

## US TAX COMPLIANCE WHEN IN ITALY

### WORLDWIDE INCOME

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.

- 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.
- 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 FROM FOREIGN (NON-US) SOURCES, IF YOU MEET CERTAIN FILING THRESHOLDS.
- 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.
- 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.
- EVEN IF YOU DO NOT MEET THE FILING THRESHOLDS, YOU SHOULD FILE IF US TAXES WERE WITHHELD AT SOURCE FOR ANY REASON.

### FILING THRESHOLDS

FOR THE 2020 TAX SEASON (TAX YEAR 2019) YOU MUST FILE A US INCOME TAX RETURN IF YOUR AGGREGATE INCOME FROM ALL SOURCES WAS OVER THE STANDARD DEDUCTION AMOUNT AND YOUR FILING STATUS FOR 2019 IS:

• SINGLE	\$12,200
• MARRIED FILING SEPARATE (MFS)	\$ 5
• HEAD OF HOUSEHOLD	\$18,350
• MARRIED FILING JOINT (MFJ)	\$24,400
• SELF-EMPLOYED	\$ 400

TAXPAYER PHYSICALLY OUTSIDE THE USA ON APRIL 15 ARE GRANTED AN AUTOMATIC FILING EXTENSION TO JUNE 15 (OCTOBER 15 WITH EXTENSION). HOWEVER, ANY TAXES DUE MUST BE PAID BY APRIL 15 TO AVOID INTEREST AND LATE PAYMENT PENALTIES.

### DOUBLE TAXATION

DOUBLE TAXATION IS GENERALLY AVOIDED THANKS TO THE FOREIGN EARNED INCOME EXCLU-



SION AND FOREIGN TAX CREDITS, THE [TAX TREATY](#) AND/OR THE [TOTALIZATION AGREEMENT](#). SOME INCOME (PENSIONS) IS TAXED ONLY BY ITALY, AND SOME INCOME ([SELF-EMPLOYMENT](#)) IS TAXED ONLY BY THE USA.

### **ADDITIONAL IRS REPORTING**

YOU ARE SUBJECT TO ADDITIONAL IRS INFORMATION REPORTING:

- IF YOU OWN 10% OR MORE IN A FOREIGN CORPORATION OR LLC (SRL);
- IF YOU ARE THE BENEFICIARY OF A FOREIGN TRUST;
- IF YOU HAVE A PASSIVE PARTICIPATION IN A FOREIGN CORPORATION OR MUTUAL FUND.

### **2020 FILING SEASON CHANGES FOR 2019 TAX RETURNS**

- **FORM 1040-SR U.S. TAX RETURN FOR SENIORS.** NEW FOR 2019, SENIORS (AGED 65 AND OLDER) WILL HAVE THEIR OWN TAX RETURN OPTION. THE NEW FORM IS A SIMPLIFIED VERSION OF THE MORE COMPLEX FORM 1040. THE FORM ALLOWS SENIORS TO CLAIM THE STANDARD DEDUCTION OR ITEMIZE THEIR DEDUCTIONS ON SCHEDULE A. THERE ARE ALSO NO INCOME LIMITS OR RESTRICTIONS ON TYPES OF INCOME REPORTED LIKE ON THE PRIOR FORM 1040EZ.
- **NEW SUPPLEMENTAL SCHEDULES REDESIGNED.** FOR 2018 TAX RETURNS, TAXPAYERS HAD SIX (6) NEW SUPPLEMENTAL SCHEDULES THAT WOULD BUILD ON THE FORM 1040. FOR 2019 TAX RETURNS, THOSE SCHEDULES HAVE BEEN REDESIGNED AND MERGED INTO THREE (3) SCHEDULES.

### **FBAR/FATCA**

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.

### **FILING PAST DUE TAX RETURNS & FBARS**

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.