

## Getting Started

In the first part of this guide, we have picked out and summarized the U.S. tax information that specifically relates to **first-year American JETs**. For complete details, consult **Publication 54** (*Tax Guide for U.S. Citizens and Resident Aliens Abroad*), which can be accessed online at the IRS website ([www.irs.gov](http://www.irs.gov)) by searching for Publication 54.

The Internal Revenue Service (IRS) office for U.S. citizens living abroad is located in Austin, Texas.

Send all tax forms (**except Form 8822**) to:

Department of the Treasury  
Internal Revenue Service Center  
Austin, TX 73301-0215  
U.S.A.

Additionally, the IRS website ([www.irs.gov](http://www.irs.gov)) lists a lot of information to help citizens living abroad with the tax-filing process. Go to 'Information for...Individuals' in the upper right corner and then 'International Taxpayers' on the left sidebar and you will find various topics on “US Citizens and Resident Aliens Abroad” (in the Filing Requirements section). Also, you can find most of the general questions about tax law answered at the following address:

<http://www.irs.gov/Individuals/International-Taxpayers/U.S.-Citizens-and-Resident-Aliens-Abroad>

You can also contact the Philadelphia International Taxpayer Service Call Center by phone (1-267-941-1000, not toll-free) or fax (1-267-941-1055). They are operational M-F from 6:00am to 11:00pm Eastern Time.

You might need to do something for your individual state taxes. That's not covered here. You'll need to check with your state tax agency.

## The Forms

Here is a summary of what you will need:

* <b>8822</b> Change of Address	[file as soon as possible]
* <b>4868</b> Application for Extension of Time to File	[file by June 15]
* <b>Foreign Earned Income Statement</b>	[file with Form 1040]
* <b>2555-EZ</b> Foreign Earned Income Exclusion	[file with Form 1040]
* <b>8965</b> Health Coverage Exemptions	[file with Form 1040]
* <b>W-2</b> U.S. Employers Income Statement	[file with Form 1040]
* <b>1040</b> Individual Income Tax Return	[file after 330 total days in Japan]
* <b>Publication 970</b> (if you've paid deductible interest on student loans in the last year)	

# Form 8822 Change of Address

If you have not done so already, inform the IRS of your address in Japan as soon as possible. Do this using **Form 8822**. Check the box on Line 1 and enter all relevant information on Lines 3-6. On Line 7, enter your Japanese address. Make sure to enter information in the boxes accurately and clearly. Add a daytime telephone number contact if you wish and then sign the form. Where you send **Form 8822** depends on your former mailing address (see 8822 instructions).

## Part I Complete This Part To Change Your Home Mailing Address

Check all boxes this change affects:

- 1  Individual income tax returns (Forms 1040, 1040A, 1040EZ, 1040NR, etc.)
  - ▶ If your last return was a joint return and you are now establishing a residence separate from the spouse with whom you filed that return, check here
- 2  Gift, estate, or generation-skipping transfer tax returns (Forms 706, 709, etc.)
  - ▶ For Forms 706 and 706-NA, enter the decedent's name and social security number below.
  - ▶ Decedent's name  Social security number

<b>3a</b> Your name (first name, initial, and last name)	<b>3b</b> Your social security number
<b>Donkey K. Kong</b>	<b>123-45-6789</b>
<b>4a</b> Spouse's name (first name, initial, and last name)	<b>4b</b> Spouse's social security number

**5a** Your prior name(s). See instructions.

**5b** Spouse's prior name(s). See instructions.

**6a** Your old address (no., street, apt. no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

**Old Street, Old Town, Old State, 12345**

Foreign country name	Foreign province/county	Foreign postal code
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**6b** Spouse's old address, if different from line 6a (no., street, apt. no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

Foreign country name	Foreign province/county	Foreign postal code
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**7** New address (no., street, apt. no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

**Yamabiru 5, Toricho 4-31, Inakamachi**

Foreign country name	Foreign province/county	Foreign postal code
<b>JAPAN</b>	<b>Kumamoto</b>	<b>123-4567</b>

## Form 4868 Extension of Time to File

Next, file **Form 4868** by June 15. **Form 4868** gives you an extension until October 16 to file the rest of your income tax forms. This extension is necessary your first year because the income you earn in Japan is exempt from U.S. taxes only after you have been outside the U.S. for 330 days. (See 2555-EZ explanation below.)

