



Worldwide Income

- Sources of Funds and Tax issues
- Presented By Todd Baldwin, CPA



How is income taxed in the US

- Residents are taxed on world wide income
- Non-residents are taxed on US source income only



US Residency

- US Citizen
- Green Card Holder
- Any person meeting substantial presence test
- Closer connection to a foreign country exception



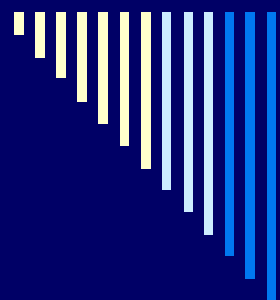
Physical Presence Test

Year	Days In US	Percentage	Total
2008	130		130
2007	120	.33	40
2006	120	.16	20
Total Days 190 – Resident for Tax Purposes			
Year	Days In US	Percentage	Total
2008	121		122
2007	122	.33	40.66
2006	122	.16	20.33
Total Days 182 – Non-Resident for Tax Purposes			



FIRPTA and its implications

- What is it?
- Can it be avoided or reduced?



US Tax ID numbers

- What is this?
- How to apply
- Why is it important?



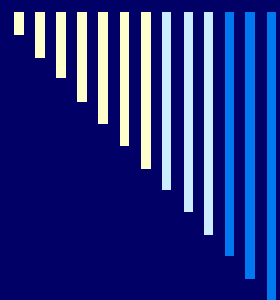
Types of US Entities and Implications to Foreigners

- C-Corporations
- S-Corporations
- Partnerships
- LLC



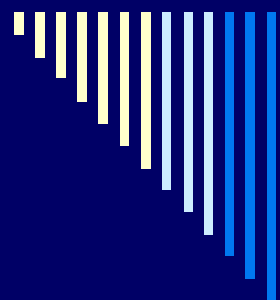
Foreign Tax Credits

- Tax Treaty
- Credits vs. Deductions



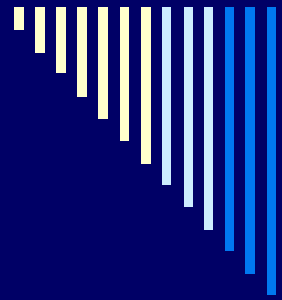
Forms to be filed

- 1040
- 1040NR
- 1040-C



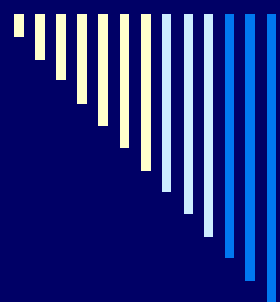
Other Implications

- CFC – Controlled Foreign Corporations
- FP – Foreign Partnerships



Practical Income Tax Procedures

- Tax returns for country of non-residence should be done first
- Country of residency should be done last
- Credits are received in the country of residency



Common Mistakes Made by Foreigners

- Professionals are not consulted
- Not hiring qualified professional help
- Fail to file tax returns



Publications and Forms to Assist Taxpayers

- Publication 519, US Tax Guide for Aliens
- 1040NR, Non-Resident Income Tax Return
- IRS Website www.irs.gov
- W-7 Application for Taxpayer ID Number
- Form 5471-Information Return related to certain Foreign Corporations.