

**Disclaimer:** *This is limited and general tax information regarding U. S. residents working outside the United States for less than one year. Because individual circumstances vary, a competent tax advisor should be consulted to determine the specific personal income tax consequences. The University cannot provide tax advice or assistance in preparing your return. This presentation does not constitute tax advice cannot be used to avoid penalties that may be imposed under the Internal Revenue Code.*

**General Tax Rules:** (IRS Pub 54 pgs 2-5, Utah TC-40 Gen Inst pg 2, Inst Form 2848 pg 1, Utah TC-737, Inst Sch C pgs 1,8-9)

- “If you are a U.S. citizen or resident alien, your worldwide income generally is subject to U.S. income tax, regardless of where you are living.”
- “[Y]ou are subject to the same income tax filing requirements that apply to U.S. citizens or resident aliens living in the United States.”
- “You must express the amounts you report on your U.S. tax return in U.S. dollars.”
- Original due date if living in U. S.: “[T]he due date for filing your return is April 15 of the following year.”
- June 15 if living outside U.S.: “You are allowed an automatic 2-month extension to file your return and pay federal income tax if you are a U.S. citizen... and on the regular due date of your return You are living outside the United States...” “To use this automatic 2-month extension, you must attach a statement to your return...”
- “[Y]ou generally can get an automatic 6-month extension of time to file (but not of time to pay). To get this automatic extension, you must file a paper Form 4868...”
- For Utah: “You automatically get an extension of up to six months to file.” “There is NO extension of time to pay your taxes – only to file your tax return.”
- “Use Form 2848 to authorize an individual to represent you before the IRS.”
  - “Joint filers must now complete and submit separate Forms 2848.”
- Some states accept the IRS’ form, some have their own version.
  - Utah has TC-737
- “Use Schedule C... to report income or loss from a business you operated or a profession you practiced” (Earnings may include spouse airfare if not employed.)
- “[Y]ou can use the standard meal allowance [per diem] for your daily meals and incidental expenses.” “Enter your expenses for lodging and transportation...”

**Foreign Taxes:** (<http://www.irs.gov/pub/irs-trty/china.pdf>, see Article 13, Inst Form 1116 pgs 1-2)

- “Income derived by an individual who is a resident of [the U.S.] in respect of professional services or other activities of an independent character shall be taxable only in [the U.S.]”
  - The Chinese university may ask you to complete paperwork to claim the U.S.-China treaty; University General Counsel has advised participants not to complete such paperwork.
- “File Form 1116 to claim the foreign tax credit...” or “Instead of claiming a credit for eligible foreign taxes, you can choose to deduct foreign income taxes.”

**Social Security / Medicare:** (SS HB 1811, SSA Pub No. 05-10069 pg 5, Medicare Pub 11037)

- “If you are self employed, we count... your net earnings from self-employment.” [Presumably including foreign]
- “In most situations, Medicare won’t pay for health care or supplies you get outside the United States.”
- Your premiums will continue to be deducted from your monthly benefits unless you stop them.
  - You may *not* want to stop the premium deductions.

**Charitable Contributions:** (Inst Form 1040 Sch A, pg 9)

- “You can deduct your contributions only if you make them to a qualified organization. Most organizations... must apply to the IRS to become a qualified organization...”
- “Verify an organization's charitable status”
  - Have organization provide verification
  - [www.irs.gov/charities](http://www.irs.gov/charities), EO Select Check search
  - Call 1-877-829-5500

**Foreign Bank Accounts:** (Inst Form 1040 Sch B, pg 2)

- Form 1040 Schedule B: “Line 7a–Question 1. Check the ‘Yes’ box if at any time during 2013 you had a financial interest in or signature authority over a financial account located in a foreign country.”
- Also be aware of requirements under FinCEN and FBAR if hold over \$10,000