Use your Japanese address starting from building name and apt. number. On Line 6, you are asked to estimate how much tax you owe. This will be relevant to anyone who has 2016 income from the U.S. prior to coming to Japan. To calculate this figure, you will need to fill out a rough draft of Form 1040 (but do not officially file Form 1040 until later!). Be sure to check the box on Line 8 to indicate that you are a citizen living “out of the country.” **If you owe taxes, you must pay at least an estimated amount when you file Form 4868. Interest will begin to accrue on April 18, so you should turn in Form 4868 (along with a payment) by April 18 if you owe.**

<b>Form 4868</b> Department of the Treasury Internal Revenue Service (99)	<b>Application for Automatic Extension of Time                  To File U.S. Individual Income Tax Return</b> For calendar year 2016, or other tax year beginning _____, 2016, ending _____, 20____	OMB No. 1545-0074  <span style="font-size: 2em; font-weight: bold;">2016</span>
<b>Part I Identification</b>		
1 Your name(s) (see instructions) <b>Donkey K. Kong</b>		
Address (see instructions) <b>Yamabiru 5, Toricho 4-31</b> City, town, or post office		
	State	ZIP Code
<b>Inakamura, Kumamotoken JAPAN</b>		<b>123-4567</b>
2 Your social security number <b>123-45-6789</b>		
3 Spouse's social security number		
<b>Part II Individual Income Tax</b>		
4 Estimate of total tax liability for 2016 . . . \$ <b>199</b>		
5 Total 2016 payments . . . . . <b>1001</b>		
6 Balance due. Subtract line 5 from line 4 (see instructions) . . . . . <b>0</b>		
7 Amount you're paying (see instructions) . . ▶ <b>0</b>		
8 Check here if you're "out of the country" and a U.S. citizen or resident (see instructions) . . . . . ▶ <input checked="" type="checkbox"/>		
9 Check here if you file Form 1040NR or 1040NR-EZ and didn't receive wages as an employee subject to U.S. income tax withholding . . . . . ▶ <input type="checkbox"/>		
For Privacy Act and Paperwork Reduction Act Notice, see page 4.		Cat. No. 13141W Form <b>4868</b> (2016)

4868 Line 4 = 1040 Line 63  
 4868 Line 5 = 1040 Line 74

NOTE: You get an automatic 2-month extension (from April 18 to June 15) to file your income tax return because you were out of the US on the regular due date (April 18). However, the automatic extension is not enough to allow you to meet the Form 2555-EZ Physical Presence Test for exempting your Japanese income (more below).

# Foreign Earned Income Statement

Photocopy the small form that your school or BOE gave you showing how much money you made in 2016. It's called the 源泉徴収票 (*gensen choushuu hyou*) in Japanese. If you have not received it yet, ask the accountant in your school or BOE office. This will act as a W-2 for the income you earned in Japan.

Indicate your name and your gross income on the photocopy and write "Foreign Earned Income Statement" across the top. It should look like this (example taken from GIH):

## STATEMENT OF EARNINGS 源泉徴収票

Sample Statement of Earnings 源泉徴収票見本

平成 25 年分 給与所得の源泉徴収票																			
支 払 を 受 け る 者	住 所 又 は 居 所 ①	(受給者番号)																	
		氏 名 (フリガナ)																	
		② 名 (役職名)																	
種 別	支 払 金 額	給 与 所 得 控 除 後 の 金 額	所 得 控 除 の 額 の 合 計 額		源 泉 徴 収 税 額														
給 与 ・ 賞 与	③ 円 0,000,000	④ 円 0,000,000	⑤ 円 000,000		⑥ 円 000,000														
控 除 対 象 配 偶 者 の 有 無 等	配 偶 者 特 別 控 除 の 額	控 除 対 象 扶 養 親 族 の 数 (配 偶 者 を 除 く)			障 害 者 の 数 (本 人 を 除 く)		社 会 保 険 料 等 の 金 額	生 命 保 険 料 の 控 除 額	地 震 保 険 料 の 控 除 額	住 宅 借 入 金 等 特 別 控 除 の 額									
		特 定	老 人	其 他	特 別	其 他					⑦ 円 000,000	円	円	円	円				
有	無	従 属	従 属	人 徒 人	人 徒 人	人 徒 人	人 徒 人	人 徒 人	人 徒 人	人 徒 人	人 徒 人	人 徒 人	人 徒 人	人 徒 人					
(補 要)										介 護 医 療 保 険 料 の 金 額	000,000 円								
										配 偶 者 の 合 計 所 得	円	専 従 年 金 保 険 料 の 金 額	000,000 円						
										新 生 命 保 険 料 の 金 額	000,000 円	旧 課 年 金 保 険 料 の 金 額	000,000 円						
										旧 生 命 保 険 料 の 金 額	000,000 円	旧 長 期 医 療 保 険 料 の 金 額	000,000 円						
扶 養 親 族	16 歳 未 満	未 成 年 者	外 国 人	死 亡 退 職	災 害 者	乙 種	本 人 が 障 害 者 特 別	其 他	寡 婦 特 別	寡 夫	勤 労 学 生	中 途 就 ・ 退 職			受 給 者 生 年 月 日				
												就 職	退 職	年 月 日	明	大	昭	平	年
支 払 者	住 所 (居 所) 又 は 所 在 地																		
	氏 名 又 は 名 称	(電 話)																	

- ① Address of employee 住所
- ② Name of employee 名前
- ③ Gross earnings from January to December (including tax for those who pay tax in Japan)  
1月～12月までの給与総額で、日本で課税される場合は税額分を含む
- ④ Amount remaining from ③ after deductions on income  
③から給与所得控除額を引いた額
- ⑤ Fixed deduction based on Social Insurance and other premiums paid  
社会保険料などの支払額をもとに一定額を控除するもの
- ⑥ Amount of income tax paid  
所得税の額
- ⑦ Amount of Social Insurance premiums paid (Health Insurance and Pension Insurance)  
社会保険料 (健康保険料、厚生年金保険料) の支払い額

# Form 2555-EZ Foreign Earned Income Exclusion

This form is used to exempt you from paying U.S. income taxes on the money you earned in Japan.

