

Getting Started

In this guide we have provided explanations and sample forms to assist **2nd-5th year American JETs** with the tax-filing process. For complete details, consult **Publication 54** (*Tax Guide for U.S. Citizens and Resident Aliens Abroad*), which can be accessed online at the Internal Revenue Service (IRS) website (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 to:

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

The IRS website (www.irs.gov) lists a lot of information to help citizens living abroad with the tax-filing process. Go to “File” in the upper left corner and then “International Taxpayers” on the left sidebar. You can find most of the general questions about tax law answered there and at the following address:

<https://www.irs.gov/individuals/international-taxpayers/us-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 can also mail questions to the IRS at the following address: Internal Revenue Service, Philadelphia, PA 19255-0725

Information regarding state taxes is not covered in this packet. Please consult your home state’s tax agency for information. Make sure to do so as soon as possible.

The Forms

Here is a summary of what you will need:

* Foreign Earned Income Statement	[file with Form 1040]
* 2555-EZ Foreign Earned Income Exclusion	[file with Form 1040]
* 8965 Health Coverage Exemptions	[file with Form 1040 if needed ; see page 8 for more info]
* 1040 Individual Income Tax Return	[file by June 15]
* Schedule 1 Additional Income and Adjustments to Income	[file with Form 1040]
* Schedule 6 Foreign Address and Third Party Designee	[file with Form 1040]
* Schedule 4 Other Taxes	[file with Form 1040 if needed ; see page 10 for more info]
* Publication 970	(if you've paid deductible interest on student loans in the last year)

* If your address in Japan has changed since you filed last year, you will need to re-file **Form 8822** Change of Address form as well (see tax guide for first-year JETs).

* It is not necessary to request an extension to file, but you can do so if you choose by filing **Form 4868** Extension of Time to File form (see tax guide for first-year JETs). Filing this form gives you until October 15 to send in your forms.

- 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

2555-EZ Foreign Earned Income Exclusion

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

Part I – You may qualify for the Bona Fide Resident Test, but the qualifications for this test are somewhat vague and difficult to understand. You will qualify for the Physical Presence Test and Tax Home Test like you did last year, so we recommend you use this qualification and not bother with the Bona Fide Resident Test.

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: { 2018, or any other period of 12 months in a row starting or ending in 2018? } 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 ► January 1, 2018 through ► December 31, 2018 .

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.

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.” If you submitted a 2555 or 2555-EZ last tax year, put “2017” for 10a. For 11a, enter your address in Japan and the date (month and year) you began living there. If you moved during 2018, make sure to list your former address as well.

Part II General Information

4 Your foreign address (including country) <input type="text"/> Yamabiru 5, Toricho 4-31 Inakamachi, Kumamoto-ken, JAPAN, 123-4567		5 Your occupation Assistant Language Teacher OR Coordinator for International Relations
6 Employer’s name Kumamoto Prefecture (for SHS ALTs) Your City/Town/Village (for JHS/ES ALTs & CIRs)	7 Employer’s U.S. address (including ZIP code) <input type="text"/> N/A	8 Employer’s foreign address Base School Address (for SHS ALTs) BOE Address (for JHS/ES ALTs) Office Address (for CIRs)
9 Employer is (check any that apply):		
a A U.S. business <input type="checkbox"/>		
b A foreign business <input type="checkbox"/>		
c Other (specify) ► Foreign local government office <input checked="" type="checkbox"/>		
10a If you previously filed Form 2555 or 2555-EZ, enter the last year you filed the form. ► 2017		
b If you didn’t previously file Form 2555 or 2555-EZ, check here ► <input type="checkbox"/> and go to line 11a.		
c Have you ever revoked the foreign earned income exclusion? <input type="checkbox"/> Yes <input type="checkbox"/> No		
d If you answered “Yes,” enter the tax year for which the revocation was effective. ► <input type="text"/>		
11a List your tax home(s) during 2018 and date(s) established. ► List all tax homes (all addresses you lived at) in 2018 and the dates you lived there. <input type="text"/>		
b Of what country are you a citizen/national? ► USA		

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. This tax penalty is known as the Shared Responsibility Payment*. For 2018, Americans who had minimal essential coverage and/or a viable coverage exemption for the entire 12-month period of 2018 do not have to file Form 8965 as proof of insurance to the IRS. Fortunately, Americans can use a combination of health insurances and exemptions to qualify as covered for 2018.

