International Tax Guide

for Foreign & Overseas Taxpayers

Foreign Nationals · Overseas Taxpayers · Cross-Border Tax Compliance Series

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About This Guide

This guide collects the international tax and foreign-national filing articles we have prepared for our clients. It covers common questions about U.S. tax residency, reporting of foreign accounts and foreign assets, ownership of foreign corporations, the expatriation tax on giving up a green card, and applying for a taxpayer identification number (ITIN).

Each chapter can be read on its own. You can start by browsing the table of contents to find the topics most relevant to your situation; the "Tax Intake Worksheet" at the end of the guide can be used to organize your personal records systematically before tax season.

This series will continue to be updated and expanded. As the tax law changes and new topics are added, we will release updated editions; please rely on the latest edition.

Disclaimer: This guide is provided only as a general introduction to tax topics and does not constitute individual tax, legal, or accounting advice. Your actual tax status and filing obligations will vary depending on your visa status, days of presence, sources of income, tax treaties, marital filing elections, and specific facts. Please consult a qualified tax professional before filing.

The "183-Day Rule" and U.S. Tax Residency

Substantial Presence Test · Form 1040 vs 1040-NR

Many foreign nationals who come to the United States to travel, work, study, accompany a student, visit family, or stay for a short period hear the following claim:

"If you stay in the United States for more than 180 days, you have to file as a U.S. tax resident."

That claim is not accurate. For U.S. federal income tax purposes, the correct concept is generally not a "180-day rule" but a 183-day rule; more precisely, it is the Substantial Presence Test.

Under U.S. tax law, non-U.S. citizens generally fall into two categories: Resident Alien, a foreign national who is a U.S. tax resident, and Nonresident Alien. The tax consequences of these two statuses are very different. A U.S. tax resident generally must report worldwide income; a nonresident alien generally only needs to report U.S.-source income and income effectively connected with a U.S. trade or business. The IRS draws the same basic distinction in its tax residency rules.

1. Common Misconception: It Is Not a "180-Day Rule" but a "183-Day Rule"

Misconception 1: If you stay in the United States for more than 180 days, you automatically become a U.S. tax resident

This is not precise enough. U.S. tax residency is generally determined not by "180 days" but by 183 days.

More precisely, a foreign national who is not a green card holder generally needs to look at whether he or she meets the substantial presence test. Under IRS rules, a foreign national who is present in the United States for at least 31 days in the current year, and whose presence in the current year and the two preceding years totals at least 183 days under a weighted formula, is generally treated as a U.S. tax resident. The calculation is: all days of U.S. presence in the current year count in full, one-third of the days of U.S. presence in the prior year count, and one-sixth of the days of U.S. presence in the year before that count.

The formula is:

Days in the U.S. in the current year × 100% + Days in the U.S. in the prior year × 1/3 + Days in the U.S. two years prior × 1/6 = Substantial presence test days

If this weighted result is 183 days or more, and no special exception applies, the person may become a U.S. tax resident.

Misconception 2: Only whether you exceed 183 days in the current year matters

This is also not entirely accurate. The substantial presence test looks at a three-year weighted formula, not just the current year.

For example:

Year	Actual days present in the U.S.	Ratio	Days counted
Current year	150 days	100%	150 days
Prior year	90 days	1/3	30 days
Two years prior	30 days	1/6	5 days
Total			185 days

Although this person did not stay in the United States for a full 183 days in the current year, the three-year weighted formula reaches 185 days, so the person may meet the substantial presence test.

Conversely, if a person stays in the United States for 120 days each year for three consecutive years, the weighted calculation is 120 + 40 + 20 = 180 days, which is less than 183 days, so the person does not meet the substantial presence test. The IRS uses a similar example in its explanation of the substantial presence test: 180 weighted days are not enough; 183 days are required.

Misconception 3: Only "more than 183 days" counts; exactly 183 days does not

This is also not accurate. The correct standard is "183 days or more," not "more than 183 days." If the weighted result is exactly 183 days, the person may still meet the substantial presence test.

Therefore, both "more than 180 days" and "it only counts above 183 days" are inaccurate.

Misconception 4: Every day spent in the United States always counts

Not every day of presence in the United States necessarily counts toward the substantial presence test. Certain days may be excluded, for example days of certain students on F, J, M, or Q visas, certain teachers or trainees on J/Q visas, foreign-government-related individuals on A/G visas, certain days on which a person was unable to leave because of a medical condition, and days in transit of less than 24 hours. The IRS specifically explains that "exempt individual" here means those days may not be counted for the presence test; it does not mean the person is completely exempt from U.S. tax.

This point is especially important for international students, visiting scholars, teachers, researchers, diplomats, and employees of international organizations.

2. When Does a Foreign National Become a U.S. Tax Resident?

A foreign national generally becomes a U.S. tax resident in one of the following two ways:

First, by meeting the Green Card Test. A person who is a lawful permanent resident of the United States, that is, a green card holder, is generally treated as a U.S. tax resident.

Second, by meeting the Substantial Presence Test, that is, the 31-day plus 183-weighted-day rule described above. The IRS explains that a non-U.S. citizen who meets the green card test or the substantial presence test may be treated as a U.S. tax resident.

A foreign national who neither holds a green card nor meets the substantial presence test is generally a Nonresident Alien.

A person who is a nonresident alien for part of a tax year and a U.S. tax resident for another part of the same year may be a Dual-Status Alien. This is common in the first year of arriving in the United States or the last year before leaving. The IRS also explains that when a person's status changes from resident to nonresident, or from nonresident to resident, during the year, there is generally a dual-status tax year.

3. Once You Reach 183 Days, Must You Always File as a U.S. Tax Resident?

Generally, a foreign national who meets the substantial presence test is treated as a U.S. tax resident and must report worldwide income on Form 1040.

However, there are exceptions.

1. Closer Connection Exception

Even if a person meets the substantial presence test, if he or she was present in the United States for fewer than 183 days in the current year, has a tax home in a foreign country, has a closer connection to that foreign country than to the United States, and timely files Form 8840, he or she may still be treated as a U.S. nonresident.

Note carefully: the closer connection exception requires presence in the United States of fewer than 183 days in the current year. If a person has already been present in the United States for 183 days or more in the current year, the exception generally cannot be used.

In other words, "183 days" here means actual days in the current year, not three-year weighted days. This is a point many people confuse.

2. Tax Treaty Tie-Breaker

If a person is a U.S. tax resident under U.S. tax law and at the same time a tax resident of another country under that country's tax law, he or she may be a dual-resident taxpayer. Certain income tax treaties between the United States and foreign countries provide tie-breaker rules to determine which country's residency the person should ultimately use for treaty purposes. The IRS explains that if, under a treaty tie-breaker rule, a person is treated as a resident of the foreign country and claims treaty benefits, he or she may be treated as a nonresident alien for purposes of computing U.S. income tax, but generally must satisfy filing and disclosure requirements, such as Form 8833.

4. Without a Social Security Number, Do You Still Need to File?

It depends on your tax status and the type of income. Not having a Social Security Number does not mean you have no U.S. filing obligation.

A foreign national who is already a U.S. tax resident generally must file Form 1040 and report worldwide income. Not having an SSN does not automatically relieve the person of the filing obligation. If the person is not eligible for an SSN but has a U.S. federal tax filing obligation, he or she generally needs to apply for an ITIN, Individual Taxpayer Identification Number. The IRS explains that a foreign national who does not have, and is not eligible to obtain, an SSN but needs a taxpayer identification number on U.S. tax documents should use an ITIN.

So the reasoning is not:

"I don't have an SSN, so I don't have to file."

It is:

"Am I a U.S. tax resident? Do I have U.S.-source income? Do I have a U.S. filing obligation? If I have an obligation but no SSN, do I need to apply for an ITIN?"

5. If You Are a U.S. Tax Resident, What Income Must You Report?

If a foreign national becomes a U.S. tax resident, the basic rule is:

Report worldwide income.

The IRS states clearly that U.S. tax residents are generally taxed like U.S. citizens and must report on their U.S. tax return income from both inside and outside the United States, including interest, dividends, wages, compensation for services, rents, royalties, and other income; U.S. tax residents generally use Form 1040.

Common types of income that must be reported include:

Type of income	**Does a U.S. tax resident generally need to report it?**
U.S. wages	Yes
Foreign wages	Yes
U.S. bank interest	Yes
Foreign bank interest	Yes
U.S. stock dividends	Yes

Type of income	Does a U.S. tax resident generally need to report it?
Foreign stock dividends	Yes
Rental income from U.S. real estate	Yes
Rental income from foreign real estate	Yes
Capital gains from U.S. or foreign investments	Yes
U.S. or foreign business income, self-employment income	Yes
U.S. or foreign royalties	Yes
U.S. or foreign pensions, annuities, etc.	Depends on the facts; generally must be reported

Therefore, if a foreign national meets the substantial presence test and becomes a U.S. tax resident, he or she generally must report income on U.S. Form 1040 even if it comes from a foreign bank, a foreign employer, a foreign company, or foreign real estate.

In addition, U.S. tax residents may also have foreign account and foreign asset reporting obligations. For example, FBAR generally applies to a U.S. person, including U.S. citizens and residents; if the aggregate value of foreign financial accounts exceeds $10,000 at any time during the year, an FBAR may be required. Form 8938 may also apply to certain foreign financial assets above the thresholds, which vary by place of residence and marital filing status.

6. If You Are a Nonresident Alien, What Income Must You Report?

A foreign national who remains a Nonresident Alien generally does not need to report worldwide income. A nonresident alien generally has U.S. tax liability only on the following income:

First, income effectively connected with a U.S. trade or business, that is, Effectively Connected Income (ECI).

Second, U.S.-source fixed, determinable, annual, or periodical income, that is, FDAP income, such as certain interest, dividends, rents, royalties, scholarships, pensions, and annuities.

The IRS explains that the taxable income of a nonresident alien generally falls into two categories: income effectively connected with a U.S. trade or business, and U.S.-source FDAP income. ECI is generally taxed at graduated rates, and FDAP is generally taxed at a flat 30% rate on the gross amount, unless a lower tax treaty rate applies.

7. How Is the Source of Income Determined?

For a nonresident alien, one key question in deciding whether income must be reported in the United States is whether the income is U.S.-source income.

The IRS clearly summarizes the source rules for nonresident aliens. For example, the source of wages and compensation for services generally depends on where the services are performed; interest generally depends on the residence of the payer; dividends generally depend on whether the paying corporation is a U.S. or foreign corporation; rents depend on where the property is located; royalties depend on where the property is used; and sales of real property depend on where the real property is located.