**Part I** – Almost everyone will fail the Bona Fide Residence Test, but pass the Physical Presence Test and Tax Home Test. To meet the requirements of this test, you must be present in a foreign country, or countries, for at least 330 full days during any 12-month period that begins or ends in 2016.

## Part I Tests To See If You Can Take the Foreign Earned Income Exclusion

### 1 Bona Fide Residence Test

- a Were you a bona fide resident of a foreign country or countries for a period that includes an entire tax year (see instructions)?  Yes  No
- If you answered “Yes,” you meet this test. Fill in line 1b and then go to line 3.
  - If you answered “No,” you **don't** meet this test. Go to line 2 to see if you meet the Physical Presence Test.
- b Enter the date your bona fide residence began ► \_\_\_\_\_, and ended (see instructions) ► \_\_\_\_\_.

### 2 Physical Presence Test

- a Were you physically present in a foreign country or countries for at least 330 full days during—  
{ 2016 or any other period of 12 months in a row starting or ending in 2016? }  Yes  No
- If you answered “Yes,” you meet this test. Fill in line 2b and then go to line 3.
  - If you answered “No,” you **don't** meet this test. You **can't** take the exclusion unless you meet the Bona Fide Residence Test above.
- b The physical presence test is based on the 12-month period from ► July 25, 2016 through ► July 24, 2017.

### 3 Tax Home Test. Was your tax home in a foreign country or countries throughout your period of bona fide residence or physical presence, whichever applies? Yes No

- If you answered “Yes,” you can take the exclusion. Complete Part II below and then go to page 2.
- If you answered “No,” you **can't** take the exclusion. **Don't** file this form.

The dates you enter on Line 2b will depend on when you arrived in Japan. Below are the arrival dates for the 2016 new JET participants. The dates you enter for your 12-month period on line 2b can be from your first full day in Japan.

Group A arrival: July 24, 2016	→	Enter: July 25, 2016 through July 24, 2017
Group B arrival: July 31, 2016	→	Enter: August 1, 2016 through July 31, 2017
Group C arrival: August 21, 2016	→	Enter: August 22, 2016 through August 21, 2017

For those of you who arrived in April or after Group C, your dates will be different!!

**Part II** - Fill in your address and employment information; write "NA" for Employer's U.S. address. Your employer is "other" -- put something like "foreign local government office." Follow the instructions until you get to the part that asks what your tax homes were during the tax year. In this blank, write in ALL addresses at which you were taxed during the last year, including home, college, Japan, etc. and the dates you lived there. Make sure the whole year is covered. Month to month is enough--you don't need to specify the exact day you moved.

**Part II**      **General Information**

<b>4</b> Your foreign address (including country)  Yamabiru 5, Toricho 4-31 Inakamachi, Kumamotoken JAPAN 123-4567		<b>5</b> Your occupation Assistant Language Teacher OR Coordinator for International Relations
<b>6</b> Employer's name  Kumamoto Prefecture (for SHS ALTs) Your City/Town/Village (for JHS/ES ALTs & CIRs)	<b>7</b> Employer's U.S. address (including ZIP code)  NA	<b>8</b> Employer's foreign address  Base School Address (for SHS ALTs) BOE Address (for JHS/ES ALTs) Office Address (for CIRs)
<b>9</b> Employer is (check any that apply):		
<b>a</b> A U.S. business . . . . .		<input type="checkbox"/>
<b>b</b> A foreign business . . . . .		<input type="checkbox"/>
<b>c</b> Other (specify) ► <b>Foreign Local Government Office</b>		<input checked="" type="checkbox"/>
<b>10a</b> If you previously filed Form 2555 or 2555-EZ, enter the last year you filed the form. ► _____		
<b>b</b> If you didn't previously file Form 2555 or 2555-EZ, check here ► <input type="checkbox"/> and go to line 11a.		
<b>c</b> Have you ever revoked the foreign earned income exclusion? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>		
<b>d</b> If you answered "Yes," enter the tax year for which the revocation was effective. ► _____		
<b>11a</b> List your tax home(s) during 2016 and date(s) established. ► <u>List all tax homes (all addresses you lived at) in 2016 and the dates you lived there.</u>		
<b>b</b> Of what country are you a citizen/national? ► <u>USA</u>		

**Part III** - Under Days Present in the U.S., fill in any time you spent in the U.S. during the 12-month period you specified under the Physical Presence Test in Part I. The date you left the U.S. should be entered in the second column (Date left U.S.) of the top row. Write NA in the first column (Date arrived in U.S.) of the top row. If you returned to the U.S. during 2016 after coming to Japan, please see the example on the next page. If not, see the example below.

