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THE TAX LAWYER

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Americans Abroad Must File IRS Taxes, Disclose Accounts & Assets



U.S. taxpayers living and working abroad must file their 2022 tax returns by June 15. This deadline applies to both [U.S. citizens and resident aliens abroad](#), including those with dual citizenship. A taxpayer qualifies for the June 15 filing deadline if: (1) Both their tax home and abode are outside the United States or Puerto Rico, or (2) They are serving in the military outside the U.S. and Puerto Rico on the regular due date of their tax return. Qualifying

taxpayers should attach a statement to the return indicating which of these two situations applies.

Tax benefits such as the [Foreign Earned Income Exclusion](#) and the [Foreign Tax Credit](#), but they are available only if a U.S. return is filed. The Child Tax Credit, Credit for Other Dependents and Credit for Child and Dependent Care Expenses may apply too, and can be claimed for those who qualify.

Report foreign accounts and assets. Federal law requires U.S. citizens and resident aliens to report any worldwide income, including income from foreign trusts and foreign bank and securities accounts. In most cases, taxpayers need to complete and attach [Schedule B, Interest and Ordinary Dividends](#), to their Form 1040 series tax return. Part III of Schedule B asks about the existence of foreign accounts such as bank and securities accounts and usually requires U.S. citizens to report the country in which each account is located.

Some taxpayers may also have to complete and attach to their return [Form 8938, Statement of Specified Foreign Financial Assets](#). Generally, U.S. citizens, resident aliens and certain nonresident aliens must report specified foreign financial assets on this form if the aggregate value of those assets exceeds certain thresholds. For details, see the instructions for this form.

Certain foreign financial accounts, such as bank accounts or brokerage accounts, must be reported by electronically filing [Form 114, Report of Foreign Bank and Financial Accounts \(FBAR\)](#), with the Treasury Department's Financial Crimes Enforcement Network (FinCEN). The FBAR requirement applies to anyone with an interest in, or signature or other authority over foreign financial accounts whose aggregate value exceeded \$10,000 at any time during 2022.

The IRS encourages taxpayers with foreign assets, even relatively small ones, to check if this filing requirement applies to them. The form is available only through the [Bank Secrecy Act E-Filing System](#). The deadline for filing the annual FBAR was April 15, 2023. However, FinCEN grants those who missed the April deadline an automatic extension until Oct. 15, 2023. There's no need to request this extension. See [FinCEN's website](#) for further information.

Report in U.S. dollars. Any income received or deductible expenses paid in foreign currency must be reported on a U.S. tax return in U.S. dollars. Likewise, any tax payments must be made in U.S. dollars. Both [FINCEN Form 114](#) and [IRS Form 8938](#) require the use of a Dec. 31 exchange rate for all transactions, regardless of the actual exchange rate on the date of the transaction. Generally, the IRS accepts any posted exchange rate that is used consistently.

To ensure tax payments are credited promptly, the IRS urges taxpayers to consider the speed and convenience of paying their U.S. tax obligation electronically. The fastest and easiest way to do that is via their [IRS Online Account](#), [IRS Direct Pay](#) and the [Electronic Federal Tax Payment System \(EFTPS\)](#). These and other electronic payment options are available at [IRS.gov/Payments](#).

Extensions beyond June 15? Taxpayers who can't meet the June 15 due date can request an automatic six-month extension by filing [Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return](#). The IRS encourages anyone needing the additional time to make their request electronically. Several electronic options are available at [IRS.gov/Extensions](#). Businesses that need more time must file [Form 7004](#),

[Application for Automatic Extension of Time to File Certain Business Income Tax, Information and Other Returns.](#)

Extensions for military personnel. Members of the military stationed abroad or in a combat zone during tax filing season may qualify for an [additional extension of at least 180 days](#) to file and pay taxes. More information, like who qualifies, can be found by reading [Extension of Deadline – Combat Zone Service Q&As](#).

Spouses of individuals who served in a combat zone or contingency operation are generally entitled to the same deadline extensions with some exceptions. Extension details and more military tax information is available in IRS [Publication 3, Armed Forces' Tax Guide](#).

A free webinar – [Americans Abroad: Tax Obligations and Reporting Requirements](#) – will be available on June 13 to offer more information, including a live Q&A session. See also [About Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad](#).

Check out my [website](#).