

Forms Applicable for Filing US Tax returns

Federal Reporting requirements (IRS and Treasury) for US citizen who are India Tax residents and are earning income in India

1. **Form 1040:** The global income threshold to file tax returns under Internal revenue Services (IRS) Form 1040 for calendar 2022 (1 January 2022 to 31 December 2022) is as under:

Single or Married Filing Separately—\$12,950

Married Filing Jointly or Qualifying Widow(er)—\$25,900

Head of Household—\$19,400

US citizens who are at least 65 years old or blind will be able to claim an additional standard deduction of \$1,400. The same will be \$1,750 if using the US citizen is single or head of household filing status. If a US citizen is both 65 and blind, the additional deduction amount will be doubled. *(The above thresholds are different depending on applicability of standard deduction, age 65+, dependent, disaster loss cases)*

Example – If a US citizen, being single, below 65 years and tax resident of India, is earning salary income in India of USD 15,000 (INR 12 lakh approx), he/she may be required to file Form 1040 with IRS.

Therefore, US citizens staying in India (or anywhere outside US) have to file Form 1040 in case their global income exceeds aforesaid thresholds

2. **Form 2555:** Form 2555 form needs to be filed if a person is claiming *foreign earned income exclusion*. In simple words, wherever a person is taking benefit of India-US tax treaty in relation to any India sourced income claimed exempt in US, this form needs to be filed. This form has to be filed while filing form 1040.

3. **Form 1116:** Form 1116 is filed to claim the Foreign Tax Credit which reimburses US citizens for taxes paid in a foreign country (India), where an income is taxed both in US and India.
4. **Form 8938:** It is imperative that a US citizen living outside US may acquire and build assets in country of residence. A US citizen who lives outside of the US needs to file Form 8938 along with tax return when such person holds a total combined value of foreign assets (financial plus non-financial assets) worth more than \$300,000 at any time during the calendar year or \$200,000 on the last day of the calendar year.
5. **FBAR – Form 114:** A US citizen is supposed file FBAR (Report of Foreign Bank and Financial Accounts) in Form 114 when his financial interest in or signature authority over foreign financial accounts viz. bank accounts, mutual funds, brokerage accounts, if the aggregate value of the foreign financial accounts exceeds \$10,000 at any time during the calendar year. Generally, an account at a financial institution located outside the US is a foreign financial account. However, it does not include certain accounts such as NOSTRO/ correspondent accounts, accounts owned by government, military, IRA retirement account and some other specified accounts.

Timeline: The original due date for filing these federal forms is 15 April of the next calendar year and an additional 2 months are given to US citizens living abroad. Although, Form FBAR -114 needs to be filed by 15 October.