**Part IV** - Figure your Foreign Earned Income Exclusion. Use the 12-month period from Part I to calculate the number of days in your qualifying period that fall within 2016, and enter the number on Line 14. Count full days (24-hours period) spent in a foreign country/foreign countries. Remember, 2016 was a leap year (hence the 366 on line 15)!!

Convert the amount listed on your **Foreign Earned Income Statement** to USD and enter that figure on Line 17. Use the Federal Reserve Bank's 2016 average Yen/USD exchange rate to make the calculation. That rate is \$1 = ¥108.66. The IRS likes everything you do to be outlined explicitly, so draw an asterisk and write, "see foreign earned income statement" at the bottom of the page. Then write a statement along the lines of: "I used the 2016 average Yen/USD exchange rate as reported by the Federal Reserve Bank to calculate the amount reported on Line 17. That rate was \$1 = ¥108.66" And, finally, sign your name to the note.

**Part III Days Present in the United States**— Complete this part if you were in the United States or its possessions during 2016.

12	(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)
	NA	July 23, 2016	0	0

**Part IV Figure Your Foreign Earned Income Exclusion**

13	Maximum foreign earned income exclusion . . . . .	13	\$101,300	00
14	Enter the number of days in your qualifying period that fall within 2016 . . . . .	14	160	days
15	Did you enter 366 on line 14? <input type="checkbox"/> Yes. Enter "1.000." <input checked="" type="checkbox"/> No. Divide line 14 by 366 and enter the result as a decimal (rounded to at least three places). } . . . . .	15	×	.437
16	Multiply line 13 by line 15 . . . . .	16	44268	10
17	Enter, in U.S. dollars, the total foreign earned income you earned and received in 2016 (see instructions). Be sure to include this amount on Form 1040, line 7 . . . . . <b>Caution:</b> If the amount on line 17 is more than \$101,300, don't file this form. You must file Form 2555 instead.	17	11570	57
18	<b>Foreign earned income exclusion.</b> Enter the smaller of line 16 or line 17 here and in parentheses on Form 1040, line 21. Next to the amount enter "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22 . . . . . ▶	18	11570	57

Form **2555-EZ** (2016)

*NOTE: Line 17 and 18 are made up numbers! Yours will be different.*

If you returned to the U.S. anytime in 2016 after coming to Japan, you must note those dates in Part III and subtract them from the number of days in your qualifying period in Part IV Line 14. Here is an example:

**Part III Days Present in the United States**— Complete this part if you were in the United States or its possessions during 2016.

12	(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)
	NA	July 23, 2016	0	0
	December 22, 2016	January 4, 2017	0	0

**Part IV Figure Your Foreign Earned Income Exclusion**

13	Maximum foreign earned income exclusion . . . . .	13	\$ 101,300	00
14	Enter the number of days in your qualifying period that fall within 2016 . . . . .	14	150	days
15	Did you enter 366 on line 14? <input type="checkbox"/> Yes. Enter "1.000." <input checked="" type="checkbox"/> No. Divide line 14 by 366 and enter the result as a decimal (rounded to at least three places). } . . . . .	15	×	.410
16	Multiply line 13 by line 15 . . . . .	16	41533	00
17	Enter, in U.S. dollars, the total foreign earned income you earned and received in 2016 (see instructions). Be sure to include this amount on Form 1040, line 7 . . . . . <b>Caution:</b> If the amount on line 17 is more than \$101,300, don't file this form. You must file Form 2555 instead.	17	11570	57
18	<b>Foreign earned income exclusion.</b> Enter the <b>smaller</b> of line 16 or line 17 here and in parentheses on Form 1040, line 21. Next to the amount enter "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22 . . . . . ▶	18	11570	57

Form **2555-EZ** (2016)

*NOTE: Line 17 and 18 are made up numbers! Yours will be different.*

## Form 8965 Health Coverage Exemptions

As part of the Affordable Care Act, Americans are required to have health insurance or face a tax penalty if they do not have any. Please note, if someone is claiming you as dependent on their tax form (most likely a parent), you do not need file form 8965 and do not owe any penalties.

Luckily, the IRS treats U.S. citizens living abroad for at least 330 full days in a 12-month period (the same conditions of the form 2555-EZ Physical Presence Test) as having minimum essential coverage.

However, you are only treated as having minimum essential coverage for the time you spent in Japan in 2016, not the entire year. This means that for your time before arriving in Japan, you were responsible for ensuring you had minimum essential coverage.

