general you have to file tax return on April 15 of the following year. However, being overseas on April 15th provides an automatic 60 day extension to file, but all taxes are due on April 15.

**Expats Guide:** Can an American expat get an extra extension on the filing deadline?

**Nick Hodges:** American expatriates has a special automatic 2 month extension. However a 6 month extension can easily be field for your account to give you until October 15 to file the USA tax return.

The 2 month extension is retroactive while the 6 month extension is not. And you must remember that an extension is an extension of time to file, NOT to pay.

We generally recommend filing for the 6 month extension which is clearly a safer and reliable extension to use. In any case you should always file an extension if you cannot make the April 15th deadline to prevent penalties (you cannot prevent interest from accruing).

**Expats Guide:** Are there any penalties for filing USA tax return late?

**Nick Hodges:** Yes and No

Yes - If you owe tax, you will pay a penalty if you file after your due date (including extensions). Interest accrues, at 4-5% annually, starting April 15 and does not factor extensions.

No - Penalties are only calculated if you have tax due! If you are due a refund, then there are no penalties and you will collect 4-5% annual interest. If you have unfiled tax returns, and have not received letters from the IRS, you most likely don't have a tax liability, and may have potential refunds.

**Expats Guide:** Can a tax return be filed electronically? And to where do USA tax return should be filed?

**Nick Hodges:** USA tax returns can be filed electronically, and it is highly recommended. There are certain limitations (i.e. sometimes a return will require documentation to be attached to a paper return).

Paper filed returns for American expat will generally go to:

Department of the Treasury  
Internal Revenue Service Center  
Austin TX 73301-0215

**Expats Guide:** What type of income shoulan American expat report?

**Nick Hodges:** ALL INCOME - Wages, interest, dividends, rents, capital gains, installment plans, non fringe benefit compensation, and more.

If you receive any type of monies or compensation, you should check with your tax advisor if it is reportable or not. Otherwise, you may end up with an IRS letter asking for the tax, interest, penalties, and a description of how tax court works.



**Expats Guide:** What deductions and exemptions can be claimed?

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Welcome To My Website



Hi, my name is Sharon, and I'd like to welcome you to my expats guide site.

Over the past 12 years I've moved with my family between 5 houses across three continents. You could say I'm a veteran expat - and I enjoy it!

However adjusting to expatriate life hasn't always been easy. [You can read more about it here.](#)

It took a lot of research, patience, and experience to overcome the challenges, and enjoy the ride.

I built this site with you in my mind and I encourage you to collect as much information as you can.

I do my best to address all issues concerning expatriate living. However, If you can't find what you are looking for, then

1. [search my FAQ page.](#)
2. Still can't find the answer? Please do [feel free to ask me.](#)

**Nick Hodges:** In addition to the normal deductions U.S. citizens living in the States take, an American expat has 3 big deductions/credits to be aware of:

1. Foreign Income Exclusion - Income earned abroad may be exempt from tax up to certain limits.
2. Foreign Tax Credit- To prevent double taxation, tax paid to another country reduces U.S. tax dollar for dollar; pending certain limits.
3. Foreign Housing Exclusion and deduction- If you receive employer provided housing that is considered income. This deduction will help offset the tax.

Exemptions - Follow State side citizen rules. Spouse and children can be claimed (must have a social security number or Individual Taxpayer Identification Number).

In general, dependents must be a U.S. Citizen, U.S. National, U.S. Resident Alien, or a resident of Canada or Mexico.

**Expats Guide:**What forms are needed to prepare the income tax return?

**Nick Hodges:** Every American expat, at a minimum, should be filing a form 1040, 2555, and 4868.

Form 1040 is your standard tax return.

Form 2555 allows several special US expat deductions and credits.

Form 4868 is an automatic six month extension, which you should ALWAYS file even you have the slightest inkling you may miss the April 15 deadline. With IRS penalties, it is better to be safe than sorry.

Pending individual circumstances, there may be many more forms, schedules, and worksheets.

**Expats Guide:** Does an American expat need to file a US State Tax Return as well?

**Nick Hodges:** If you live part of the year back in a U.S. State, and earn income in that state, you will have to file a state return. Most states only tax you on income earned in that state. However, some state tax on worldwide income.

In addition, some states still consider you a resident even though you are overseas. Please check with your tax professional.

Most American Expatriates will NOT have to file a U.S. State Tax Return if they did not live and work in the state during the year.

**Expats Guide:** Does an American expat who work for a foreign company need to file a USA tax return?

**Nick Hodges:** USA expats need to file a U.S.A Tax Return if they work at EITHER a foreign or domestic company. IRS Code levies income tax on World Wide Income, regardless of origin. The type of filing will depend if it is a foreign or domestic company.

**Expats Guide:**Are moving expenses deductible?

**Nick Hodges:** Any unreimbursed expenses to move to new job location, including between countries may be deductible.

American expatriates should keep track of what they spend to relocate that is not covered by their employer.

For more tips and information about tax return for USA expats contact [ExpatsCFO.com](http://ExpatsCFO.com)

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