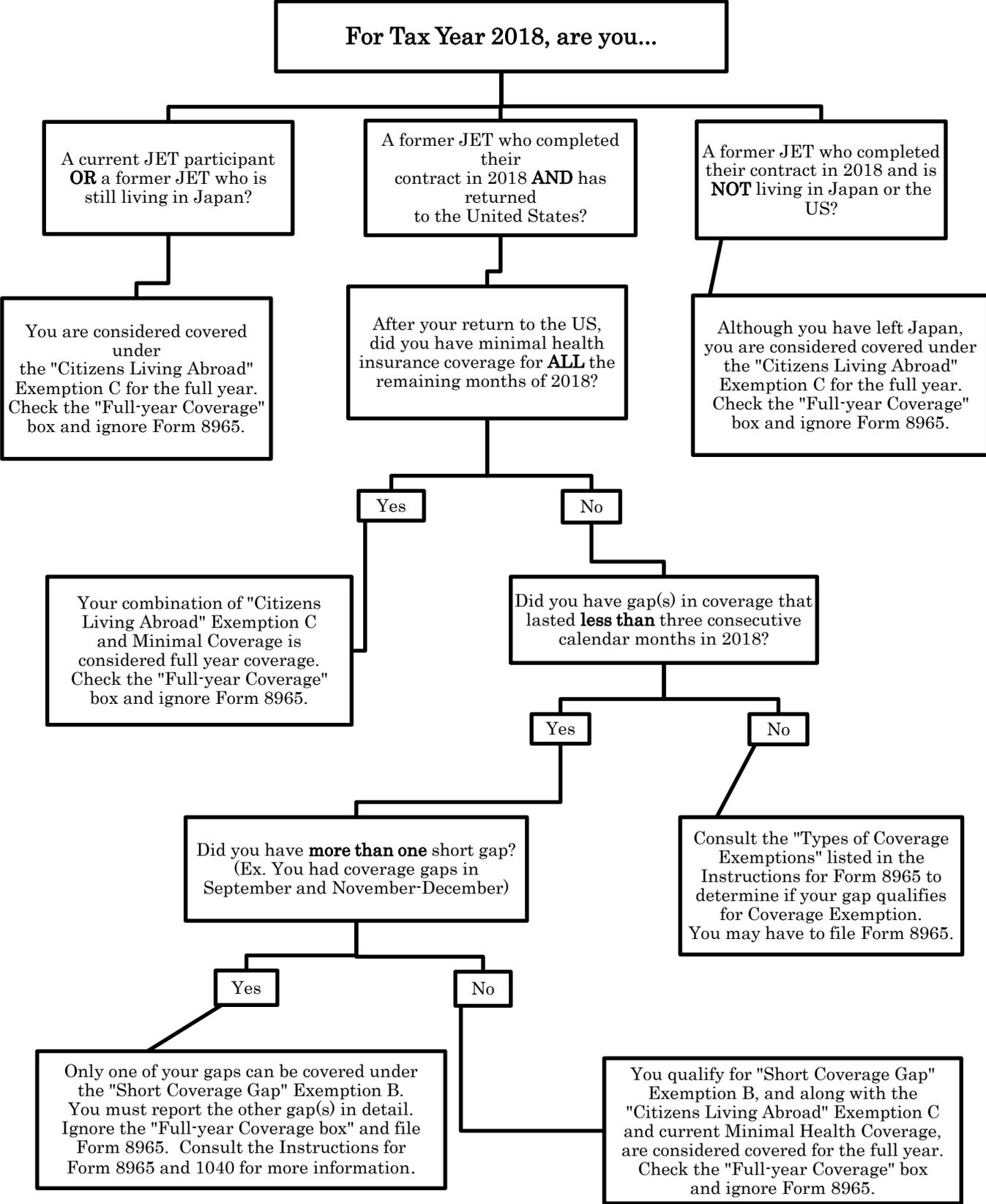
Luckily, the IRS treats U.S. citizens living abroad for at least 330 full days in a 12-month period (the same conditions of the form 2555-EZ Physical Presence Test) as having minimum essential coverage under the “Citizens Living Abroad” Coverage Exemption C. This means that if you were a JET for all for 2018, you qualify as having full-year coverage. So instead of filing Form 8965, you’ll instead check the “Full-year health care coverage and exemptions” box on page 1 of Form 1040.