The common rules are:

Type of income	**Source rule**
Wages, salaries, compensation for services	Where the services are actually performed
Personal-service business income	Where the services are actually performed
Interest	Residence or status of the payer
Dividends	Whether the paying corporation is a U.S. or foreign corporation
Rents	Location of the property
Natural resource royalties	Location of the property
Royalties from patents, copyrights, etc.	Where the rights are used

Type of income	Source rule
Sale of real property	Location of the real property
Pensions	Where the services that gave rise to the pension were performed

This point is very important for remote work. The IRS explains that the source of wages and compensation for services generally depends on where the services are actually performed, not on where the contract was signed, where payment is made, or where the payer lives.

For example, a foreign employee located in the United States works remotely for a foreign company. Even if the employer is a foreign company and wages are paid from a foreign account, as long as the services are performed in the United States, those wages may generally be treated as U.S.-source wage income.

8. Does a Nonresident Alien Need to Report Foreign Income in the United States?

Generally, no.

For a foreign national who is a nonresident alien, foreign-source income is generally not subject to U.S. income tax unless it is effectively connected with a U.S. trade or business. The IRS explains that a nonresident alien is generally taxed only on ECI and U.S.-source FDAP income; foreign-source income is generally not subject to U.S. tax unless it is ECI.

Common types of foreign-source income that do not need to be reported in the United States include:

Type of income	Does a nonresident alien generally need to report it?
Foreign bank interest	Generally no
Foreign wages earned for work performed outside the United States	Generally no
Dividends paid by a foreign corporation	Generally no

Type of income	Does a nonresident alien generally need to report it?
Rental income from foreign real estate	Generally no
Gain from the sale of foreign real estate	Generally no
Royalties from copyrights, patents, etc. used abroad	Generally no
Foreign business income unrelated to the United States	Generally no

However, if a nonresident alien actually works inside the United States, the wages may become U.S.-source income even if they come from a foreign employer. Whether a short-stay exception or tax treaty benefit applies requires case-specific analysis.

9. U.S.-Source Income: Reporting May Be Required No Matter How Many Days You Stay in the United States

Even if a foreign national is present in the United States for fewer than 183 days, as long as he or she has taxable U.S.-source income, he or she may still need to file Form 1040-NR or be subject to U.S. withholding.

Common types of U.S.-source income include:

Type of U.S.-source income	General treatment for a nonresident alien
Wages or service income earned for work performed in the United States	Generally U.S.-source income; Form 1040-NR may be required
Income from business or self-employment activities in the United States	Generally may be ECI; must be reported
Dividends paid by a U.S. corporation	Generally U.S.-source FDAP; 30% withholding or a lower tax treaty rate may apply
Taxable U.S.-source interest	May be FDAP; however, certain bank deposit interest and portfolio interest may be exempt

Type of U.S.-source income	General treatment for a nonresident alien
Rental income from U.S. real estate	Generally U.S.-source income; may be taxed on the gross amount, or, if eligible, the taxpayer may elect net-basis treatment
Royalties from copyrights, patents, trademarks, etc. used in the United States	Generally U.S.-source income
Gain from the sale of U.S. real property	Generally taxed under U.S. rules, and FIRPTA withholding may apply
U.S.-source scholarships, prizes, pensions, annuities, etc.	Depends on the type of income, status, and tax treaty

Pay particular attention to U.S. interest income. Not all U.S. interest is necessarily taxable to a nonresident alien. The IRS explains that a nonresident alien is not taxed on certain interest that is not effectively connected with a U.S. trade or business, such as certain interest paid by U.S. banks, savings and loan associations, credit unions, and insurance companies, and qualifying portfolio interest. The IRS also explains that if a nonresident alien files Form 1040-NR, this non-taxable interest is generally not reported in the body of Form 1040-NR and is only disclosed in response to the relevant question.

10. Capital Gains of Nonresident Aliens: Another Easily Confused 183-Day Rule

There is another special rule here that is easy to confuse with the substantial presence test.

For certain nonresident aliens, if they are present in the United States for 183 days or more during a tax year, U.S.-source capital gains may be taxed at a 30% rate unless a lower tax treaty rate applies. The IRS specifically explains that this 183-day capital gains rule has nothing to do with the 183-day rule under the substantial presence test.

So "183 days" can appear in at least three different places in U.S. tax law:

Rule	What 183 days means
Substantial presence test	Three-year weighted calculation reaches 183 days or more
Closer connection exception	Actual presence in the United States in the current year must be fewer than 183 days
Nonresident capital gains rule	If a nonresident is present in the United States for 183 days or more in the current year, certain U.S.-source capital gains may be taxed

These three 183-day rules each mean something different. They must be analyzed separately and should not be lumped together.

11. When Do You Use Form 1040? When Do You Use Form 1040-NR?

When to use Form 1040

A foreign national who is a U.S. tax resident generally uses Form 1040.

U.S. tax residents generally must report worldwide income, just like U.S. citizens. The IRS explains that a resident alien must follow the same tax laws as U.S. citizens, report worldwide income, and file Form 1040 or Form 1040-SR.

Common situations include:

Situation	Form generally used
Green card holder	Form 1040
Meets the substantial presence test, with no exception	Form 1040
Elects to file jointly with a U.S. citizen or resident spouse and be treated as a resident	Form 1040
Dual-status taxpayer who is a resident at year-end	Generally Form 1040 as the main return, with the appropriate statement attached

When to use Form 1040-NR

A foreign national who is a nonresident alien and has a U.S. filing obligation generally uses Form 1040-NR.

The IRS explains that a nonresident alien who is engaged, or treated as engaged, in a trade or business in the United States must file; even without a U.S. trade or business, a nonresident alien may need to file if he or she has U.S. income and the tax was not fully satisfied by withholding, or if he or she wants to claim a refund, deductions, or credits.

Common situations include:

Situation	Form generally used
Nonresident alien who works and earns wages in the United States	Form 1040-NR
Nonresident alien engaged in business or self-employment activities in the United States	Form 1040-NR
Nonresident alien with U.S.-source income and insufficient withholding	Form 1040-NR
Nonresident alien who needs to claim a refund of over-withheld tax	Form 1040-NR
Nonresident alien claiming certain deductions, credits, or tax treaty benefits	Form 1040-NR, possibly with related forms attached
Dual-status taxpayer who is a nonresident at year-end	Generally Form 1040-NR as the main return, with the appropriate statement attached

12. Form W-8BEN and Tax Treaties

Nonresident aliens are often asked by banks, brokerages, or payers to complete Form W-8BEN. This form generally serves to certify foreign status and, where eligible, to claim a reduced withholding rate or exemption under a tax treaty. The IRS explains that a foreign person who is the beneficial owner of a payment that may be subject to withholding should provide Form W-8BEN when requested by the payer or withholding agent.

However, once a person has become a U.S. tax resident, Form W-8BEN is generally no longer appropriate for certifying nonresident status. A U.S. tax resident should generally be treated under the rules for U.S. residents, for example by using Form W-9 to provide taxpayer identification information to the payer.

Tax treaties may also affect the tax rate on certain income or whether it is exempt. The IRS explains that the United States has income tax treaties with many countries, and residents of those foreign countries may be eligible for reduced rates or exemptions on certain U.S.-source income, but the specific result depends on the country, the type of income, and the treaty provisions.

13. Quick Reference Table: 183 Days or More vs Fewer Than 183 Days

The table below is a simplified summary. Actual results still depend on visa status, excluded days, tax treaties, and type of income.

Situation	Likely tax status	Income to report
Present in the U.S. 183 days or more in the current year, and all of those days count toward the substantial presence test	Generally likely to be a U.S. tax resident	Generally report worldwide income on Form 1040
Fewer than 183 days in the current year, but the three-year weighted total is 183 days or more	May meet the substantial presence test	May report worldwide income; the closer connection exception may be considered

Situation	Likely tax status	Income to report
Fewer than 183 days in the current year, three-year weighted total also under 183 days, and no green card	Generally a nonresident alien	Generally report only taxable U.S.-source income and ECI
Certain statuses such as F/J/M/Q, with some days excluded	May still be a nonresident alien	Generally report only taxable U.S.-source income; depends on the type of income
Treated as a foreign resident under a tax treaty tie-breaker	May be treated as a nonresident when computing U.S. income tax	Generally Form 1040-NR, and Form 8833 may be required

14. Summary

A foreign national who is present in the United States for 183 days may indeed face a U.S. tax residency question, but it cannot be simplified to "if you stay more than 180 days you must file as a U.S. resident."

The more accurate statement is:

Whether a foreign national becomes a U.S. tax resident generally depends on whether he or she meets the green card test or the substantial presence test. The substantial presence test requires presence in the United States of at least 31 days in the current year, and a total of 183 days or more for the current year and the two preceding years under the weighted formula.

A foreign national who becomes a U.S. tax resident generally must file Form 1040 and report worldwide income, including U.S. wages, foreign wages, U.S. interest, foreign interest, U.S. dividends, foreign dividends, rents, capital gains, and other income.

A foreign national who remains a nonresident alien generally uses Form 1040-NR and mainly reports U.S.-source income and income effectively connected with a U.S. trade or business. A nonresident alien's foreign-source income generally does not need to be reported in the United States unless it is effectively connected with a U.S. trade or business.

Not having a Social Security Number does not mean there is no filing obligation. A foreign national who is not eligible for an SSN but has a U.S. filing obligation generally needs to apply for an ITIN.

Therefore, the more accurate name for the so-called "180-day rule" is the 183-day rule, but it is not a simple single-year 183 days; it is the three-year weighted 183-day rule under the substantial presence test.

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Applying for a U.S. ITIN from Overseas

Form W-7 · Passport Certification · Supporting Documents

Many individuals overseas need to apply to the Internal Revenue Service (IRS) for an Individual Taxpayer Identification Number (ITIN) in order to file U.S. tax returns, sell U.S. real estate, receive U.S. income, claim a refund, or meet other federal tax requirements.

Applying for an ITIN is not simply a matter of completing Form W-7. The applicant must also prove his or her identity and foreign status. Because a passport is usually the only single document that can prove both identity and foreign status, passport verification is often the most important step in the entire application.

Why does the applicant usually need to take part in person?

