

# Taxes

## For The Foreign Retiree

Live and Invest Overseas  
Retire Overseas Virtual Conference  
Sept. 13-17, 2021



# Broad Strokes

- Most countries tax based on residency... and most tax residents on worldwide income
- Some countries tax jurisdictionally... meaning you'll be taxed only if you earn income in the country
- Retirement income—social security, pensions, IRA withdrawals—is typically not taxed or falls under double taxation treaties

# Local Taxes

- Income Tax
- Capital Gains Tax
- Property Tax
- Import Duties
- Wealth Tax
- Sales Tax

# Local Taxes

## U.S. Persons Abroad

- Taxed on Worldwide Income
- Mitigating Factors
  - Foreign Earned Income Exclusion
  - Foreign Housing Exclusion
  - Foreign Tax Credit

# Foreign Earned Income Exclusion

Excludes from your U.S. taxes an amount up to \$108,700 for 2021 (indexed each year)

You qualify through one of two IRS tests:

- Bona Fide Residency Test
- Physical Presence Test (330 days)

# Foreign Housing Exclusion

- An additional exclusion if you rent your residence abroad but only reduces foreign earned income
- Maximum amount is 16% of FEIE
- Base amount deducted from actual expenses based on local housing index

# Foreign Tax Credit

- Applies to any taxes paid to another country even if you are not living outside the U.S.
- Intended to eliminate double taxation even if taxes are paid to a country without a taxation treaty with the U.S.

# Self-Employed Overseas

- You can eliminate self-employment taxes if you structure your business correctly... save another 15.3%
- File as a sole proprietor and you'll pay self-employment tax
- Use a U.S corporation and you'll pay self-employment tax
- Set up an offshore corporation (and work overseas) and you won't



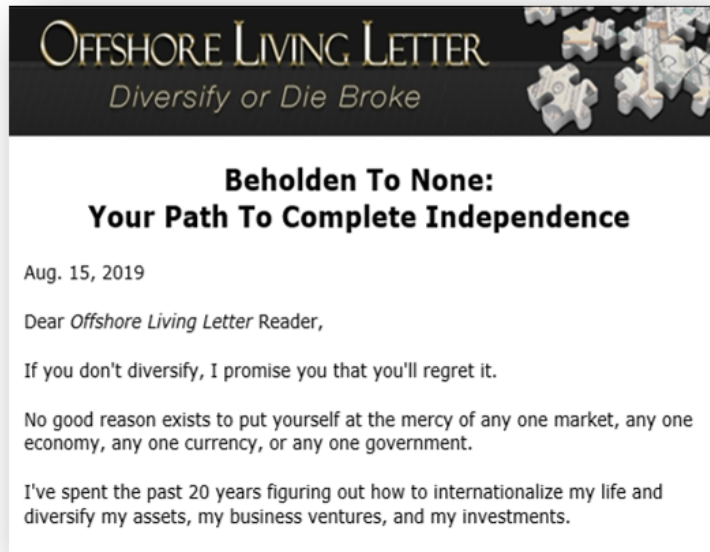
# Reporting Offshore Financial Accounts

- If you have foreign bank accounts, check the box on Schedule B for Form 1040
- If you have foreign bank accounts with an aggregate balance of US\$10,000 or more, you must fill out the FBAR also known as FinCEN Form 114
- Must file online – New deadline April 15
- Penalties are disproportionate for not filing... so file

# Reporting Offshore Financial Assets

- If you have foreign financial assets you may have to file for 8938
- The thresholds for U.S residents are US\$50,000 on the last day of the tax year or US\$75,000 at any time during the tax year (double for a married couple)
- The thresholds for U.S persons living outside the U.S. are US\$200,000 on the last day of the tax year or more than US\$300,000 at any time during the year (double for a married couple)

# Recommended Resources



## *Offshore Living Letter*

Sign up for Lief Simon's free *Offshore Living Letter*, a twice-weekly serious, down-to-business, here's-what-you-need-to-do-to-protect-yourself advice.

No frills. No dreamy travel tales.

# Recommended Resources

## Simon Letter



Learn how to **bulletproof your family's financial future** with Lief Simon's monthly subscription service, *Simon Letter*. Lief shares from-the-scene intelligence from the world's top offshore havens with the aim to help you figure out your own path to international diversification.

Want to know more? Connect with us through the Networking Chat tab!

# Recommended Resources

## Passport To Freedom: The World's Top Havens For Residency, Citizenship, And A Second Passport



**Yes, Show Me The World's Top Havens For Residency, Citizenship, And A Second Passport!**

**I'm ready to live better for less (even tax-free) enjoying special perks, privileges, and peace of mind...**

Please send me your new **Passport To Freedom: The World's Top Havens For Residency, Citizenship, And A Second Passport** program.

This series of reports and audio recordings is your roadmap to creating your new life in Paradise. This kit will help you on your way to realize your dream life overseas, detailing **everything you need to know about establishing residency overseas.**

Want to know more? Connect with us through the Networking Chat tab!