

Income and Estate Planning for the Inbound and Outbound Resident



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Today's Discussion

- Questions to Ask Before Coming to the U.S.
- The Difference Between a Resident for Immigration Purposes and Tax Purposes
- Income & Estate Taxes
- Pre-Arrival Tax Planning
- Issues When There is a Couple with Different Status
- Leaving & Returning to the U.S.
- Estate Planning
- Questions & Answers

Questions to Ask Before Coming to the United States

- What is your immigration status?
- How long will you be in the United States?
- What will you be doing in the United States?

Questions to Ask Before Coming to the United States (cont.)

- Are you a permanent resident/citizen of Sweden?
- Do you have assets and income outside of the United States?
- Do you want to pay income tax/social security tax to the United States?
- Do you want your world-wide assets taxed in the United States?

The Difference Between a Resident for Immigration Purposes and Tax Purposes

Immigration

- No status
- Non-immigrant
- Permanent resident
- Citizen

Income Tax

U.S. Resident for Tax Purposes

- Permanent resident/citizen
- Substantial presence test
 - Sweden-U.S. Income Tax Treaty
- Students

Estate Tax

- Domicile
- U.S. Sited Assets
- Sweden-U.S. Estate/Gift Tax Treaty

Pre-Arrival Tax Planning

World-Wide Wealth

- Exit Tax

World-Wide Income

- U.S. Income
 - Sweden-U.S. Income Tax Treaty
 - Independent Personal Services
 - Dependent Personal Services
 - Less than 183 days/Foreign Payor/No Charge Back to U.S. Establishment
 - Fixed, Determinable, Annual & Periodic Income (FDAP)

Issues When There is a Couple with Different Status

World-Wide Wealth

- Qualified Domestic Trust

World-Wide Income

- Married filing separately or elect to be treated as U.S. tax resident
- Individual Taxpayer Identification Number (ITIN)
- Foreign bank accounts TDF 90-22.1
- Foreign Bank and Financial Accounts (FBAR) – Form 8938
- Lawful Permanent Resident (LPR) should not claim foreign residency on Form 8233

Estate Planning

- Last Wills vs. Living Trusts
- Durable Powers of Attorney
- Health Care Directives
- Guardianship of minor children

Leaving the United States

- **Income**
 - Sailing Permit – Form 2063

- **Wealth**
 - World-wide unless renounced at U.S. Consulate and accepted by Department of State; or LPR abandons status after 8 years
 - \$151,000 average income tax for 5 years; or \$2 million net worth

Leaving the United States (cont.)

- **Wealth (cont.)**
 - Exit tax – Internal Revenue Code §877A
U.S. Citizens Renouncing Citizenship
 - \$651,000 exemption on gains
 - U.S. citizen or LPR who receives inheritance/gift from expatriate pays highest rate
 - Dual citizens – 10/15 years as a non-resident of the U.S.
 - LPR may unintentionally abandon LPR by being absent from U.S.

Returning to the United States

- After abandonment of permanent residency status
- After renouncing U.S. citizenship



Thank you!

Questions?

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