If the applicant applies inside the United States through an IRS Taxpayer Assistance Center (TAC) or an IRS-authorized Certifying Acceptance Agent (CAA), the staff generally needs to check the applicant in person against the original passport. When a spouse or dependent applies for an ITIN, that person generally also needs to attend the identity verification in person.

So if the applicant is overseas and cannot come to the United States in person, that does not mean he or she cannot apply for an ITIN, but another document certification method accepted by the IRS must be used. Simply sending a passport scan, an emailed photo, or an ordinary photocopy to your accountant does not satisfy the IRS identity document requirements.

What options does an overseas applicant have if he or she cannot come to the United States?

The following options can generally be considered. Which one to choose should depend on the applicant's country, the services available at the local embassy or consulate, the timeline, and the risk to the security of the documents.

1. Have a copy of the passport certified at the U.S. embassy or consulate in the applicant's country. The applicant should contact the Consular Section or American Citizens Services in advance to confirm whether that embassy or consulate provides passport copy certification or an authentication service for ITIN applications. The scope of service, appointment requirements, and fees may vary by country and by embassy or consulate.

2. Request a certified copy from the agency that issued the passport. The copy must be issued or certified by the original passport-issuing agency and bear an official stamp or seal certifying that it is identical to the original passport.

3. Use an IRS-authorized CAA overseas. CAAs can provide services inside the United States or abroad and can generally verify the original passport and return it immediately after verification, but they may charge a service fee and require the applicant to make an appointment and attend in person according to the CAA's requirements.

4. Mail the original passport directly to the IRS with the Form W-7 application. Although this method may be accepted, the passport cannot be used while the application is being processed, and there is a risk in cross-border mailing and return, so it is generally not the first choice.

Is embassy certification a required step?

Verification of identity documents is a required step, but "embassy certification" is not the only way to do it.

If the applicant cannot travel to the United States, is not using a CAA that can verify the passport, and does not want to mail the original passport to the United States, then certification by the U.S. embassy or consulate in the applicant's country, or a certified copy from the passport-issuing agency, is usually the more practical approach.

Note in particular: the "local embassy" referred to here generally means the U.S. embassy or consulate in the country where the applicant is located, or a government agency or consular office of the applicant's own country that can issue an official certified copy on behalf of the passport-issuing agency. Not just any ordinary notary office or any country's embassy can do this.

Is an ordinary notarization acceptable?

Generally, no. The IRS generally does not accept a notarization of a passport photocopy made only by an ordinary notary public or local notary. The IRS requires the original passport, an exact copy certified by the issuing agency, or a qualifying certification service provided by a U.S. embassy or consulate abroad.

Therefore, the following documents are generally not sufficient on their own to support an ITIN application:

- A passport photocopy made by the applicant;
- A phone photo or scanned copy of the passport;
- A passport photocopy stamped by an ordinary notary;
- A photocopy marked "true copy of the original" by a bank, lawyer, or accountant on its own authority;
- A document that has only a certified translation, without certification by the passport-issuing agency or a U.S. embassy or consulate.

Is an Apostille needed?

In general, applying for an ITIN does not require a separate Apostille. The IRS's core requirement is the original passport or a qualifying certified copy; it does not require every overseas document to carry an Apostille.

An Apostille mainly serves to certify the signature, seal, or identity of the signer on a public document so that the document can be used among member countries of the Hague Convention. It does not automatically prove that a passport photocopy is a certified copy issued by the passport-issuing agency, nor can it automatically turn an ordinary notarized photocopy into an identity document acceptable to the IRS.

Therefore, we do not recommend that clients obtain "notarization plus Apostille" on their own without first confirming. Even with an Apostille, if the underlying document is only a photocopy certified by an ordinary notary, the IRS may still not accept it. An Apostille or other authentication should be added only when the local U.S. embassy or consulate, the passport-issuing agency, or the specific office handling the matter expressly requires it, and then according to its instructions.

What requirements should the certified passport document meet?

To reduce the risk of an IRS request for additional documents or a rejection, we recommend that the certified document meet at least the following requirements:

- The passport is still valid and unexpired on the date Form W-7 is submitted;
- Name, date of birth, nationality, and other information match Form W-7 exactly;
- The certified document clearly shows the full contents of the passport data page and the photo;
- It bears the certifying agency's official seal, stamp, or original certification mark;
- It states clearly that the copy is identical to the original passport presented by the applicant;
- If the reason for the application requires U.S. visa information, the certified copy should include the relevant U.S. visa pages;
- The certification date and the name or title of the certifying official are clearly legible;
- No pages may be incompletely cropped, blurry, altered, or illegible.

Why must the original certified document be mailed to us?

The applicant may first send us a scan for preliminary review, but the formal submission to the IRS requires the paper original of the certified document, that is, the version bearing the original seal, signature, or certification mark. A PDF scan, a photo, or a color printout alone is generally not sufficient.

"Mailing the original" here generally means mailing us the original certified passport copy issued by the embassy, consulate, or issuing agency; it does not necessarily mean mailing us the actual original passport. As long as the certified copy meets IRS requirements, the applicant can keep the original passport.

We recommend using an international courier with a tracking number and keeping a complete scan and the courier records. After receiving the original, we will check again that the name, passport number, expiration date, seal, and certification text meet the application requirements.

Basic information the client needs to provide

To prepare Form W-7 and the related tax filings, the applicant generally needs to provide the following personal information:

- Full name in English as shown on the passport, and any former names;
- Date of birth, city of birth, and country of birth;
- Current nationality or nationalities;
- Permanent foreign address and U.S. mailing address (if any);
- Telephone number and email address;
- Passport number, issuing country, date of issue, and expiration date;
- U.S. visa type, visa number, and expiration date (if applicable);
- Date of first or most recent entry into the United States (if applicable);
- Foreign tax identification number or national ID number;
- Whether an ITIN, EIN, or other U.S. taxpayer identification number has been applied for before;
- The specific U.S. tax reason for applying for an ITIN.

Checklist of formal application materials

Depending on the applicant's circumstances, the formal application package generally includes:

1. Form W-7, fully completed and signed by the applicant. An original signature is generally required; if signed by an agent on the applicant's behalf, IRS authorization and signature rules must be met.

2. The valid original passport, or an original certified copy of the passport that meets IRS requirements.
3. The original U.S. federal individual income tax return for which the ITIN is needed, such as Form 1040-NR or another applicable return. Unless the applicant qualifies for a specific exception under Form W-7, the tax return generally must be submitted together with the W-7.
4. Income and withholding documents, such as Form W-2, Form 1042-S, Form 1099, K-1, U.S. real estate transaction documents, pension documents, or other income documents.
5. If applying under a W-7 Exception without attaching a tax return, the corresponding letter from a bank, brokerage, payer, withholding agent, educational institution, or other third party, together with related documents.
6. If the applicant is a spouse or dependent, proof of the relationship and, where applicable, proof of U.S. residency.
7. The applicant's foreign mailing address, U.S. contact person, and the address to which the applicant wants the IRS to send the ITIN notice.

Additional requirements for spouses or dependents

If the applicant is a spouse or dependent, passport certification is not the only consideration. The IRS will also check whether the person has a tax purpose that qualifies for an ITIN and may require additional proof.

- A dependent may need to provide a birth certificate to prove the relationship to the taxpayer;
- Certain dependents need to prove U.S. residency, for example with U.S. school records, medical records, a state ID, a lease, bank statements, or utility bills; the specific requirements depend on age and the reason for the application;
- If the passport does not show a U.S. date of entry, the dependent may need to provide separate proof of U.S. residency;
- Each family member applying for an ITIN must complete a separate Form W-7.

Recommended steps

1. First provide us with a passport scan, your personal information, and the tax reason for applying for an ITIN for preliminary review.
2. We confirm eligibility, the W-7 application category, and whether a U.S. tax return must be attached.
3. The applicant contacts the U.S. embassy or consulate in his or her country, the passport-issuing agency, or a local IRS-authorized CAA to confirm the passport certification method.
4. The applicant brings the valid passport in person, completes identity verification according to the appointment requirements, and obtains the original certified copy.
5. The applicant first scans the complete certified document to us for review; once confirmed, the applicant mails us the paper certified original and the signed documents.
6. We complete the final review of Form W-7, the tax return, and attachments, and submit the complete application package to the IRS.
7. When the IRS finishes processing, it will mail the ITIN notice to the mailing address on the W-7.

Processing time and return of documents

The IRS generally recommends allowing about 7 weeks for processing. If the application is submitted during the peak filing season (generally January 15 to April 30), or the applicant is applying from overseas, processing may take about 9 to 11 weeks.

If a passport or other original identity document is mailed to the IRS, the IRS generally mails the document back separately to the mailing address on Form W-7. Because international mail carries a risk of delay or loss, the applicant should think carefully about whether to mail the original passport directly.

Common mistakes

- Assuming an ordinary passport photocopy plus notarization is enough;

- Obtaining an Apostille without confirming first, when the certifying party does not meet IRS requirements;
- Providing only an electronic scan and not mailing the certified paper original;
- The passport has already expired, or is about to expire before the application is submitted;
- The name on Form W-7 is spelled differently from the passport;
- Omitting the visa pages, entry information, or proof of U.S. residency for dependents;
- Not stating the specific federal tax purpose, and not attaching a tax return or exception documentation;
- Treating an ITIN as work authorization, immigration status, or general proof of identity.

Conclusion

An individual overseas who cannot come to the United States can still apply for an ITIN, but passport identity verification cannot be skipped. The applicant must submit the original passport or a certified copy in a manner the IRS accepts. Certification by the local U.S. embassy or consulate, a certified copy from the passport-issuing agency, or an IRS-authorized CAA overseas may all be viable options.

An ordinary notarization is generally not accepted, and an Apostille is not generally a required step for an ITIN. The most important thing is to first confirm that the certifying body meets IRS requirements before obtaining and mailing documents, to avoid being asked for additional documents or having to reapply because a document was in the wrong form.

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Sources: IRS Form W-7 Instructions, IRS ITIN Supporting Documents, and the official How to Apply for an ITIN guidance (as of June 2026).

Disclaimer: This article is for general information only and does not constitute tax, legal, or professional advice. Services offered by embassies, consulates, and passport-issuing agencies differ from country to country; each application should be confirmed based on the applicant's actual circumstances and the latest IRS rules.

Foreign Bank Account Reporting (FBAR)

FinCEN Form 114 · Streamlined Procedures · Penalties

General note: This article is for general tax education only and does not constitute legal or tax advice. FBAR cases can involve very large penalties, and the risk rises markedly when the IRS believes a taxpayer willfully failed to file.

