GUIDE

US expat taxes: the filing basics

US citizens and green card holders file a US return every year, wherever they live, reporting income from anywhere in the world. Most expats owe little or nothing once they claim the foreign earned income exclusion or the foreign tax credit. But you still have to file, and report foreign accounts over $10,000 on an FBAR.

QUICK FACTS

- **Who files.** US citizens and green card holders, anywhere
- **File by.** June 15 if you live abroad. Tax is due April 15
- **Exclusion.** $132,900 of 2026 foreign earned income
- **FBAR.** Foreign accounts over $10,000 combined
- **Self-employed.** File with $400 or more of net earnings

Do you have to file if you live abroad?

Usually, yes. The filing thresholds are the same as for someone living in the US, roughly the standard deduction for your filing status. Self-employed expats file once net earnings reach $400. And if you're married to a non-US spouse and file separately, the threshold drops to just $5 of gross income.

The foreign earned income exclusion doesn't get you out of filing. It's claimed on a return, so you file to use it. Many people who skip filing because they "owed nothing" find out years later that they lost the exclusion or missed FBARs along the way.

Exclusion or credit, which is better?

Both stop you paying tax twice on the same income. Which one wins depends mostly on the tax rate where you live.

General information, not tax advice for your situation.

FEATURE	FOREIGN EARNED INCOME EXCLUSION	FOREIGN TAX CREDIT
Form	2555	1116
How it works	Leaves up to $132,900 of 2026 foreign wages or self-employment income off your return	A dollar-for-dollar credit for income tax you paid to another country
Covers	Earned income only	Earned and investment income taxed abroad
To qualify	330 full days abroad in 12 months, or a full tax year of bona fide residence	Foreign income tax actually paid or accrued
Usually better in	Low-tax or no-tax countries	Countries with tax rates near or above US rates
Worth knowing	Rules out the refundable part of the child tax credit. Revoking it generally means waiting five years to use it again	Unused credits carry back one year and forward ten

You can use both in the same year on different income, like the exclusion on your salary and the credit on foreign rental income. The best mix is worth running both ways before you file the first time, because switching later has limits.

What else do expats have to file?

- **FBAR (FinCEN Form 114)** if your foreign bank and financial accounts together topped $10,000 at any point in the year. Filed with FinCEN, not the IRS.
- **Form 8938** if your foreign financial assets are larger. For a single filer living abroad, over $200,000 at year end or $300,000 at any time. Double those for married couples filing jointly.
- **Form 5471**, in many cases, if you own 10% or more of a foreign corporation, including your own company abroad.
- **Form 8621** for foreign mutual funds and similar pooled investments, which the US treats harshly.
- **Form 3520** for large gifts or inheritances from non-US people, and for foreign trusts.

Do you still pay self-employment tax abroad?

Often, yes. The exclusion lowers income tax but not the 15.3% self-employment tax. The US has totalization agreements with about 30 countries that stop you paying social security to both. Each agreement decides which country's system covers you, and a certificate of coverage proves it to the other side.

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When is everything due?

DATE	WHAT'S DUE FOR TAX YEAR 2026
April 15, 2027	Any tax owed, to avoid interest. FBAR, with an automatic extension
June 15, 2027	Form 1040 if you live abroad on April 15. Attach a statement saying so
October 15, 2027	Form 1040 with a Form 4868 extension. Extended FBAR

If you need more time to pass the 330-day or bona fide residence test, Form 2350 can extend the filing date until after you qualify.

Do you still owe a state return?

Maybe. Some states keep treating you as a resident if you keep a home, a driver's license or voter registration there, and California, Virginia, New Mexico and South Carolina are known for holding on. Others let go once you've clearly moved. Check your last state before you assume you're done.

What if you've never filed?

You're far from alone. Many Americans abroad, especially those who left as children or were born overseas, find out late. The IRS Streamlined Foreign Offshore Procedures let people whose failure wasn't willful catch up with three years of returns and six years of FBARs, without penalties for those who qualify. We check that you qualify first.

Filing from outside the US?

ITINs, expat returns, non-resident returns and Form 5472. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com

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