You can check <https://www.healthcare.gov/fees/plans-that-count-as-coverage/> or the form 8965 instructions for examples of what qualifies as minimum essential coverage.

Common examples of qualifying coverage include (but are not limited to):

- Marketplace plans
- Employee health plans
- COBRA coverage
- Health insurance directly purchased from an insurance company
- Health insurance provided through a student health plan
- Coverage under a parent’s plan for people under 26

In order to qualify for the exemption from paying the Individual Responsibility penalty, you must file form 8965 along with your return. When filling out the form, leave Part I blank and leave the box for Part II blank (JETs will not qualify for exemptions based on income level). In part III, fill in your name and SSN, C as the exemption type (this represents the exemption based on living abroad) and then place a check in every column starting from the month you started living in Japan up to December. Again, this will vary based on each person’s arrival date based on their group.

<b>Part III</b> Coverage Exemptions Claimed on Your Return for Individuals. If you and/or a member of your tax household are claiming an exemption on your return, complete Part III.																
	(a) Name of Individual	(b) SSN	(c) Exemption Type	(d) Full Year	(e) Jan	(f) Feb	(g) Mar	(h) Apr	(i) May	(j) June	(k) July	(l) Aug	(m) Sept	(n) Oct	(o) Nov	(p) Dec
8	Donkey K. Kong	123456789	C								✓	✓	✓	✓	✓	✓

*Note: This example assumes you arrived in July. Your months will vary depending on when you arrived in Japan.*

It is important to note that having one day of minimum essential coverage in a given month is treated as having coverage for the entire month. So for example, if your qualifying period from form 2555-EZ starts on July 25, 2016, you still are treated as having minimum essential coverage for July 2016 in addition to August through December 2016.

If you lacked minimum essential coverage for a period of less than 3 consecutive months (for example, after graduating university in May and losing your student health care plan, you lacked minimum essential coverage for all of June and July), you can still qualify for a short coverage exemption to cover that month or months where you had no coverage. This will be noted on Part III as Exemption Type B. For example, a JET in the situation above would fill out their Part III as follows:

<b>Part III Coverage Exemptions Claimed on Your Return for Individuals.</b> If you and/or a member of your tax household are claiming an exemption on your return, complete Part III.																
	(a) Name of Individual	(b) SSN	(c) Exemption Type	(d) Full Year	(e) Jan	(f) Feb	(g) Mar	(h) Apr	(i) May	(j) June	(k) July	(l) Aug	(m) Sept	(n) Oct	(o) Nov	(p) Dec
8	Donkey K. Kong	123456789	B							✓	✓					
9	Donkey K. Kong	123456789	C									✓	✓	✓	✓	✓

Some notes about the short coverage exemption:

- It can only be taken once per tax year. So it cannot be taken to cover two separate consecutive periods of non-coverage (for example, if you lacked coverage in Jan/Feb and Apr/May. You can only use the short coverage exemption once for Jan/Feb).
- It also cannot be broken up to cover two non-consecutive months (for example, if you lacked coverage in January and March, you can only use the short coverage exemption for January).
- It cannot be taken to partially cover a period longer than two consecutive months (for example, if you lacked coverage for May, June, and July, you are treated as having no coverage for all three months and cannot use the exemption to partially cover some of that period).

If you had essential minimum coverage for the months not covered by the living abroad exemption (and short coverage exemption, if used), then no further work is necessary. Put 0 on line 61 of Form 1040 and leave the full-year coverage box unchecked. Again, remember that having one day of coverage in a given month qualifies you for the entire month, so a health plan that expired on June 1, 2016 still gives you coverage for all of June.

JETs who do not have minimum essential coverage or a valid exemption for a given month in 2016 may be subject to a tax penalty. In this case, you must still file form 8965 to indicate which months you do have a valid exemption for and fill out the Shared Responsibility Payment Worksheet (found in the instructions for form 8965) to figure out your penalty. However, we recommend you look at the instructions for form 8965 in full to see if there may be other exemptions not mentioned in this document that you may qualify for.

# W-2 Income Statement from U.S. Employers

You need to file one **W-2** from each place you were employed in the U.S. during 2016. Your former employers should send these to you. If you have not received a **W-2** from past employers, contact them directly.

# Form 1040 Individual Income Tax Return

This is the form where you report how much total money you earned in 2016. You will figure out if you get a refund or if you owe more to Uncle Sam. There are a lot of specific questions on **Form 1040** that will be different for each person. What we are explaining here is focused on the specific parts related to living and working overseas. For the rest of the complicated stuff, it's best to start at the top and work your way through line by line. Consult a certified tax preparer and/or the official IRS instructions (online) to be sure you don't miss something. You can also call or fax the IRS with any questions (see contact information on page 1).

You also need to attach a signed statement to Form 1040 stating that you are claiming the automatic 2-month extension because you reside outside the U.S. and your main place of business is outside the U.S.

