

Top 5 | tax mistakes made by new US expats

- 1 | Foreign Earned Income Exclusion (FEIE)
- 2 | Foreign Housing Exclusion
- 3 | Foreign Bank Account Reporting (FBAR)
- 4 | FATCA - All UAE banks share US account holder info with the IRS
- 5 | Not having a W-2 doesn't mean self-employed

1 | Foreign Earned Income Exclusion (FEIE)

- **Fail to elect the FEIE** – it's not automatic, so be sure to select it!
- Exclude up to \$100,800 of income from your US tax bill (2015)
- The amount goes up slightly every year, with inflation
- This mistake could cost you over **\$18,000**
- [Click here to learn more about the FEIE](#)

2 | Foreign Housing Exclusion

- If you don't elect it, you don't get it, it's not automatic
- There is a maximum exclusion amount for most cities around the world
- \$16,128 is deducted from any exclusion amount first

Example; In Dubai the maximum housing exclusion is \$57,174.

- ✓ Deduct the \$16,128 from the max exclusion = \$41,046
- ✓ If you spend \$57,178 or more, you can claim \$41,046 tax free earnings.
- ✓ If you only spend \$30,000, you can only claim \$13,872 (\$30,000 - \$16,128) in tax free earnings.
- ✓ [Click to learn more about the Foreign Housing Exclusion](#)

3 | Foreign Bank Account Reporting (FBAR)

- Not everyone has to file, but many will
- Consider all types of foreign bank accounts that you own or are a *signatory* of
- Add together the highest balances of all accounts, file if the total exceeds \$10k
- Accounts owned jointly by spouses can be filed on one FBAR.
- Failure to file, \$100K or 50% of bank balance, whichever is greater
- [Click here to learn more about FBAR](#)

4 | FATCA

- Many banks around the world **share your** account info with the **IRS**
- **File a Statement of Foreign Assets (8938) if;**
 - ✓ You're single and you have assets over \$200K on last day of the tax year or over \$300K at any point throughout the year
 - ✓ Double the values if you're married filing joint
- **You must report foreign financial assets such as;**
 - ✓ Foreign trusts, bank & security accounts
 - ✓ Business ownership and partnerships
 - ✓ Stockholdings & pensions
 - ✓ Securities, mutual funds, hedge funds, life insurance
 - ❖ **Don't include your home in the calculation**
- **Penalties; \$10K failure to file, \$50K for continued failure**
- **[Click here to learn more about FATCA](#)**

5 | Not having a W2 doesn't mean you're self-employed

- Some US based CPA's will process non-W2 holders as self-employed
- What's the problem? **Double Social Security and Double Medicare**
- As an expat, you shouldn't be paying any!
- Earning \$100K or more? **That will cost you around \$15K tax**

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