Even if you spent some time in the U.S. in 2018, having one day of minimum essential coverage in a given month is treated as having coverage for the entire month. For example, if your qualifying period from form 2555-EZ is from January 31, 2018 to January 30, 2019, you still are treated as having minimum essential coverage for January 2018 until January 2019 and can claim the full-year exemption.

However, this can get a little tricky if you finished your JET contract in 2018. If you had minimal essential coverage and/or viable coverage exemptions after finishing your JET contract, you do not need to file Form 8965, and can instead check the “Full-year Coverage” box on page 1 of Form 1040. If you find that you do not meet the requirements for “Full-year Coverage,” you must file Form 8965 and potentially have to pay a tax penalty.

To see if you can check the “Full-year Coverage” box on Form 1040, read through the flow chart on the following page. Additionally, you can check <https://www.healthcare.gov/fees/plans-that-count-as-coverage/> or the instructions for Form 8965 for examples of what qualifies as minimum essential coverage or coverage exemptions.

* Note: While the latest tax reform passed under the recent federal administration has removed the Shared Responsibility Payment, this will not take effect until Tax Year 2019. Which means for this year, Americans must still make sure they hold minimal coverage for all 12 calendar months or pay the fine.



If you find that you are unable to check the “Full-year Coverage” box in the new Form 1040, then you must file Form 8965 along with your return and may be responsible for paying the Shared Responsibility Payment. However, the payment may be reduced if you claim minimal coverage or coverage exemptions.

Even if you returned to the United States after the JET Programme in 2018, you can still claim your time in Japan as an exemption from paying the Shared Responsibility Payment. To do so, 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 is the “Citizens Living Abroad” Exemption and represents your exemption based on living in Japan) and then place a check in every column starting from January until the month you returned to the United States. This will vary based on each person’s departure date.

Part III 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	✓												

Remember, if you had even one day of minimal coverage that counts as having coverage for the entire calendar month. For example, if you finished your JET contract and returned to the United States on August 3, 2018, that means from January 2018 to August 2018 you were covered under Exemption C.

If your 12-month period for some reason has more than one short non-consecutive periods where you lacked coverage in 2018, you may be able to have at least one qualify for a short coverage exemption, known as Exemption B. This exemption covers a period of less than three consecutive calendar months. But keep in mind you can only use this exemption once per tax year, and it can’t be broken up it to cover two non-consecutive periods of time. (For example, if you lacked coverage in September-October and December, you can only use the short coverage exemption for one of them. In this case, it’s best to cover the September-October period with the exemption)

As with Exemption C, short term coverage Exemption B will be noted on Part III as Exemption Type B. For example, a JET who has their 12-month period begin in January 2018, returned to the U.S. from September, and is claiming Exemption B for September-October would fill out their Part III as follows:

Part III 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	123-45-6789	C		✓	✓	✓	✓	✓	✓	✓	✓				
9	Donkey K. Kong	123-45-6789	B										✓	✓		

JETs who do not have minimum essential coverage or a valid exemption for a given month in 2018 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. Then, add the results on the Shared Responsibility Payment Worksheet to line 61 of **Schedule 4**. If no other taxes are owed, complete Schedule 4 and write the number on line 64 to Form 1040 line 14. 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.

Form 1040 Individual Income Tax Return

This is the form where you report how much total money you earned in 2018. You will figure out if you get a refund or if you owe more to Uncle Sam.

Starting from this year, the actual Form 1040 has been streamlined in what they call a “building block approach”. However, this doesn’t mean the process of filing itself has been simplified. Instead, specific items that were on the old version of Form 1040 have been reorganized into six different Schedules. Fortunately, you only need to file the Schedules that are relevant to you for 2018.

