

KEY SERVICE INSIGHTS

INDIVIDUAL TAX NEWSLETTER

U.S. TAXATION OF U.S. CITIZENS AND U.S. TAX RESIDENTS RESIDING OVERSEAS 2023 TAX FILING REQUIREMENTS

U.S. citizens and U.S. tax residents (“**U.S. Persons**”) are taxed in the United States on their worldwide income no matter where in the world they reside. The U.S. taxes based on citizenship, which is different than almost all other countries in the world that tax based on residence.

This often catches U.S. Persons who have never lived in the U.S. or have lived abroad for a number years by surprise. Any U.S. Person living abroad with income for tax year 2023 above the following thresholds must file a U.S. tax return:

Filing Status	Under 65	65 or Older
Single	\$13,850	\$15,700
Married Filing Jointly	\$27,700	\$30,700
Married Filing Separately	\$5	\$5
Head of Household	\$20,800	\$22,650

Personal income includes: wages, salary, commissions, tips, consultancy fees, pension fund, alimony, U.S. and/or foreign social security, interest, dividends, capital gains, rental property, farm income, royalties, inheritance or payment in kind in the U.S. or abroad. A U.S. Person has a U.S. tax filing obligation even if the U.S. Person has never lived in the U.S. or left several years ago and their income is from foreign (non-U.S.) sources. The U.S. Person has a U.S. tax filing obligation even if some or all of the income was taxed at source or is going to be taxed by the resident foreign country.



It is important for these U.S. Persons to timely file their tax returns as failing to do so could result in the imposition of significant penalties. There are a number of legal, tax, and accounting implications relating to ownership of assets located outside the U.S. and it is important that the tax professionals handling these tax filings fully understand the rules to get the right result.

Too often we see tax professionals prepare the tax returns incorrectly for U.S. Persons residing outside the U.S. Unfortunately, these errors leave the U.S. Person exposed to significant penalties for which the statute of limitations will not run and possibly the erroneous payment of additional U.S. income tax.

Praestans has significant experience preparing tax returns for U.S. persons residing outside the U.S. including how to handle the complicated informational filings and altered tax regimes for foreign assets. The tax professionals at Praestans have legal, tax, and accounting backgrounds that are necessary for the successful preparation of these tax filings.

Praestans Global Advisors is neither a law firm nor a CPA firm.