1. What Is an FBAR?

FBAR stands for Report of Foreign Bank and Financial Accounts; the official form is FinCEN Form 114. The FBAR is a report of foreign financial account information required under the U.S. Bank Secrecy Act, and it covers foreign bank accounts, securities accounts, brokerage accounts, mutual fund accounts, and similar accounts. The FBAR is not filed with the individual income tax return, Form 1040; it is filed separately and electronically through FinCEN's BSA E-Filing System.

The FBAR is an information return; it is not itself a form used to compute income tax. However, if a foreign account produces interest, dividends, capital gains, or other income, that income may still need to be reported on the U.S. income tax return.

2. Who Must File FBAR Form 114?

A taxpayer who is a U.S. person generally must file an FBAR if both of the following conditions are met:

- The taxpayer has a financial interest in, signature authority over, or other authority over one or more foreign financial accounts; and
- The aggregate maximum value of all foreign financial accounts exceeded $10,000 on any day during the year.

The IRS explains that a U.S. person includes U.S. citizens, U.S. residents, corporations, partnerships, LLCs, trusts, and estates. For individuals, this commonly includes U.S. citizens, green card holders, and resident aliens who meet the U.S. tax residency rules.

Note in particular that the FBAR filing obligation does not depend on whether the account produces income. Even if a foreign account earns no interest, pays no dividends, and has no transactions, a filing may still be required as long as the account value reaches the filing threshold. The IRS states clearly that whether an account produces taxable income does not affect whether it is a foreign financial account for FBAR purposes.

3. Which Accounts Are Foreign Financial Accounts?

In general, an account at a financial institution located outside the United States may be a foreign financial account that must be reported on the FBAR. Common accounts include:

Type of account	Might an FBAR be required?
Foreign bank savings account	Possibly
Foreign checking account	Possibly
Foreign time deposit account	Possibly
Foreign securities, stock, or brokerage account	Possibly
Foreign mutual fund account	Possibly
Investment account held at a foreign financial institution	Possibly
Account of a foreign company or a relative over which you have only signature authority	Possibly as well
Account opened at a U.S. branch of a foreign bank	Generally not a foreign account for FBAR purposes
Account opened at a foreign branch of a U.S. financial institution	An FBAR may be required

In its comparison of the FBAR and Form 8938, the IRS points out that financial accounts located at foreign financial institutions are within the scope of the FBAR; accounts at foreign branches of U.S. financial institutions may also be within the scope of the FBAR, while accounts at U.S. branches of foreign financial institutions are generally not.

4. The FBAR Filing Threshold: Not a Single Account Over $10,000, but All Accounts Combined Over $10,000

Many taxpayers mistakenly believe that a filing is required only if a single foreign account exceeds $10,000. In fact, the FBAR looks at the aggregate maximum value of all foreign financial accounts. If the combined maximum value of multiple foreign accounts exceeds $10,000 on any day of the year, a filing obligation may be triggered. FinCEN also explains that an FBAR must be filed if the maximum value of a single account, or the combined maximum values of multiple accounts, exceeds $10,000.

For example:

Account	Maximum value during the year
Bank of China account A	$4,000
Hong Kong securities account B	$5,000
Taiwan time deposit account C	$3,000
Total	$12,000

Although no single account exceeds $10,000, the combined maximum value of the three accounts is $12,000, so an FBAR may be required.

5. Key Point: The FBAR Uses the Maximum Value for the Year, Not the Year-End Balance

One of the most common FBAR mistakes is looking only at the December 31 year-end balance. In fact, the FBAR requires reporting each account's maximum account value for the year, that is, the highest value of the account during the entire year, not the year-end balance. FinCEN explains that the maximum value is a reasonable approximation of the greatest value of the account during the year, and periodic account statements may be used to determine it, as long as those statements fairly reflect the maximum value for the year.

For example:

Date	Account balance
March 15	$200,000
December 31	$5,000

In this case, the FBAR should not show only the year-end $5,000; it should report the maximum value for the year of about $200,000.

If the account is held in a foreign currency, first determine the maximum foreign-currency amount in the account during the year, then convert it to U.S. dollars. FinCEN explains that foreign-currency accounts should be converted using the U.S. Treasury exchange rate for the last day of the year; if no Treasury rate is available, another verifiable exchange rate may be used, and the source of the rate should be retained. Amounts should also be reported in U.S. dollars, rounded up to the next whole dollar.

6. FBAR Due Dates

The FBAR is an annual report, generally due April 15 following the end of the year being reported. If it is not filed by April 15, it is automatically extended to October 15, with no need to request an extension separately. The IRS explains that the FBAR must be filed electronically through FinCEN's BSA E-Filing System and cannot be filed with the federal income tax return.

For example:

Reporting year	Original due date	Automatic extended due date
2025 FBAR	April 15, 2026	October 15, 2026
2026 FBAR	April 15, 2027	October 15, 2027

If a due date falls on a weekend or legal holiday, or is postponed because of a natural disaster, the actual date may be adjusted; confirm again before filing.

7. What Records Should You Prepare Before Filing an FBAR?

The IRS requires taxpayers to keep, for each account that must be reported, records of the name on the account, the account number, the name and address of the foreign bank, the type of account, and the maximum value during the year; these records should generally be kept for 5 years from the FBAR due date.

We recommend that taxpayers prepare the following:

Record	Purpose
Name of the account holder	Establishes ownership of or authority over the account
Account number	Identifies the specific account
Name and address of the bank or financial institution	Required FBAR information
Type of account	Determines whether it is a bank account, securities account, time deposit, or other account
Monthly statements or transaction records for the full year	Calculates the maximum value for the year
Worksheet calculating the maximum balance for the year	Supports the amount reported on the FBAR
Currency and exchange rate used	Supports the U.S. dollar conversion
Records of interest, dividends, and investment income	Determines whether U.S. income tax reporting is required
Wire transfer and transfer records	Explains the source and destination of funds in an audit
Source-of-funds documents	Shows whether funds are wages, gifts, loans, inheritance, proceeds from a property sale, or transfers between the taxpayer's own accounts

Record	Purpose
Explanation of ownership of related accounts	Explains whose account the funds came from or went to

8. FBAR Audits in Practice: The IRS May Ask About Related Transfer Accounts

Based on actual FBAR audit experience, examiners generally do not look only at the foreign accounts that were reported. If a reported account has large incoming or outgoing transfers, the IRS may go on to ask which account the funds came from, which account they went to, whose account that is, and whether that account should also have been reported on an FBAR.

Common audit questions include:

- Which account did this money come from?
- Is the sending account the taxpayer's own account?
- If it is a foreign account, why was it not reported?
- If the account belongs to a relative, a company, or someone else, is there proof?
- Is the transfer income, a gift, a loan, an inheritance, a sale of assets, or a movement of funds between the taxpayer's own accounts?
- Does that foreign account produce interest income? Has that income been reported on the U.S. tax return?

Therefore, we recommend that taxpayers prepare not only the FBAR itself but also a complete explanation of the flow of funds. Especially for large transfers, keep bank statements, wire transfer slips, purchase and sale contracts, gift statements, loan agreements, estate documents, pay stubs, corporate dividend documents, or other proof of source.

9. Joint Accounts Need Attention Too: Generally Report the Full Account Value

If a foreign account is a joint account, each joint owner generally must report the full value of the account, not just his or her nominal share. FinCEN's instructions state that each joint owner must report the entire value of the account under the rules for Item 15.

For example, a married couple jointly owns a foreign account whose maximum value for the year is $100,000. Even if one spouse considers his or her share to be only 50%, the FBAR generally must still reflect the account's full $100,000. In some cases one spouse may authorize the other to file on his or her behalf using Form 114a, but whether the conditions for that exception are met must be determined case by case.

10. The FBAR and the Income Tax Return: Foreign Interest Income Is Still Taxable

The FBAR is an information report, not an income tax return. However, U.S. citizens and resident aliens generally must report and pay U.S. tax on worldwide income, including income from inside and outside the United States. The IRS explains that U.S. citizens and resident aliens are taxed on worldwide income and must correctly report wages and other income on Form 1040.

Therefore, interest from a foreign bank account, dividends and capital gains from a foreign securities account, and other income from foreign accounts generally all need to be checked to see whether they must be reported on the U.S. tax return. Part III of Schedule B also asks whether you have foreign financial accounts and generally requires you to state the country where the account is located; the IRS guidance on reporting foreign income also notes that in most cases affected taxpayers need to attach Schedule B to report information about foreign accounts.

Common mistakes include:

Common mistake	Risk
Filing the FBAR but not reporting the foreign interest	May lead to additional tax, interest, and penalties
Reporting only the year-end balance instead of the maximum value for the year	The FBAR amount may be wrong
Reporting only accounts in your own name and omitting signature-authority accounts	May constitute an FBAR omission

Common mistake	Risk
Ignoring accounts closed during the year	May still need to be reported if they existed during the year and exceeded the threshold
Reporting only one account without explaining the source accounts for transfers	In an audit, you may be asked whether other accounts were omitted

11. The FBAR and Form 8938 Are Different and Cannot Substitute for Each Other

FBAR Form 114 and IRS Form 8938 are two different foreign asset reporting regimes. Form 8938 is filed with the IRS as part of the income tax return; the FBAR is filed separately through the FinCEN system. The IRS states clearly that the Form 8938 filing requirement does not replace or otherwise affect the FBAR filing obligation; taxpayers need to determine separately whether they must file Form 8938, the FBAR, or both.

A simple comparison:

Item	FBAR Form 114	Form 8938
Administering agency	FinCEN, with IRS assisting in enforcement	IRS
How filed	Filed separately and electronically through BSA E-Filing	Filed with Form 1040
Main subject	Foreign financial accounts	Specified foreign financial assets
Common threshold	Foreign accounts combined exceed $10,000	Higher thresholds that vary by status and place of residence
Can it substitute for the other?	No	No

12. What If You Did Not File FBARs in the Past?

If a taxpayer did not file FBARs in the past, how to address it depends on the facts, including whether foreign income was omitted, whether tax is owed, whether the IRS has already made contact, whether the taxpayer is under audit or criminal investigation, and whether the failure to file was non-willful.