There are a lot of specific questions on **Form 1040** and in the different Schedules 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 take a look at the instructions for Form 1040, then start at the top and work your way through line by line, attaching the relevant Schedules when necessary. 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 the 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 social security number and check the box for your filing status. If you qualified for full-year health care coverage or coverage exemptions, make sure to check the “Full-year health care coverage or exempt” box (see the section on Form 8965 for more info). Then fill out your address information up to your city or town.

1040 Department of the Treasury—Internal Revenue Service (99)		2018	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
Filing status: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately <input type="checkbox"/> Head of household <input type="checkbox"/> Qualifying widow(er)				
Your first name and initial Donkey K		Last name Kong		Your social security number 1 2 3 4 5 6 7 8 9
Your standard deduction: <input type="checkbox"/> Someone can claim you as a dependent <input type="checkbox"/> You were born before January 2, 1954 <input type="checkbox"/> You are blind				
If joint return, spouse's first name and initial		Last name		Spouse's social security number
Spouse standard deduction: <input type="checkbox"/> Someone can claim your spouse as a dependent <input type="checkbox"/> Spouse was born before January 2, 1954				<input checked="" type="checkbox"/> Full-year health care coverage or exempt (see inst.)
<input type="checkbox"/> Spouse is blind <input type="checkbox"/> Spouse itemizes on a separate return or you were dual-status alien				
Home address (number and street). If you have a P.O. box, see instructions. Yamabiru, Toricho 4-31			Apt. no. 5	Presidential Election Campaign (see inst.) <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. Inakamura				
Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see inst.):
(1) First name	Last name			Child tax credit <input type="checkbox"/> Credit for other dependents <input type="checkbox"/>

To complete the rest of your address, attach **Schedule 6**. On Schedule 6, enter your name and social security number. Then, in the “Foreign Address” section, write “Japan” for the foreign country, your prefecture, and your postal code. When finished, return to form 1040 and continue on to page 2.

SCHEDULE 6 (Form 1040)	Foreign Address and Third Party Designee		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.		2018 Attachment Sequence No. 05A
Name(s) shown on Form 1040 Donkey K. Kong	Your social security number 123-45-6789		
Foreign Address	Foreign country name JAPAN	Foreign province/county Kumamoto-ken	Foreign postal code 123-4567
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶	
For Paperwork Reduction Act Notice, see your tax return instructions.		Cat. No. 71483N	Schedule 6 (Form 1040) 2018

Income

Next, turn to page 2 of Form 1040. On Line 1, add your income from Japan (Form 2555-EZ, Line 17) and any U.S. income (most returning JETs won't have U.S. income for 2018). The Taxable Interest on Line 2a 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 6. To figure out the number for Line 6, you will need to go to **Schedule 1**.

On Schedule 1, enter your name and social security number, then list your Japan-earned income (Form 2555-EZ, Line 18) in parentheses on Line 21, and write "2555-EZ" next to it. Writing Line 21 in parentheses tells the IRS you are subtracting that amount. Enter the total of Lines 1-21 on Line 22.

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.		2018 Attachment Sequence No. 01	
Name(s) shown on Form 1040				Your social security number	
Donkey K. Kong				123-45-6789	
Additional Income	1-9b	Reserved	1-9b		
	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	Reserved	15b		
	16a	Reserved	16b		
	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	Reserved	20b		
	21	Other income. List type and amount ▶ 2555-EZ	21	(28926)	42
	22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	22	(28926)	42

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

Adjusted Gross Income

If you paid student loan interest, continue with Schedule 1 and enter on Line 33 the amount of the Student Loan Interest Deduction from the worksheet in **Publication 970** (available online at www.irs.gov). Many student loan institutions provide this information directly to the students by sending (either by mail or electronically) Form 1098-E. If you make payments online, check there first to see if the student loan interest is already figured out for you through an electronic file of Form 1098-E. Finish following the instructions for the rest of Schedule 1. Everything else will be zeros for many JETs.

