

Correctly File Your Taxes While Living Overseas

As an American citizen working in another country, you have to understand that the US government obligates you to pay taxes. If you don't know how, you'll see that it is a rather simple process. To steer clear of IRS problems, filing is certainly a much better option.

Numerous people believe that they are exempted from paying and filing their taxes if they work abroad. This is not undefined, however. No matter where you're living, you are required to file your tax returns as an American citizen to avoid IRS problems.

Citizens of the United States of America, as well as residents of the United States, can fill out two types of tax forms when working in a foreign country. These forms are the Foreign Earned Income (Form 2555) and Form 2555-EZ.

The same general rules apply. Your tax return should be filed at the 15th of April each year, and an automatic extension is given if you need more time. As a matter of fact, you'll be offered an automatic two-month extension, providing you more time to pay the correct tax debts due and file the right forms. But if you want to use the two-month extension, you should actually attach an official statement explaining and confirming that you actually qualify for the extension.

One of the issues that many people who have recently relocated abroad is that they did not bring all of their tax information with them, or they moved before they could receive all of their W-2 forms from their employers and they were actually sent to the old address in the United States. The honest and bitter reality is that you'll be liable for getting those documents. Regardless if that takes asking a good friend or family member to find your mail, or requesting your company to send a new copy to your new address, it must be done. Another option is getting the official copies sent via the regular mail while electronic copies are sent to you through email. This will help you avoid an IRS problem and accomplish your tax returns on time.

If your spouse isn't an American citizen, there are several options to choose from when filing your taxes. You can choose to just report your own income for the year by filing as Married Filing Separately. If you have children, you can file as Head of Household. You can also file as Married Filing Jointly by identifying your spouse as a resident alien.

There are numerous differences and slight factors when it comes to filing taxes while you're working and living overseas. To prevent an IRS issue, consulting a professional tax preparer is recommended.

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