



Expatriate Tax Documents Needed for Their US Tax Return

Statements:

You can expect to receive the following documents that will be crucial to filing your taxes.

1. For:
 - a. **US-sourced income**, you will be sent W-2s with your wage, compensation, and tip information.
 - b. **UK-sourced income**, you should receive a P60 or a P45
 - c. **Canada-sourced income**, you will receive a T4
 - d. **Israel-sourced income**, a 106 form
 - e. **Russia-sourced income**, a 2-NDFL form.

So, depending on where you live and the tax protocols of that country, you might need to either ask around so you know which form you should be on the lookout for or request a statement from your employer.

2. Form 1099 will be sent to you and will contain all the interest income from financial institutions and dividends
3. Your broker will send a statement with all the purchases and sales of stock or other securities from the relevant tax year. These numbers will be used to report capital gains and losses on both US and foreign investments.
4. If you have a mortgage, your lender should send you a statement with information on mortgage interest paid

If you are missing a tax document, don't ignore it! Contact the issuer to have it resent



Documents You Will Need to Gather

You will need the following documents:

1. A copy of last year's tax return. Your tax return has information on it that will need to carry over to the following year, and it provides a guide to check your numbers against when filling this year's return.
2. A year-end interest statement from your financial institution. If you did not receive a form 1099 for other income, you will want to request this from the applicable institution.
3. Records of sales or purchases of real estate and any other property. You will need documents from the purchase and the sale that contain information on the date of sale, date of purchase, whether it's for business or personal use, total cost and proceeds, plus information on any improvements made while you owned the property.
4. Records of any miscellaneous income, including income from a business that isn't a sole proprietorship, income you received because you are part owner of a foreign partnership or corporation, or income from gambling, farming, royalties, unemployment compensation, alimony, or foreign disability income.
5. Rental income documents. If this will be the first year of your rental income, provide the date you placed your rental property in service and the purchase price and value of improvements for your rental property and any other equipment.
6. A list of expenses that includes reasonable expenses paid or incurred for housing in a foreign country. If your tax home is in a foreign country, and you qualify for the Foreign Earned Income Exclusion, a further deduction from your gross income is available for foreign housing expenses.
7. A list of relevant childcare expenses, including the name, address, and ID number (if applicable) of your childcare provider, health insurance and medical expenses summary, and your charitable contribution summary.



8. The name(s) and address(es) of your relevant financial institutions, plus the account number, highest account balance during the year, end of year balance, and joint ownership or signatory authority, if applicable. In order to fulfill your Foreign Bank Account Report (FBAR) reporting requirement, foreign account information reporting may be needed if certain account balance thresholds are met. The threshold is met - meaning you will be subject to FBAR reporting - if you have \$10,000 or more in aggregate in your foreign bank accounts.
9. A travel calendar with the dates that specify when you were in each country. This can help you qualify for the Foreign Earned Income Exclusion and other credits or deductions that limit your tax burden.

Special Circumstances for Retired Expats

If you retired in another country, you will be required to report any distributions you received from retirement accounts including pensions, 401ks, annuities, profit sharing plans, and IRAs. If you've withdrawn money from these accounts, you should automatically receive a statement from your employers or brokers.

If you received Social Security benefits, you will be sent a Form SSA 1099. If you receive the same sort of benefits from another country, you might not be automatically sent a record of the yearly payments, so you will need to keep track of them yourself.

Special Circumstances for Self-Employed Expats

If you're self-employed, then depending on your industry, you might automatically receive 1099s with your wages from a specific client or clients. To help lower your US income tax liability related to self-employment income, you can deduct expenses that are considered both ordinary and necessary in the generation of this self-employment income. Some of these expenses include:

- Cost of goods sold
- Home office expenses
- Business use of equipment and vehicles



To help mitigate employment taxes for self-employed individuals working in certain foreign countries, the US entered into **Totalization Agreements** with many nations to avoid double taxation of income with respect to employment taxes like Social Security or Medicare. To be able to claim this employment tax exemption, the self-employed individual must include a statement (a certificate of coverage from the social security agency in the country of foreign residence), which indicates that employment taxes are being paid in the country of foreign residence.

Note: The thresholds for triggering a filing requirement differ for self-employed expats. If you earn more than \$400 in a year, you will be required to file a tax return. Along with the tax return, plan to file a Schedule C (Profit or Loss from Business) or Schedule C-EZ (Net Profit from Business). In addition, you will need to determine whether estimated payments are necessary in order to avoid penalties!

Final Notes:

1. Now that you have the information you need in order to get your documents in order, the next step is to file your expat taxes. Expat taxes can be tricky, so keep a few things in mind:
2. You may need to file a state tax return depending on the state from which you moved abroad. While some states do not currently implement income tax (Alaska, Florida, Nevada, South Dakota, Texas, Washington state (not DC), and Wyoming), others are considered “sticky,” which means it’s difficult to lose your residency status. At present, the stickiest states are California, South Carolina, New Mexico, and Virginia.
3. You may have additional reporting requirements, like FATCA - the Foreign Account Tax Compliance Act, which mandates some expats complete Form 8938 if certain thresholds are met - and the above-mentioned FBAR.
4. The Tax Cuts and Jobs Act means that many tax issues are still in flux, being sorted out by the IRS, and subject to change

Expat taxes are more complicated than most, and the penalties they carry can be stiff.

Warm Regards,
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