Adjustments to Income	23	Educator expenses	23	0	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24	0	
	25	Health savings account deduction. Attach Form 8889	25	0	
	26	Moving expenses for members of the Armed Forces. 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	Reserved	34		
	35	Reserved	35		
	36	Add lines 23 through 35	36	300	00

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040) 2018

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

Now that you've finished Schedule 1, go back to page 2 of Form 1040. Enter the number you got from Schedule 1 Line 22 to the side of Line 6. Make sure to again put parenthesis around the number, so that the IRS understands that you are subtracting this number. Then add the numbers of Form 1040 Lines 1, 2b, 3b, 4b, 5b, and the amount from Schedule 1 Line 22. Write this new number on Line 6 (enter "0" if the total is a negative number). This total is the amount of taxable income you earned during 2018.

Next, if you continued to Line 36 on Schedule 1, subtract that number from Form 1040 Line 6, and write this new amount on Line 7. This is your Adjusted Gross Income for 2018. At this point, page 2 of your Form 1040 should look something like this:

Form 1040 (2018)				Page 2	
	1	Wages, salaries, tips, etc. Attach Form(s) W-2		1	28926 42
	2a	Tax-exempt interest	2a 0	2b	0
	3a	Qualified dividends	3a 0	3b	0
	4a	IRAs, pensions, and annuities	4a 0	4b	0
	5a	Social security benefits	5a 0	5b	0
	6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	(28926.42)	6	0
	7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6		7	(300 00)
	8	Standard deduction or itemized deductions (from Schedule A)		8	
	9	Qualified business income deduction (see instructions)		9	
	10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-		10	

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

Standard Deduction for—
 • Single or married filing separately, \$12,000
 • Married filing jointly or Qualifying widow(er), \$24,000
 • Head of household, \$18,000
 • If you checked any box under Standard deduction, see instructions.

* Entering numbers in parentheses means it is a negative number.

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

Deductions: – Everything should be straightforward (tedious, but straightforward). 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 8. Use the margin on the left side to figure out your standard deduction on Line 8 (you are also given the option of filling out Schedule A to get itemized deductions instead of a standard deduction. Most JETs, though, will probably get more deducted – and save more time – by just claiming the standard deduction) Line 9 deals mostly with self-employment deductions, which for many JETs will be "0". On Line 10, subtract Line 8 and 9 from Line 7 (keeping it "0" if negative).

Form 1040 (2018)				Page 2	
	1	Wages, salaries, tips, etc. Attach Form(s) W-2		1	28926 42
	2a	Tax-exempt interest	2a 0	2b	0
	3a	Qualified dividends	3a 0	3b	0
	4a	IRAs, pensions, and annuities	4a 0	4b	0
	5a	Social security benefits	5a 0	5b	0
	6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	(28926.42)	6	0
	7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6		7	(300 00)
	8	Standard deduction or itemized deductions (from Schedule A)		8	12000 00
	9	Qualified business income deduction (see instructions)		9	0
	10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-		10	0
	11	a Tax (see inst.) 0 (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)		11	0
	12	a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check here <input type="checkbox"/>		12	0
	13	Subtract line 12 from line 11. If zero or less, enter -0-		13	0
	14	Other taxes. Attach Schedule 4		14	0
	15	Total tax. Add lines 13 and 14		15	0
	16	Federal income tax withheld from Forms W-2 and 1099		16	0
	17	Refundable credits: a EIC (see inst.) b Sch. 8812 c Form 8863		17	0
	18	Add lines 16 and 17. These are your total payments		18	0
	19	If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid		19	0
	20a	Amount of line 19 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>		20a	0
	b	Routing number		c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number			
	21	Amount of line 19 you want applied to your 2019 estimated tax	0	21	0
	22	Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions		22	0
	23	Estimated tax penalty (see instructions)	0	23	0

Go to www.irs.gov/Form1040 for instructions and the latest information.

Form **1040** (2018)

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

Line 11

Line 11 is a bit tricky if you have income other than your JET income. Refer to this section and the 1040 instructions (available online at www.irs.gov) to calculate this amount.

If Line 10 is zero, then Line 11 will also be zero. In that case where Line 10 is zero, you won't need to do anything else but put "0" for Line 11.

