

US TAX COMPLIANCE WHEN IN ITALY

1. Worldwide Income

- 1.1. The United States of America taxes its CITIZENS and resident aliens (green card holders) on their worldwide income regardless of their location or source of income. The rules for filing income, estate, and gift tax returns and paying estimated tax are generally the same whether you are in the United States or abroad.
 - a) You have a US tax filing obligation if you are a US citizen or a green card holder and you live somewhere other than the USA, if you meet certain filing thresholds.
 - b) You have a US tax filing obligations even if you have never lived in the USA or left at a young age and all your income is form foreign (non-US) sources, if you meet certain filing thresholds.
 - c) You have a US tax filing obligation if you have personal income such as wages, salary, commissions, tips, consultancy fees, pensions (social security, US or foreign, private or government), alimony, interest, dividends, capital gains, rental property, farm income, royalties, inheritance or payment in kind in the US or abroad, and the aggregate amount is over certain filing thresholds.
 - d) You have a US tax filing obligation even if some or all of your income was already taxed, or will be taxed, by a foreign country, if the aggregate amount is over certain filing thresholds.
 - e) Even if you do not meet the filing thresholds, you should file if US taxes were withheld at source for any reason, or you may be do a US government payment for any other reason.

2. Filing Thresholds

- 2.1. For the 2020 tax season (tax year 2019) you must file a US income tax return if your aggregate income from all sources is over the STANDARD DEDUCTION AMOUNT and your FILING STATUS for 2019 is:

a) Single	\$12,200
b) Married Filing Separate (MFS)	\$ 5
c) Head of Household	\$18,350
d) Married Filing Joint (MFJ)	\$24,400
e) Self-employed	\$ 400
- 2.2. Taxpayer physically outside the USA on April 15 are granted an automatic filing extension to June 15 (October 15 with extension request). However, any taxes due must be paid by April 15 to avoid interest and late payment penalties.

3. Double Taxation

- 3.1. Double taxation is generally avoided thanks to the Foreign Earned Income Exclusion and Foreign Tax Credits, the Tax Treaty and/or the Totalization Agreement.

4. Pensions

- 4.1. Pensions (except for government service pensions) are taxed only by Italy.

5. Self-Employment

- 5.1. If you are a US citizen only, you must pay US self-employment tax (aka social security). If you are a dual national, you may choose were to contribute to your retirement (USA or Italy).

6. Additional IRS Reporting

- 6.1. You are subject to additional IRS information reporting:
 - a) If you own 10% or more in a foreign corporation or Llc (Srl);
 - b) If you are the beneficiary of a foreign trust;
 - c) If you have a passive participation in a foreign corporation or mutual fund.

7. FBAR/FATCA

- 7.1. Unfortunately your obligations do not end here. Taxpayers need to file a 'Foreign Bank Account Report' (FBAR) with the Financial Crimes Reporting Network (FinCEN) if the aggregate value of all foreign (non-US) financial accounts (bank accounts, brokerage accounts, mutual funds, trusts, etc.) exceeded \$10,000 at any time during the tax.

8. Filing Past Due Tax Returns & FBARs

- 8.1. If you did not know you had to file, and your omission was not willful, you may be eligible for the Streamlined Foreign Offshore Procedures. These procedures require you to file the last 3 missing individual income tax returns (Form 1040) and six years of FBARs.

9. CORONAVIRUS BENEFIT (\$1200) FOR NON-FILERS

- 9.1. Go here: <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>