Label and Exemptions – Enter your name and address information, social security number, and filing status. Claim yourself as an exemption on Line 6. (Some recent college graduates are claimed as dependents by their parents. If this is your case, do not check box 6a. This will affect the number of exemptions on the right and the amount on Line 42.)

<b>Form</b>	<b>1040</b>	Department of the Treasury—Internal Revenue Service (99) <b>U.S. Individual Income Tax Return</b>	<b>2016</b>	OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2016, or other tax year beginning		, 2016, ending		, 20
Your first name and initial <b>Donkey K.</b>		Last name <b>Kong</b>		Your social security number <b>1 2 3 4 5 6 7 8 9</b>
If a joint return, spouse's first name and initial		Last name		Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. <b>Yamabiru, Toricho 4-31</b>			Apt. no. <b>5</b>	▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). <b>Inakamura</b>				
Foreign country name <b>JAPAN</b>		Foreign province/state/country <b>Kumamoto</b>	Foreign postal code <b>123-4567</b>	
<b>Filing Status</b> Check only one box.	1 <input checked="" type="checkbox"/> Single		4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶	
	2 <input type="checkbox"/> Married filing jointly (even if only one had income)		5 <input type="checkbox"/> Qualifying widow(er) with dependent child	
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶				
<b>Exemptions</b> If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>	6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a . . . . .		Boxes checked on 6a and 6b <b>1</b>	
	b <input type="checkbox"/> Spouse . . . . .		No. of children on 6c who: • lived with you <b>0</b> • did not live with you due to divorce or separation (see instructions) <b>0</b>	
	<b>c Dependents:</b>		Dependents on 6c not entered above <b>0</b>	
	(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you
				(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
d Total number of exemptions claimed . . . . .				Add numbers on lines above ▶ <b>1</b>

**Income** - On Line 7, add the total of your 2016 U.S. income, including all W-2s, and your income from Japan (Form 2555-EZ, Line 17). The Taxable Interest on Line 8a includes all interest earned from savings accounts. If you have Taxable Interest, your bank or financial institution will send you a 1099-INT that tells you how much your taxable interest is. For many people, everything else is zeroes until you get to Line 21. List your Japan-earned income (Form 2555-EZ, Line 18) in parentheses on Line 21, and write "2555-EZ" next to it. Add Lines 7-20 and then subtract the amount listed on Line 21 (writing Line 21 in parentheses tells the IRS you are subtracting that amount). Enter the total on Line 22 (enter "0" if the total is a negative number). This total is the amount of taxable income you earned during 2015.

<b>Income</b>	7	Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .	7	24512	37
	8a	Taxable interest. Attach Schedule B if required . . . . .	8a	30	00
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	b	Tax-exempt interest. Do not include on line 8a . . . . .	8b	0	
	9a	Ordinary dividends. Attach Schedule B if required . . . . .	9a	0	
If you did not get a W-2, see instructions.	b	Qualified dividends . . . . .	9b	0	
	10	Taxable refunds, credits, or offsets of state and local income taxes . . . . .	10	0	
	11	Alimony received . . . . .	11	0	
	12	Business income or (loss). Attach Schedule C or C-EZ . . . . .	12	0	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	0	
	14	Other gains or (losses). Attach Form 4797 . . . . .	14	0	
	15a	IRA distributions . . . . .	15a	0	
	b	Taxable amount . . . . .	15b	0	
	16a	Pensions and annuities . . . . .	16a	0	
	b	Taxable amount . . . . .	16b	0	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . .	17	0	
	18	Farm income or (loss). Attach Schedule F . . . . .	18	0	
	19	Unemployment compensation . . . . .	19	0	
	20a	Social security benefits . . . . .	20a	0	
	b	Taxable amount . . . . .	20b	0	
	21	Other income. List type and amount <u>2555-EZ</u> . . . . .	21	(11570)	57
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	12971	80

NOTE: These are made up numbers. Your numbers will be different!

**Adjusted Gross Income** - If you paid student loan interest, enter on Line 33 the amount of the Student Loan Interest Deduction from the worksheet in **Publication 970** (available online at [www.irs.gov](http://www.irs.gov)). Many student loan institutions provide this information directly to the students. If you make payments online, check there first to see if the student loan interest is already figured out for you. Finish following the instructions for the rest of that section and turn to the next page. Everything else will be zeros for many JETs.

