

## JUNE 2021 CLIENT PROFILE

**Andrea will start a new job in Spain in a few months and she's not sure if she will still have to file taxes in the U.S.**

The United States (U.S.) is one of a few countries that tax citizens on their worldwide income. So even though she lives and works outside the states, she'll need to file a tax return.

Andrea may qualify for the foreign earned income exclusion, if she's a bona fide resident of Spain. This requires that she live there for an entire tax year. Otherwise, she'll have to be out of the U.S. for 330 days during any consecutive 12-month period to qualify. This excludes the first \$108,700 of her wages from U.S. tax for 2021, based on the theory that she probably paid income tax in Spain. If her wages exceed the exclusion threshold, she may be able to claim a tax deduction or tax credit for any income taxes she paid in Spain. This allows her to avoid the burden of double taxation. It's important to consult a tax professional prior to leaving the states.

*\*Client Profile is based on a hypothetical situation. The solutions we discuss may or may not be appropriate for you.*



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