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Tax Obligations for U.S. Expats Living and Working in Chile



August 06 17:42 2014

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DID YOU KNOW THAT AS AN AMERICAN LIVING AND WORKING IN CHILE (OR ANYWHERE ELSE IN THE WORLD) YOU STILL MUST FILE AN U.S. TAX RETURN EACH YEAR?

CHILE – Well you do. But since only half of the estimated 7.6 million U.S. expats across the globe actually do file, the IRS has made major changes to encourage U.S. expats who are “behind” to get caught up easily and without penalties.

Specific requirements of the IRS amnesty program, the Streamlined Procedures, were changed to help U.S. expats become tax compliant without any late filing or FBAR (Foreign Bank Account Report) penalties and fees.

From our research and experience with expats, we know the biggest reason for U.S. tax non-compliance is the lack of understanding about filing requirements.

The IRS has listened to the needs of its overseas taxpayers and provided a solution. Below are the changes to the Streamlined Procedures:

- Extension of eligibility to U.S. taxpayers residing in the United States;
-Eliminating a requirement that the taxpayer have \$1,500 or less of unpaid tax per year;
-Elimination of the risk assessment process;--Requiring certification that previous failures to comply were due to non-willful conduct;
-Waiving of all late filing and FBAR penalties for U.S. taxpayers living abroad.

With this new amnesty program in place – now is the time to stop looking over your shoulder at Uncle Sam. File your taxes, free of penalties, and enjoy your life in Chile!

Q&A

Dear David — I am caught up on my US tax returns, but I don't know anything about FBAR. What is FBAR and who needs to file that? – Bob in Santiago

Dear Bob — FBAR (Foreign Bank Account Report) is part of the US initiative to uncover tax cheats hiding money in offshore accounts. If you have \$10,000 or more in any foreign bank accounts during a tax year, you must file FBAR. Even if you only had \$10,000 in your account(s) for one day (or one hour!), you must file. FBAR is filed electronically to the Treasury Department by June 30th each year and there are no extensions available.

About the Author

David McKeegan, Co-Founder of Greenback Expat Tax Services, which specializes in the preparation of U.S. expat taxes for Americans living abroad. Greenback offers straightforward pricing, a simple, hassle-free process and CPAs and IRS Enrolled Agents who have extensive experience in the field of expat tax preparation. Please send your questions to info@GreenbackTaxServices.com.

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