1. Delinquent FBAR Submission Procedures

If a taxpayer does not need to use the Streamlined procedures or the Criminal Investigation Voluntary Disclosure Practice to file delinquent or amended tax returns, has not filed required FBARs, is not currently under a civil examination or criminal investigation by the IRS, and has not been contacted by the IRS about the delinquent FBARs, the taxpayer may consider the Delinquent FBAR Submission Procedures. The IRS explains that the taxpayer should file the delinquent FBARs according to the FBAR instructions and include a statement explaining why they were filed late.

If the taxpayer has already correctly reported on the U.S. tax return, and paid the tax on, the income from the foreign accounts, and has not been contacted by the IRS about the relevant years, the IRS states that it will not impose a penalty for filing these delinquent FBARs; the FBARs will not be automatically audited, but they may still be selected for review.

2. Streamlined Foreign Offshore Procedures for Taxpayers Living Abroad

If a taxpayer lives outside the United States and the past failure to report foreign financial assets, pay tax, or file FBARs resulted from non-willful conduct, the taxpayer may be able to consider the Streamlined Foreign Offshore Procedures. The IRS explains non-willful conduct as including negligence, inadvertence, mistake, or conduct resulting from a good-faith misunderstanding of the requirements of the law. For U.S. citizens or green card holders, generally the taxpayer must, in at least one of the most recent three years for which the due date has passed, have had no U.S. abode and have been physically outside the United States for at least 330 full days.

Taxpayers who qualify for the Streamlined Foreign Offshore Procedures generally must file delinquent or amended U.S. tax returns for the most recent 3 years and file delinquent FBARs for the most recent 6 years, and pay the tax and interest due. If the taxpayer qualifies and completes the procedures, the IRS explains that the taxpayer will not be subject to failure-to-file, failure-to-pay, accuracy-related, information return, or FBAR penalties.

Penalty amount under the foreign Streamlined procedures: generally a 0% FBAR penalty, but the tax and interest arising from the unreported income must still be paid.

3. Streamlined Domestic Offshore Procedures for Taxpayers in the United States

If a taxpayer lives in the United States, does not meet the non-residency requirement of the foreign Streamlined procedures, has previously filed the required U.S. tax returns for the most recent three years, and the omission of foreign accounts, foreign income, or related international information returns was non-willful, the taxpayer may consider the Streamlined Domestic Offshore Procedures. The IRS explains that taxpayers using the domestic Streamlined procedures generally must amend the tax returns for the most recent 3 years, file delinquent FBARs for the most recent 6 years, and pay the Title 26 miscellaneous offshore penalty.

Penalty amount under the domestic Streamlined procedures: generally 5%. The 5% is computed on the highest aggregate annual value of the foreign financial assets subject to the penalty during the covered tax return period and the covered FBAR period. The IRS explains that the highest aggregate value here is determined by adding up the year-end account balances and year-end asset values for each year, and then selecting the highest year.

Example:

Item	Amount
Highest annual aggregate value of foreign assets during the covered period	$300,000
Streamlined Domestic penalty rate	5%
Penalty amount	$15,000

Distinguish carefully here: normal FBAR reporting uses the maximum value for the year; but the 5% Streamlined Domestic penalty is generally computed using the year-end account balances and year-end asset values for the relevant years.

13. Important Limits on the Streamlined Procedures

The Streamlined procedures are available only when the taxpayer can certify that his or her conduct was non-willful. The IRS explains that if the IRS has already initiated a civil examination of the taxpayer for any tax year, even if the examination is not necessarily related to foreign financial assets, the taxpayer is not eligible for the Streamlined procedures; a taxpayer under criminal investigation by IRS Criminal Investigation is also not eligible.

In addition, a Streamlined submission does not result in a formal closing agreement with the IRS. The IRS explains that returns submitted under the Streamlined procedures are processed like any other returns, receipt will not be automatically acknowledged, and the matter will not be closed with a signed closing agreement; these submissions are not automatically audited, but they may still be selected for review or checked against information from banks, financial advisers, and other sources.

14. Penalties for Failing to File an FBAR

FBAR penalties depend on the specific facts, especially whether the IRS considers the taxpayer's conduct to be non-willful, willful, or due to reasonable cause. The IRS explains that FBAR filing or recordkeeping violations may result in civil penalties or criminal penalties, and the maximum civil penalty amounts are adjusted for inflation.

Type of violation	**Possible penalty**
Non-willful violation	For penalties assessed on or after January 17, 2025, the maximum amount for a non-willful FBAR violation listed in the table at 31 CFR §1010.821 is $16,536.
How the non-willful penalty is computed	The U.S. Supreme Court confirmed in Bittner v. United States that the non-willful FBAR penalty is generally computed per FBAR report, not per account.

Type of violation	Possible penalty
Reasonable cause defense	If the violation was due to reasonable cause and the amount of the transaction or the balance in the account was properly reported, 31 U.S.C. §5321 provides that the non-willful penalty shall not be imposed.
Willful violation	For penalties assessed on or after January 17, 2025, the adjusted fixed amount for a willful FBAR violation is $165,353; the law also allows a penalty of up to 50% of the account balance at the time of the violation, generally whichever is greater.
Criminal penalties	Willful violations of the relevant provisions may result in a fine of up to $250,000, imprisonment of up to 5 years, or both; if other U.S. laws are violated at the same time, or the violation is part of a pattern of illegal activity involving more than $100,000 in a 12-month period, this may increase to a fine of up to $500,000, imprisonment of up to 10 years, or both.

15. FBAR Compliance Checklist

Before filing an FBAR, we recommend checking each of the following:

- Have all foreign accounts been listed, including accounts closed during the year?
- Are joint accounts included?
- Are accounts over which you have only signature or other authority included?
- Have all foreign accounts been combined to determine whether they exceed $10,000?
- Is the maximum value for the year used, rather than the year-end balance?
- Have full-year monthly statements or other records supporting the maximum value been kept?
- Have foreign-currency accounts been converted to U.S. dollars at an appropriate exchange rate?
- Do the foreign accounts produce interest, dividends, or capital gains?
- Has the foreign income been reported on Form 1040, Schedule B, or other relevant forms?

- Has it been determined separately whether Form 8938 must be filed?
- Have records of large transfers and source-of-funds documents been kept?
- Can you explain whose accounts the funds came from or went to?
- If there were past omissions, has an appropriate remediation procedure been evaluated before the IRS makes contact?

16. Key Takeaways

U.S. citizens, green card holders, and U.S. tax residents who have a financial interest in, signature authority over, or other authority over foreign financial accounts generally must file FBAR Form 114 if the aggregate maximum value of all foreign accounts exceeded $10,000 at any time during the year.

The most important points of FBAR compliance are:

- The FBAR reports the maximum value for the year, not the year-end balance;
- Whether the account produces income does not affect the FBAR filing obligation;
- But interest, dividends, capital gains, and other income from foreign accounts may still need to be reported for U.S. income tax;
- In an IRS audit, you may be asked about related transfer accounts and the source of funds;
- Joint accounts generally require reporting the full account value;
- The FBAR and Form 8938 are different filings and cannot substitute for each other;
- If you qualify for the foreign Streamlined procedures, the FBAR penalty is generally 0%, but tax and interest must still be paid;
- If you qualify for the domestic Streamlined procedures, a 5% miscellaneous offshore penalty is generally payable;
- If the IRS considers the failure to file willful, penalties may be very high and may even involve criminal risk.

Taxpayers who have not filed FBARs in the past should organize their foreign account records, interest income, transfer records, and source-of-funds documentation as soon as possible, and, before the IRS makes contact, evaluate whether the Delinquent FBAR Submission Procedures, the Streamlined Foreign Offshore Procedures, the Streamlined Domestic Offshore Procedures, or another compliance approach applies.

Form 5471 and the GILTI Rules

CFC · GILTI · Foreign Tax Credit · Section 962

For many years, many taxpayers and accountants thought of Form 5471 as merely an information return for foreign corporations. As long as Form 5471 was attached to the U.S. individual income tax return to disclose the foreign corporation ownership information, the filing obligation was considered satisfied.

However, since 2018, when the Tax Cuts and Jobs Act (TCJA) took effect, the U.S. international tax rules have changed significantly. Today, Form 5471 is no longer just an information return; it may involve additional U.S. income tax reporting and calculations, the most important of which is the GILTI (Global Intangible Low-Taxed Income) regime.

How Form 5471 was understood in the past

In the past, Form 5471 was used mainly to report:

- Ownership of the foreign corporation
- Financial statements of the foreign corporation
- Related-party transaction information
- Shareholder information
- The corporation's earnings information

Many people believed that once Form 5471 was filed, no additional U.S. tax issue would arise unless dividends were actually received.

Important changes after 2018

The GILTI regime changed the way the United States taxes foreign corporations.

In some cases, a U.S. shareholder, even if he or she:

- received no dividends;
- did not repatriate the corporation's earnings to the United States;
- received no actual cash income;

may still need to report, and pay U.S. income tax on, part of the foreign corporation's profits.

Therefore, in addition to Form 5471, many shareholders of foreign corporations may also need to prepare:

- Form 5471
- Schedule I-1
- Form 8992 (GILTI calculation)
- Form 8993 (Section 250 Deduction)
- Foreign tax credit analysis
- Section 962 Election analysis

Changes starting in 2026 (as of September 2026)

Section 70323 of Pub. L. 119-21 (One Big Beautiful Bill Act), enacted in July 2025, amended Section 951A of the Internal Revenue Code:

- For tax year 2025 and earlier: the GILTI rules described in this chapter still apply.
- For tax years beginning after December 31, 2025: GILTI is renamed "Net CFC Tested Income" (NCTI).
- The deduction for the "net deemed tangible income return," which was previously computed from the foreign corporation's tangible assets (QBAI), has been eliminated, so a foreign corporation with substantial plant and equipment may have more of its income included in the calculation.
- At the same time, the Section 250 deduction percentage has been changed from 50% to 40%, and the creditable percentage of deemed-paid foreign taxes under Section 960(d) has been increased from 80% to 90% (these two changes apply mainly to U.S. corporate shareholders and to individual shareholders who make a Section 962 Election).

References to GILTI in the rest of this chapter should be read as NCTI for tax years 2026 and later.

Does owning more than 10% always mean GILTI?

Not necessarily.

This is currently one of the most common misunderstandings.

Owning 10% or more of the shares of a foreign corporation may make you a U.S. Shareholder as defined in U.S. tax law, but it does not mean you necessarily must report GILTI.

First, you must determine whether the foreign corporation is a:

- CFC (Controlled Foreign Corporation)

In general, a corporation may be treated as a CFC only when all U.S. shareholders together own more than 50% of the stock.