<b>Adjusted Gross Income</b>	23	Educator expenses . . . . .	23	0	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ . . . . .	24	0	
	25	Health savings account deduction. Attach Form 8889 . . . . .	25	0	
	26	Moving expenses. Attach Form 3903 . . . . .	26	0	
	27	Deductible part of self-employment tax. Attach Schedule SE . . . . .	27	0	
	28	Self-employed SEP, SIMPLE, and qualified plans . . . . .	28	0	
	29	Self-employed health insurance deduction . . . . .	29	0	
	30	Penalty on early withdrawal of savings . . . . .	30	0	
	31a	Alimony paid b Recipient's SSN ▶ . . . . .	31a	0	
	32	IRA deduction . . . . .	32	0	
	33	Student loan interest deduction . . . . .	33	300	00
	34	Tuition and fees. Attach Form 8917 . . . . .	34	0	
	35	Domestic production activities deduction. Attach Form 8903 . . . . .	35	0	
	36	Add lines 23 through 35 . . . . .	36	300	00
37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37	12671	80	

Page 2 - Everything should be straightforward (tedious, but straightforward) on the second page. By the time you get here, you've dealt with most of the foreign earned stuff and weeded it out. Just work through the lines one by one. Most people will claim a standard deduction on line 40. Line 44 is a bit tricky. Refer to the notes below and the 1040 instructions (available online at [www.irs.gov](http://www.irs.gov)) to calculate this amount.

Form 1040 (2016)		Page 2	
	38 Amount from line 37 (adjusted gross income)	38	12671 80
<b>Tax and Credits</b>	39a Check <input type="checkbox"/> You were born before January 2, 1952, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1952, <input type="checkbox"/> Blind. Total boxes checked <b>39a</b> <input type="checkbox"/> 0		
	b If your spouse itemizes on a separate return or you were a dual-status alien, check here <b>39b</b> <input type="checkbox"/>		
<b>Standard Deduction for—</b> • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$6,300 Married filing jointly or Qualifying widow(er), \$12,600 Head of household, \$9,300	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	6300 00
	41 Subtract line 40 from line 38	41	6371 80
	42 Exemptions. If line 38 is \$155,650 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions	42	4050 00
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	2321 80
	44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	353 00
	45 Alternative minimum tax (see instructions). Attach Form 6251	45	0
	46 Excess advance premium tax credit repayment. Attach Form 8962	46	0
	47 Add lines 44, 45, and 46	47	353 00
	48 Foreign tax credit. Attach Form 1116 if required	48	0
	49 Credit for child and dependent care expenses. Attach Form 2441	49	0
	50 Education credits from Form 8863, line 19	50	0
	51 Retirement savings contributions credit. Attach Form 8880	51	0
	52 Child tax credit. Attach Schedule 8812, if required	52	0
53 Residential energy credits. Attach Form 5695	53	0	
54 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	0	
55 Add lines 48 through 54. These are your total credits	55	0	
56 Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	353 00	
<b>Other Taxes</b>	57 Self-employment tax. Attach Schedule SE	57	0
	58 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	0
	59 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	0
	60a Household employment taxes from Schedule H	60a	0
	b First-time homebuyer credit repayment. Attach Form 5405 if required	60b	0
	61 Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	61	0
	62 Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	62	0
63 Add lines 56 through 62. This is your total tax	63	353 00	
<b>Payments</b>	64 Federal income tax withheld from Forms W-2 and 1099	64	1000 00
	65 2016 estimated tax payments and amount applied from 2015 return	65	0
	66a Earned income credit (EIC)	66a	0
	b Nontaxable combat pay election <b>66b</b> <input type="checkbox"/> 0		
	67 Additional child tax credit. Attach Schedule 8812	67	0
	68 American opportunity credit from Form 8863, line 8	68	0
	69 Net premium tax credit. Attach Form 8962	69	0
	70 Amount paid with request for extension to file	70	0
	71 Excess social security and tier 1 RRTA tax withheld	71	0
	72 Credit for federal tax on fuels. Attach Form 4136	72	0
73 Credits from Form: a <input type="checkbox"/> 2439 b <input checked="" type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/>	73	0	
74 Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	1000 00	
<b>Refund</b>	75 If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	647 00
	76a Amount of line 75 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	76a	647 00
	b Routing number <input type="text"/> 1 2 3 4 5 6 7 8 9 <input type="checkbox"/> c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <input type="text"/> 1 2 3 4 5 6 7 8 9 1 2 3 4 5 6 7 8		
77 Amount of line 75 you want applied to your 2017 estimated tax	77	0	
<b>Amount You Owe</b>	78 Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	78	0
	79 Estimated tax penalty (see instructions)	79	0

NOTE: These are made up numbers. Your numbers will be different!

Line 44

In order to calculate your Tax you will have to make some calculations using the Foreign Earned Income Tax Worksheet—Line 44 below (from page 43 of the 1040 instructions). If Line 43 is zero, then Line 44 will also be zero. For Lines 4 and 5 below, you will have to consult the 2016 Tax Table (page 78 of the 1040 instructions).

