

# IMPORTANT UNITED STATES TAX INFORMATION FOR FOREIGNERS

Did you know United States Tax Laws and Immigration Laws are completely different and operate independently? If you spend a significant amount of time in the United States, you could be considered a resident of the United States for income tax purposes, even if you do not have the right according to United States Immigration Laws to actually live in the United States.

United States Tax Laws do not regulate the amount of time you are allowed to remain in the United States. They only specify the tax results if the IRS determines you are here too frequently. Therefore, it is possible for a person to be considered a U.S. resident for tax purposes, regardless of their immigration status. However, in some cases, even though the IRS considers you a resident for tax purposes, there may be no tax due as a result of tax credits and tax treaty matters.

The IRS uses what they call a "Substantial Presence Test" to determine if you should be taxed as a resident based on the length of time you have spent in the United States during the past 3 years. They consider that your behavior over a 3 year period is more relevant than your activities during a single year.

## 2000 Substantial Presence Test Worksheet

Use this worksheet to determine if you met the substantial presence test for 2000:

Number of days in the U.S. in 2000	_____
1/3 the number of days in the U.S. in 1999	_____
1/6 the number of days in the U.S. in 1998	_____
Total	_____

If the total is 183 days or more, and you were present more than 30 days in 2000, you met the substantial presence test for 2000.

In counting days, you may be able to exclude days you were present as an "exempt person," days you could not leave the United States, or certain days commuting to work or days in transit.

You may avoid being considered a resident for tax purposes if you qualify for the closer connection exemption wherein you establish that during 2000 you had a closer connection to a foreign country in which you had a tax home. According to the IRS: Your **tax home** is your main place of business, employment, or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit either of these categories, you are considered an itinerant and your tax home is wherever you work.

If you qualify for the closer connection exception you must file a "Closer Connection Statement" (IRS Form 8840) by June 15, 2001 or by April 15<sup>th</sup> if you received wages subject to U.S. withholding tax. For more details on the substantial presence test and the closer connection exception, you may call the IRS directly at 1 800 829-3676 and request **Publication 519**, U.S. Tax Guide for Aliens or you may visit the IRS website at <http://www.irs.ustreas.gov/>.

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