If the corporation is not a CFC, there is generally no GILTI reporting issue.

If the foreign corporation has losses, is GILTI still payable?

Not necessarily.

Many people mistakenly believe that every CFC necessarily has GILTI.

In fact, if the corporation has:

- Operating losses
- A Tested Loss
- Limited business activity

the GILTI calculation may result in zero.

Even so, we still recommend keeping the related analysis workpapers to show that the necessary evaluation was completed.

Situations we see frequently

In recent years, more and more new immigrants have come to the United States from places such as:

- China
- Hong Kong
- Taiwan

- Singapore
- Malaysia

Many of these taxpayers are in the following situation:

- They have filed Form 5471 for many years;
- They have disclosed the foreign corporation ownership information;
- They have never performed a GILTI analysis;
- They have never prepared Form 8992;
- Each year they simply follow the prior year's filing approach.

As international tax law grows more complex, taxpayers should periodically review their filing obligations related to foreign corporations.

Points for taxpayers to watch

If you own shares in a foreign corporation, we recommend periodically checking:

- Your personal ownership percentage;
- The combined ownership percentage of all U.S. shareholders;
- Whether the corporation is a CFC;
- Whether GILTI must be reported;
- Whether the foreign tax credit can be used;
- Whether a Section 962 Election is appropriate.

Conclusion

Form 5471 is no longer a simple information return.

For many U.S. taxpayers who own shares in foreign corporations, the following now also need to be considered:

- CFC determination
- GILTI calculation
- Foreign tax credit
- Section 962 Election
- Other U.S. international tax rules

In recent years, as more and more Chinese immigrants in the United States own foreign businesses, these filing requirements have become even more important. We recommend that taxpayers periodically review their own international tax filing obligations to avoid unnecessary tax risks and penalties in the future.

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Disclaimer: This article is for general information only and does not constitute tax, legal, or professional advice. Please consult a qualified tax advisor about your specific situation.

Giving Up a U.S. Green Card and the Expatriation Tax

Do Green Card Holders Have to File Expatriation Tax Returns When Giving Up Their Green Card?

Understanding the 8-Year Rule, Form 8854, and the 40% Transfer Tax Risk

Many immigrants choose to give up their U.S. green cards due to retirement, relocation, family considerations, or business opportunities abroad.

Unfortunately, many people become concerned after reading online articles discussing:

- Expatriation Tax
- Form 8854
- Covered Expatriate Status
- 40% Gift and Inheritance Tax

The good news is that not everyone who gives up a green card is subject to these rules.

Step 1 – Are You a Long-Term Resident?

Before expatriation tax rules apply, the IRS first determines whether you are considered a Long-Term Resident.

A Long-Term Resident is generally a green card holder who held lawful permanent resident status in at least 8 of the 15 tax years ending with the year of expatriation.

Example 1

Green Card Issued: 2017

Green Card Abandoned: 2021

Tax Years as Green Card Holder:

- 2017
- 2018
- 2019
- 2020
- 2021

Total: 5 Tax Years

Result:

Generally not a Long-Term Resident.

Example 2

Green Card Issued: 2013

Green Card Abandoned: 2024

More than 8 tax years as a green card holder.

Result:

Long-Term Resident status applies and expatriation tax rules must be analyzed.

Step 2 – What Is a Covered Expatriate?

Even if you are a Long-Term Resident, you do not automatically owe expatriation tax.

You may become a Covered Expatriate if any one of the following applies:

1. Net Worth of $2 Million or More

Worldwide assets are included, such as:

- U.S. real estate
- Foreign real estate
- Bank accounts
- Investment accounts
- Business ownership interests
- Life insurance cash value
- Notes receivable
- Retirement accounts

2. Average Income Tax Liability Exceeds IRS Threshold

The threshold is adjusted annually for inflation: your average annual net income tax for the 5 years ending before the date of expatriation or termination of residency must be more than the specified amount ($201,000 for 2024, $206,000 for 2025 and $211,000 for 2026).

3. Failure to Certify Five Years of Tax Compliance

This includes:

- Federal income tax returns
- FBAR filings
- Form 8938 reporting
- Other required international tax filings

What Is Form 8854?

Form 8854 (Initial and Annual Expatriation Statement) is used to:

- Report worldwide assets
- Determine net worth
- Certify five years of tax compliance
- Determine Covered Expatriate status

What Happens If Form 8854 Is Not Filed?

If Form 8854 is required but not filed, the IRS may assess a $10,000 penalty, unless the failure was due to reasonable cause.

Penalty relief may be available if the taxpayer can demonstrate reasonable cause.

Understanding the 40% Transfer Tax

One of the most common concerns is:

“If I give money to my spouse or children after expatriation, will they owe a 40% tax?”

This concern relates to IRC Section 2801.

If a person is classified as a Covered Expatriate, future gifts or inheritances transferred to U.S. citizens or U.S. residents may trigger additional tax consequences.

However, these rules generally apply only to Covered Expatriates.

Most individuals who do not meet the Long-Term Resident requirements never reach this stage of analysis.

Documents to Gather Before Giving Up a Green Card

Immigration Documents

- Copy of Green Card
- Form I-407
- USCIS abandonment confirmation

Tax Documents

- Five years of tax returns
- FBAR filings
- Form 8938 filings
- Foreign asset reporting records

Asset Documentation

- Real estate appraisals
- Bank statements
- Investment account statements
- Business ownership records
- Life insurance cash value statements
- Notes receivable documentation

CPA Recommendation

Many people assume:

“Giving up a green card automatically triggers expatriation tax.”

In reality, the first question is:

Are you a Long-Term Resident?

If you have not held a green card for at least 8 tax years, many expatriation tax rules may not apply.

Before giving up a green card, consult with a qualified CPA or international tax advisor to determine your filing obligations and avoid costly mistakes.

Need Help Determining:

✓ Long-Term Resident Status
✓ Form 8854 Filing Requirements
✓ Covered Expatriate Status
✓ 40% Transfer Tax Exposure

Contact our office for a professional consultation.

Kit Leung CPA Certified Public Accountant California, USA

Foreign & Overseas Individual Tax Intake Worksheet

Client Intake Worksheet · 2025 Tax Year

Scope: This worksheet is for U.S. citizens, green card holders, resident aliens, nonresident aliens, dual-status taxpayers, and clients with foreign income, foreign accounts, foreign assets, foreign corporations, foreign trusts, foreign gifts, or U.S.-source income.
Instructions: Clients should first complete Parts 1 through 4, which are used to determine whether a Form 1040, Form 1040-NR, or dual-status return should be filed. For the remaining parts, check the boxes and provide records as applicable; not every item applies to every client.
Important reminders: Not having an SSN does not mean there is no filing obligation; not receiving a 1099/W-2 does not mean the income need not be reported; a foreign remittance is not necessarily a Form 3520 matter, but foreign gifts, inheritances, trust distributions, or gifts from foreign corporations/partnerships may trigger a form filing requirement.

Tax Year: 2025 (generally filed in 2026)

Version date: 2026-06-30

1. Quick classification: determine filing status first

Please first select the option closest to the client's situation. The final filing status must be determined based on the facts, days of presence, visa, tax treaties, and type of income taken together.

Check	Item	Records to provide / information to fill in
□	U.S. citizen / dual citizen	Generally uses Form 1040, reports worldwide income, and checks FBAR, Form 8938, and other foreign information reporting.

Check	Item	Records to provide / information to fill in
□	Green card holder	Generally a U.S. tax resident; uses Form 1040 and reports worldwide income.
□	No green card, but may meet the substantial presence test	Must calculate using the 183-day weighted formula and check for Form 8843, Form 8840, or tax treaty exceptions.
□	Nonresident Alien	Generally uses Form 1040-NR and reports only taxable U.S.-source income and income effectively connected with a U.S. trade/business.
□	Dual-Status	Nonresident for part of the year and resident for part of the same year; common in the first year of arriving in or the last year of leaving the United States.
□	Status uncertain	Please provide visa, I-94, passport entry/exit records, days present in the U.S. in 2023/2024/2025, green card application status, and tax treaty country.

> Professional tip: The first step in collecting client information is not asking "did you exceed 180 days," but determining tax status: Form 1040, Form 1040-NR, or dual-status. The 183-day rule is also not a simple single-year 183 days; it generally requires the three-year weighted formula.

2. Key deadlines and timing

The following are common deadlines for calendar-year individuals. For weekends, holidays, disaster-area postponements, or special statuses, follow the IRS rules for the year in question.

Item	Explanation
General Form 1040 due date	Generally April 15 of the following year. The 2025 tax year is generally filed in 2026.

Item	Explanation
U.S. citizens/tax residents living and working abroad	Generally an automatic 2-month extension to June 15 to file; however, tax unpaid after April 15 generally still accrues interest.
Form 4868 extension	Generally extends the filing date to October 15; an extension extends the time to file, not the time to pay.
Form 1040-NR	Generally April 15 if you had employee wages subject to U.S. withholding; generally June 15 if you had no such wages and no U.S. office/place of business.
FBAR / FinCEN Form 114	Generally due April 15; if not filed on time, generally automatically extended to October 15. The FBAR is not mailed to the IRS with the federal tax return.
Form 3520	Generally the same as the individual income tax return due date; if extended with Form 4868, Form 3520 can generally also be extended to October 15, but it must be filed separately.
Form 3520-A	For a foreign trust, generally the 15th day of the 3rd month after the end of the trust's tax year, for example March 15 for a calendar-year trust; an extension can be requested with Form 7004.
Recommended internal records deadline	We recommend that clients provide basic records by March 15; matters involving Form 3520-A, 5471, 8865, 8621, foreign trusts, or foreign corporations should be provided earlier.

3. Personal and family information

Item	Client to fill in / documents to provide
Client's name in English (matching passport/SSN/ITIN)	_____
Chinese name (if applicable)	_____

Item	Client to fill in / documents to provide
SSN / ITIN / whether an ITIN application is needed	_____
Date of birth, country of birth, nationality/passport country	_____
Marital status and spouse information	Single / Married filing jointly / Married filing separately / Widowed / Other: _____
Spouse's SSN/ITIN, status, and income	_____
Names, dates of birth, SSN/ITIN, and residence of children/dependents	_____
U.S. address, foreign address, mailing address	_____
Telephone, email, emergency contact	_____
Bank information for refund (U.S. bank routing/account)	_____
Copies of federal/state tax returns for the past three years	Please provide complete PDFs, including all schedules and informational forms.
Letters from the IRS/state tax agency	Please provide every notice, letter, bill, or audit letter.