If Line 10 is more than zero, then you will have to calculate your tax for Line 11. In order to calculate your Tax, you will have to make some calculations using the Foreign Earned Income Tax Worksheet—Line 11a below (from page 39 of the 1040 instructions). For Lines 4 and 5 below, you will have to consult the 2018 Tax Table (page 67 of the 1040 instructions). Make sure to enter the number from Line 6 into Form 1040 Line 11a, then calculate Lines 11a and 11b into Line 11.

Foreign Earned Income Tax Worksheet—Line 11a

Keep for Your Records



 <i>If Form 1040, line 10, is zero, don't complete this worksheet.</i>	
1. Enter the amount from Form 1040, line 10	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. Figure the tax on the amount on line 3. 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 11a to see which tax computation method applies. (Don't use a second Foreign Earned Income Tax Worksheet to figure the tax on this line.)	4. _____
5. Figure the tax on the amount on line 2c. 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 the entry space on Form 1040, line 11a	6. _____
<p><i>* Enter the amount from line 3 above on line 1 of the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you have a capital gain excess. To find out if you have a capital gain excess, subtract Form 1040, line 10, from line 6 of your Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.</i></p> <p><i>If you don't have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.</i></p> <p><i>If you have a capital gain excess, complete a second Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the Foreign Earned Income Tax Worksheet above.</i></p> <ol style="list-style-type: none"> <i>1. Reduce (but not below zero) the amount you would otherwise enter on line 3 of your Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your Schedule D Tax Worksheet by your capital gain excess.</i> <i>2. Reduce (but not below zero) the amount you would otherwise enter on line 2 of your Qualified Dividends and Capital Gain Tax Worksheet or line 6 of your Schedule D Tax Worksheet by any of your capital gain excess not used in (1) above.</i> <i>3. Reduce (but not below zero) the amount on your Schedule D (Form 1040), line 18, by your capital gain excess.</i> <i>4. Include your capital gain excess as a loss on line 16 of your Unrecaptured Section 1250 Gain Worksheet in the Instructions for Schedule D (Form 1040).</i> 	

Line 14

This is where you will include any additional taxes or tax penalties, including the health care Shared Responsibility Payment. To do this, you will have to complete and attach **Schedule 4**. As mentioned earlier in this document, filing Schedule 4 and the Shared Responsibility Payment will be determined based on if and how you fill out Form 8965.

Finishing Form 1040

Most likely, you will not get a refund nor have to pay taxes. In that case go, ahead and sign and date in the box on page 1 and you should be good to go.

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.

Sign and date the forms and mail them all to the IRS office in Austin, TX, by **June 15** (or October 15 if you filed for an extension with Form 4868). Your return will include at least **Form 1040, Schedule 1, Schedule 6, Form 2555-EZ, the Foreign Earned Income Statement, and Form 8965 and Schedule 4 (if required).**

Links to Forms

Form 8822 Change of Address (if necessary)

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

Form 4868 Application for Extension of Time to File (if necessary)

<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 (if necessary)

<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)

<https://www.irs.gov/pub/irs-pdf/i1040gi.pdf> (instructions including all Schedules)

Schedule 1 Additional Income and Adjustments to Income

<https://www.irs.gov/pub/irs-pdf/f1040s1.pdf> (form)

Schedule 4 Other Taxes (if necessary)

<https://www.irs.gov/pub/irs-pdf/f1040s4.pdf> (form)

Schedule 6 Foreign Address and Third Party Designee

<https://www.irs.gov/pub/irs-pdf/f1040s6.pdf> (form)

Publication 54 Tax Guide for U.S. Citizens and Resident Aliens Abroad

<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

<https://www.irs.gov/individuals/international-taxpayers/us-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 2018 tax year
- You had over \$10,000 in foreign bank accounts at any time during 2018. You can file electronically.

For more information go to:

<https://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 specified foreign 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 = ¥110.40 can be found at

<http://www.federalreserve.gov/Releases/g5a/Current/>

✧ This packet is intended to familiarize second to fifth year American JETs with the overseas tax-filing process. The process will be slightly different for first 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, so please read through the packet carefully.

✧ Please remember that if you owe taxes, you must make sure to pay by the federal deadline of April 15. The extensions mentioned in this guide are only for filing taxes. It is your responsibility to pay any and all taxes on time.

✧ 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/>