**Foreign Earned Income Tax Worksheet—Line 44**

Keep for Your Records 

	If Form 1040, line 43, is zero, do not complete this worksheet.	
1.	Enter the amount from Form 1040, line 43 .....	1. _____
2a.	Enter the amount from your (and your spouse's, if filing jointly) Form 2555, lines 45 and 50, or Form 2555-EZ, line 18 .....	2a. _____
b.	Enter the total amount of any itemized deductions or exclusions you couldn't claim because they are related to excluded income .....	b. _____
c.	Subtract line 2b from line 2a. If zero or less, enter -0- .....	c. _____
3.	Add lines 1 and 2c .....	3. _____
4.	<b>Figure the tax on the amount on line 3.</b> Use the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet*, Schedule D Tax Worksheet*, or Form 8615, whichever applies. See the instructions for line 44 to see which tax computation method applies. (Do not use a second Foreign Earned Income Tax Worksheet to figure the tax on this line) .....	4. _____
5.	<b>Figure the tax on the amount on line 2c.</b> If the amount on line 2c is less than \$100,000, use the Tax Table to figure this tax. If the amount on line 2c is \$100,000 or more, use the Tax Computation Worksheet .....	5. _____
6.	Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on Form 1040, line 44 .....	6. _____

Line 61 – As mentioned earlier in this document, the Health care: individual responsibility line will be determined based on how you fill out Form 8965.

Finishing Form 1040 – If you are due a refund, congratulations! Fill in your banking information for a direct deposit into your American bank account. If you have to pay taxes, refer to the 1040 instructions on payment methods and where to send your payment.

After all that (or if neither situation above is the case), go ahead and sign and date in the box and you should be good to go. Whoo!

Before October 16 and after you have been in Japan for 330 days, sign and date the forms and mail them all to the IRS office in Austin. Your return will include at least **Form 1040, Form 2555-EZ, Form 8965** and the **Foreign Earned Income Statement**. It will also include W-2s if you were employed before JET.

## Links to Forms

**Form 8822** Change of Address

<http://www.irs.gov/pub/irs-pdf/f8822.pdf> (form and instructions)

**Form 4868** Application for Extension of Time to File

<https://www.irs.gov/pub/irs-pdf/f4868.pdf> (form and instructions)

**Form 2555-EZ** Foreign Earned Income Exclusion

<https://www.irs.gov/pub/irs-pdf/f2555ez.pdf> (form)

<https://www.irs.gov/pub/irs-pdf/i2555ez.pdf> (instructions)

**Form 8965** Health Coverage Exemptions

<https://www.irs.gov/pub/irs-pdf/f8965.pdf> (form)

<https://www.irs.gov/pub/irs-pdf/i8965.pdf> (instructions)

**Form 1040** Individual Income Tax Return

<https://www.irs.gov/pub/irs-pdf/f1040.pdf> (form)

<http://www.irs.gov/pub/irs-pdf/i1040.pdf> (instructions)

**Publication 54** Tax Guide for U.S. Citizens and Resident Aliens Abroad (very detailed instructions)

<https://www.irs.gov/pub/irs-pdf/p54.pdf>

**Publication 970** Tax Benefits for Education

<http://www.irs.gov/pub/irs-pdf/p970.pdf>

## Notes and Resources

### ✧ Other Resources:

The U.S. Embassy in Japan's Tax Page

<https://jp.usembassy.gov/u-s-citizen-services/internal-revenue-service-u-s-taxes/>

IRS info for U.S. Citizens Living Abroad

<http://www.irs.gov/Individuals/International-Taxpayers/U.S.-Citizens-and-Resident-Aliens-Abroad>

- ✧ Individual cases and circumstances will vary. Additional procedures will be necessary if:
  - You are married and/or have dependents of your own
  - Someone else will claim you as a dependent for the 2016 tax year
  - You had over \$10,000 in foreign bank accounts at any time during 2015 (in this case you will have to file a Report of Foreign Bank and Financial Accounts (FBAR) by June 30. It's pretty straightforward and shouldn't take too much time.). You can also file electronically. For more information go to:  
<http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-FBAR>
  - You earn income from stocks, bonds, real estate or other investments
  - Your financial assets exceed \$200,000 (check out Form 8938)
  - Any number of other circumstances
  
- ✧ This guide is in no way affiliated with the IRS or the U.S. Government.  
**The IRS - not this document - is the final authority on tax-related matters. This is just a rough, unofficial guide. Be sure to check with instructions from the IRS to file your documents as correctly as possible.**  
It is up to you to file your taxes correctly!!
  
- ✧ The Federal Reserve Bank average annual exchange rate figure of \$1 = ¥108.66 can be found at  
<http://www.federalreserve.gov/Releases/g5a/Current/>
  
- ✧ This packet is intended to familiarize first year American JETs with the overseas tax-filing process. The process will be slightly different for 2<sup>nd</sup>-5<sup>th</sup> year American JETs.
  
- ✧ It is your responsibility to be aware of the tax filing deadlines and to submit the forms on time. We will not remind you of the deadlines as they come.
  
- ✧ We have compiled a list of frequently asked questions (and answers!) regarding the tax-filing process. These can be viewed on the KumamotoJET website here:  
<http://kumamotojet.com/shin/index.php/living-in-kumamoto/u-s-tax-guide/>  
Please do not hesitate to call or e-mail if you have any questions about the tax filing process.