4. Tax residency, the 183-day rule, and entry/exit records

The 183-day misconception: The "180-day rule" is not the standard for determining tax residency for U.S. federal income tax purposes. For foreign nationals without a green card, the usual rule is the substantial presence test: at least 31 days in the current year, and 183 days or more after weighting the current year, the prior year, and the year before that at 100%, 1/3, and 1/6.

Item	Client to fill in / documents to provide
U.S. citizen?	□ Yes □ No
Hold a green card, or were you a lawful permanent resident at any time in 2025?	□ Yes □ No; green card date/abandonment date: _____
Visa status in 2025	B1/B2 / F-1 / J-1 / H-1B / L-1 / E-2 / O-1 / Other: _____
In 2025, did you file, or are you applying, for a green card/adjustment of status?	□ Yes □ No; explanation: _____
U.S. entry and exit records for 2025	Please provide the I-94 travel history, stamped passport pages, and airline tickets/itineraries.
Days present in the U.S. in 2023/2024/2025	2023: ____ days; 2024: ____ days; 2025: ____ days.
F/J/M/Q student, teacher, researcher, or trainee?	□ Yes □ No; Form 8843 may be required.
Do you wish to claim the closer connection exception?	□ Yes □ No; generally requires Form 8840, and actual presence in the U.S. of fewer than 183 days in the current year.
Might you claim non-U.S. residency under a tax treaty?	□ Yes □ No; country: _____; Form 8833 may be required.
First year in the U.S. or last year before leaving?	□ Yes □ No; a dual-status return may be involved.

183-day weighted calculation worksheet

Year	Actual days in the U.S.	Ratio	Days counted	Notes
2025 current year	____	100%	____	At least 31 days required in the current year

Year	Actual days in the U.S.	Ratio	Days counted	Notes
2024 prior year	____	1/3	____	
2023 two years prior	____	1/6	____	
Total			____	183 days or more may meet the substantial presence test

5. Income records checklist: U.S. income and foreign income

Please provide all income records. U.S. tax residents generally report worldwide income; nonresident aliens generally report taxable U.S.-source income and income effectively connected with a U.S. trade/business.

5A. U.S. income records

Check	Item	Records to provide / information to fill in
☐	W-2 wages	W-2s from all U.S. employers; wage, withholding, and state tax information.
☐	1099-INT / 1099-DIV	U.S. bank interest, dividends, distributions.
☐	1099-B / stock transactions	Brokerage annual statements, cost basis, purchase and sale details, RSU/ESPP records.
☐	1099-NEC / 1099-MISC / 1099-K	Independent contractor income, platform income, rents, service fees, commissions.
☐	Schedule K-1	K-1s from partnerships, S corporations, trusts/estates, EB-5 investments.
☐	U.S. rental property	Rental income, management fees, repairs, mortgage interest, property tax, insurance, HOA, depreciation records.

Check	Item	Records to provide / information to fill in
☐	Self-employment/small business income	Income records, 1099s, expense details, mileage, home office, insurance, licenses, etc.
☐	Retirement/Social Security/pensions	1099-R, SSA-1099, IRA/401(k) distributions.
☐	Digital assets/virtual currency	Exchange statements, wallet addresses, records of purchases/sales/exchanges/staking/mining/airdrops.
☐	1042-S	Income documents related to nonresident aliens or treaty/withholding.

5B. Foreign income records

Check	Item	Records to provide / information to fill in
☐	Foreign wages / bonuses	Employer name, address, work location, pay stubs, annual income certificate, foreign-currency amounts, local taxes.
☐	Foreign self-employment/consulting/business income	Income details, contracts, invoices, bank statements, related expenses, and local tax returns.
☐	Foreign bank interest	Bank annual statements, interest amount, withholding tax, currency.
☐	Foreign dividends / fund distributions	Brokerage statements, company/fund name, type of distribution, withholding tax. Beware of PFIC risk.
☐	Sales of foreign stocks/funds/crypto assets	Dates of purchase and sale, cost, sale price, fees, currency, exchange statements.

Check	Item	Records to provide / information to fill in
□	Foreign rental property	Lease, rent, vacancy periods, mortgage interest, property tax, property management, repairs, depreciable basis.
□	Sale of foreign real estate	Purchase contract, sale contract, renovation costs, transaction taxes and fees, exchange rates, local capital gains tax.
□	Foreign pensions/retirement accounts	Annual statements, contributions, distributions, employer contributions, local tax treatment, treaty information.
□	Foreign royalties/copyrights/patents	Contracts, payer, place of use, withholding tax.
□	Other foreign income	Scholarships, compensation for damages, lottery winnings/prizes, insurance claim proceeds, severance pay, etc.

> Currency conversion: Please keep the original-currency amounts, payment dates, exchange rate source, and U.S. dollar conversion. Whether to use the yearly average exchange rate, the exchange rate on the transaction date, or a specific IRS/Treasury exchange rate depends on the type of income and the requirements of the form.

6. Foreign Earned Income Exclusion vs. Foreign Tax Credit

Many people confuse the "foreign earned income exclusion" with the "foreign tax credit"; in actual filing, the two usually need to be modeled and compared.

Item	Foreign Earned Income Exclusion / Form 2555	Foreign Tax Credit / Form 1116	Records the client should provide
Who it applies to	Qualifying U.S. citizens or U.S. tax residents with earned income abroad.	Taxpayers who paid qualifying foreign income tax on foreign-source income that is also subject to U.S. tax.	Status, residence, work location, type of income, local tax returns.
Income covered	Generally applies only to earned income such as wages and self-employment income; does not apply to passive income such as interest, dividends, rents, and capital gains.	Can apply to qualifying foreign income taxes on many categories of foreign-source income, but must be computed by income category and subject to the limitation.	Income classification, type of foreign tax, proof of tax payment.
2025 limit	Up to $130,000 per qualifying individual; qualifying spouses can each apply it separately.	No fixed dollar "exclusion limit," but subject to the foreign tax credit limitation rules.	Proof of wages, days worked abroad, local tax returns.
Common advantages	May be more favorable for those working in low-tax or no-tax countries; can be combined with the housing exclusion/deduction.	Often more favorable for clients in high-tax countries; can reduce double taxation, and some unused credits may be carried over.	The two approaches need to be compared.

Item	Foreign Earned Income Exclusion / Form 2555	Foreign Tax Credit / Form 1116	Records the client should provide
Common limitations	The income must be reported first and then excluded; it does not mean no return is required. Foreign taxes on excluded income generally cannot also be claimed as an FTC.	Not every foreign tax qualifies; a credit cannot be claimed for income that has already been excluded.	Documents from the local tax authority, proof of payment, refund records.

6A. Form 2555 specific questions

Item	Client to fill in / documents to provide
Country/city of foreign tax home	_____
Meets the bona fide residence test?	□ Yes □ No □ Unsure; country of residence: _____; period: _____
Meets the physical presence test?	□ Yes □ No □ Unsure; at least 330 full days abroad within a 12-month period: _____
Foreign employer name, address, period of employment	_____
Total wages, currency, local taxes	_____
Foreign housing expenses	Rent, utilities, insurance, furniture rental, parking, etc.; please provide invoices and contracts.

6B. Form 1116 specific questions

Item	Client to fill in / documents to provide
Type of foreign tax	Income tax / capital gains tax / withholding tax / social security tax / Other: _____
Year the tax was paid or accrued	_____
Foreign tax returns and proof of payment	Please provide the local tax return, assessment, withholding slip, and tax payment receipts.
Category of related foreign income	Wages / interest / dividends / rents / capital gains / general / passive / treaty resourced / other.
Any foreign tax refunds, additional assessments, or tax redeterminations?	□ Yes □ No; if so, please provide documents.
Prior-year Form 1116 carryover	Please provide the relevant Forms 1116, Schedule B, or carryover worksheets for the prior 10 years.

7. Foreign financial accounts and foreign assets: FBAR / Form 8938

The FBAR and Form 8938 are not the same form: The FBAR / FinCEN Form 114 reports foreign financial accounts to the Treasury Department; Form 8938 reports specified foreign financial assets to the IRS with the income tax return. Both may apply at the same time; their thresholds and scope differ.

Item	Explanation
Basic FBAR threshold	A U.S. person (including U.S. citizens, U.S. tax residents, etc.) generally must file if the aggregate maximum balance of all foreign financial accounts exceeded $10,000 at any time.
Common accounts	Foreign bank accounts, securities accounts, mutual fund accounts, certain foreign retirement/pension accounts, cash-value insurance, signature-authority accounts, etc.
Records needed	Name and address of the financial institution, account number, type of account, currency, maximum balance in 2025, account owner, whether jointly held, and whether you have only signature authority.

Item	Explanation
Note	The FBAR is not an income tax return; a filing may be required even if the account produced no income.

7A. FBAR / Form 114 account detail sheet (make one copy per account)

Item	Client to fill in / documents to provide
Foreign Financial Institution Name	_____
Financial Institution Address	_____
Country	_____
Type of Account	Bank / Securities / Fund / Retirement account / Insurance / Other: _____
Account Number	_____
Account owner / joint owner / person with signature authority	_____
Maximum balance in 2025 (original currency)	Amount: _____ Currency: _____ Date: _____
Maximum balance in 2025 (U.S. dollars)	Amount: _____ Exchange rate source: _____
Did the account produce income in 2025?	Interest / Dividends / Gains on sales / No income / Other: _____
Has the account been closed?	□ Yes, date closed: _____ □ No

7B. Form 8938 threshold quick reference

Taxpayer situation	Year-end value threshold	Maximum value at any time during the year threshold
Living in the U.S.: unmarried or married filing separately	More than $50,000	More than $75,000
Living in the U.S.: married filing jointly	More than $100,000	More than $150,000
Living abroad: unmarried or married filing separately	More than $200,000	More than $300,000
Living abroad: married filing jointly	More than $400,000	More than $600,000

Form 8938 correction reminder: Form 8938 mainly covers specified foreign financial assets, not all foreign assets. Directly held foreign real estate, antiques, jewelry, cars, etc. are generally not Form 8938 assets; but if held through a foreign corporation, partnership, trust, or financial account, further analysis may be needed.

8. Foreign gifts, inheritances, and trusts: Form 3520 / Form 3520-A

Important misconception: A "foreign remittance of more than $100,000" does not by itself necessarily trigger Form 3520. If a client transfers money from his or her own foreign account to his or her own U.S. account, it is generally not a gift; but if the client receives a gift, bequest, or distribution from a nonresident alien individual, a foreign estate, a foreign corporation/partnership, or a foreign trust, Form 3520 needs to be analyzed.

Check	Item	Records to provide / information to fill in
□	Gifts/bequests received from a foreign individual or foreign estate	A total of more than $100,000 in 2025 generally requires Form 3520; provide the donor's name, address, relationship, date, amount, currency, and purpose.
□	So-called gifts received from a foreign corporation or foreign partnership	More than $20,116 in 2025 requires special analysis; the IRS may recharacterize them.

Check	Item	Records to provide / information to fill in
□	Distributions received from a foreign trust	Form 3520 may be required regardless of the amount; provide the trust deed, trustee statement, and beneficiary statement.
□	Transfers of assets to a foreign trust/creation of a trust	Form 3520 may be required; please provide trust documents, source of funds, and valuations.
□	Own a foreign trust or treated as its owner	Form 3520-A may be required; generally due March 15 for a calendar-year trust.
□	Loans from a foreign trust or uncompensated use of trust property	Reporting may be required; please provide contracts, interest, repayment, and property-use records.

8A. Foreign gift/inheritance/remittance detail sheet

Item	Client to fill in / documents to provide
Date received	_____
Amount and currency	_____
Name, address, and country of the remitter/donor	_____
Relationship to the client	Parent / Spouse / Relative / Company / Partnership / Trust / Other: _____
Nature of the funds	Gift / Inheritance / Loan / Transfer of own funds / Investment funds / Repayment / Other: _____
Is there a gift letter/will/loan agreement/trust document?	□ Yes □ No; please provide the documents.
Proof of source of funds	Foreign bank statements, documents for sale of assets, source of relatives' funds, tax documents, etc.

Item	Client to fill in / documents to provide
Transferred into a U.S. account?	□ Yes □ No; please provide the U.S. bank statements.

9. Foreign corporations, partnerships, funds, and other investments: 5471 / 8865 / 8858 / 8621

This part is the part of the original checklist most worth expanding. Foreign corporations, partnerships, foreign funds, foreign retirement accounts, foreign trusts, and foreign single-member companies can bring high-risk information reporting and large penalties.

Check	Item	Records to provide / information to fill in
□	Shares of a foreign corporation / Form 5471	Ownership, voting power, or value reaching 10% or more, serving as an officer/director, a controlled foreign corporation (CFC), purchases and sales of shares, etc. all need to be analyzed.
□	Foreign partnership / Form 8865	Owning an interest in a foreign partnership, contributing property, control, or significant transactions need to be analyzed.
□	Foreign disregarded entity / foreign branch / Form 8858	A foreign single-member company, sole proprietorship entity, or foreign branch may require Form 8858.
□	PFIC / Form 8621	Common with foreign mutual funds, ETFs, certain insurance/investment products, and foreign fund platforms; information is needed for each fund.
□	Foreign pension/retirement plans	May involve FBAR, 8938, 8621, 3520/3520-A, or a treaty; plan documents and annual statements are needed.
□	Foreign life insurance/cash-value insurance	Policy, cash value, investment account, dividends, and surrender records are needed.

Check	Item	Records to provide / information to fill in
□	Related-party transactions	Details are needed for loans, sales, service fees, management fees, leases, etc. with foreign corporations/partnerships/trusts.

9A. Foreign corporation/entity information sheet

Item	Client to fill in / documents to provide
Entity name, in English/local language	_____
Type of entity	Corporation / Partnership / Trust / Disregarded Entity / Branch / Other
Country of registration, registered address, date of formation	_____
Client's ownership percentage/voting power/profit-sharing percentage	Beginning of 2025: ____% ; end of year: ____% ; highest: ____%
Serve as a director, manager, legal representative, or officer?	□ Yes □ No; position: _____
Financial statements	Balance sheet, income statement, cash flow statement, general ledger, trial balance.
Tax records	Local tax returns, taxes paid, certificate of tax residence, tax ID number.
Related-party transactions	Loans, sales, purchases, service fees, rent, wages, dividends, capital contributions, distributions.
In 2025, did you increase/decrease/sell/liquidate your holding?	□ Yes □ No; please provide the transaction documents.

9B. PFIC / foreign fund information sheet (make one copy per fund)

Item	Client to fill in / documents to provide
Name of fund/ETF/investment product	_____
ISIN / CUSIP / ticker	_____
Holding platform/broker	_____
Purchase date, purchase cost, currency	_____
2025 distributions/dividends	_____
2025 sales/redemptions/conversions	□ Yes □ No; sale date, price, cost, fees.
Received an Annual Information Statement?	□ Yes □ No; if so, please provide it.
Was a QEF or mark-to-market election made in a prior year?	□ Yes □ No □ Unsure; please provide prior-year Forms 8621.

10. Nonresident alien 1040-NR specific records

This part applies to clients who do not have a green card, do not meet U.S. tax residency, or are treated as nonresidents under a tax treaty / the closer connection exception.

Check	Item	Records to provide / information to fill in
□	U.S.-source wages or service income	Income earned for services actually performed in the United States; please provide W-2, 1042-S, 1099, contracts, and days worked.
□	U.S.-source FDAP income	U.S. dividends, rents, royalties, pensions, scholarships, prizes, etc.; please provide 1042-S/1099.

Check	Item	Records to provide / information to fill in
☐	U.S. bank/brokerage interest	Certain U.S. bank deposit interest of nonresidents may be exempt, but the statements and status still need to be analyzed.
☐	U.S. real estate rental or sale	For rents, the net income election may be considered; a sale generally involves FIRPTA.
☐	U.S. business or self-employment activities	May be ECI; please provide income, expenses, place of business, and contracts.
☐	Tax treaty benefits	Country, article, type of income, days of presence; may involve W-8BEN, 8233, Schedule OI, or Form 8833.
☐	ITIN application or renewal	If you have no SSN but need to file or make a treaty claim, Form W-7 may be required.
☐	Departure/first year in the U.S./last year before leaving	May involve a dual-status return or other departure tax documents.

11. State tax and residency risk in California and other states

Don't look only at federal tax: Foreign nationals and overseas clients often overlook state tax. Some states have their own residency rules; state tax generally does not fully follow the IRS 183-day, Form 2555, or tax treaty rules. Which U.S. state the client lives in, works in, owns property in, holds a driver's license in, and where the children attend school, where the family is located, and ties such as banks, doctors, and insurance may all matter.

Item	Client to fill in / documents to provide
States lived in/stayed in during 2025	CA / NY / NJ / TX / FL / WA / Other: _____
Days present in each state	Please provide a travel calendar or day count.

Item	Client to fill in / documents to provide
Did you work, or work remotely, in a particular state?	□ Yes □ No; work location, employer location, W-2 state wages.
Do you own or rent U.S. property?	Address, purchase/lease date, whether owner-occupied, rented out, or vacant.
Driver's license, vehicle registration, voter registration, school, doctor, insurance	Please list the state and dates.
Did you move out of or into a U.S. state?	Moving date, moving contract, lease termination, home sale/purchase documents.
Any California-source income?	California work, California property, California business, California K-1, etc.

12. Records detail and client signature confirmation

12A. Foreign income detail sheet (copy for each type of income)

Item	Client to fill in / documents to provide
Type of income	Wages / Interest / Dividends / Rents / Capital gains / Self-employment / Pensions / Other
Payer's name, address, country	_____
Where the income arose/where services were performed	_____
Income period	_____
Amount in original currency	_____
Local tax/withholding tax	_____

Item	Client to fill in / documents to provide
U.S. dollar amount and exchange rate source	_____
Related documents	Pay stubs, tax returns, bank annual statements, contracts, invoices, brokerage statements, etc.

12B. Entry and exit record detail sheet

Date of entry Date of departure Country/state Purpose Supporting documents

12C. Client confirmation

I confirm that I have made every effort to provide complete, true, and accurate information about my income, accounts, assets, entries and exits, status, and transactions. I understand that this worksheet is used only to collect information and does not constitute legal or tax advice; the final filing result must be determined based on the complete facts, IRS/state tax agency rules, and applicable tax treaties.

Client signature: _____	**Date: _____**
Spouse signature (if applicable): _____	Date: _____

13. Basis for updates and sources

The following sources were used to update this worksheet. When actually filing, rely on the IRS, FinCEN, state tax agencies, and the latest form instructions.

- IRS - Substantial Presence Test: https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test
- IRS - U.S. citizens and resident aliens abroad: https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-aliens-abroad
- IRS - Taxation of nonresident aliens: https://www.irs.gov/individuals/international-taxpayers/taxation-of-nonresident-aliens

- IRS - Foreign Earned Income Exclusion: https://www.irs.gov/individuals/international-taxpayers/figuring-the-foreign-earned-income-exclusion
- IRS - Foreign Tax Credit: https://www.irs.gov/individuals/international-taxpayers/foreign-tax-credit
- IRS - FBAR: https://www.irs.gov/businesses/small-businesses-self-employed/report-of-foreign-bank-and-financial-accounts-fbar
- IRS - Comparison of Form 8938 and FBAR: https://www.irs.gov/businesses/comparison-of-form-8938-and-fbar-requirements
- IRS - Gifts from foreign person / Form 3520: https://www.irs.gov/businesses/gifts-from-foreign-person
- IRS - About Form 5471: https://www.irs.gov/forms-pubs/about-form-5471
- IRS - About Form 8865: https://www.irs.gov/forms-pubs/about-form-8865
- IRS - About Form 8858: https://www.irs.gov/forms-pubs/about-form-8858
- IRS - About Form 8621: https://www.irs.gov/forms-pubs/about-form-8621
- IRS - About Form 8833: https://www.irs.gov/forms-pubs/about-form-8833
- IRS - About Form W-8BEN: https://www.irs.gov/forms-pubs/about-form-w-8-ben
- California FTB - Part-year resident and nonresident: https://www.ftb.ca.gov/file/personal/residency-status/part-year-and-nonresident.html

Disclaimer: This worksheet is used only to collect client information and organize general tax knowledge; it does not constitute individual tax, legal, or accounting advice. Specific filing obligations and tax results should be determined in light of the complete facts, applicable tax law, tax treaties, state tax rules, and the latest IRS/state tax agency form instructions.

The material on this site is general information, not tax advice, and does not create a client relationship. Your situation may differ. Speak to us before you act on anything here.