

*The following article originally appeared in the June 24, 2008 issue of the DGC e-newsletter.*

## **Tools for Tax Planning for Foreign Nationals**

By Laura Barooshian, CPA

Navigating through the complex tax rules for foreign nationals is difficult. As the global economy has become more integrated, there has been a sharp rise in cross-border employment and investment opportunities. The United States has always had a large contingent of foreign nationals working within its borders, and the need for foreign national employees does not seem to be diminishing.

Foreign nationals face considerably different methods of filing individual income tax returns depending on their residency status. Consideration must be given not only to the U.S. income tax implications of a move, but also to the various home-country taxes. Multi-jurisdiction tax implications combined with green card status, tax treaties, sourcing of income, retirement plan taxation, foreign trusts, foreign partnerships and corporations, etc., result in the practitioner's having a seemingly never-ending list of issues to resolve and questions for the foreign national client.

The AICPA's Foreign National Task Force has developed tools to assist practitioners in navigating the various issues that arise when preparing Form 1040NR, U.S. Nonresident Alien Income Tax Return, for a foreign national. The tools include a questionnaire and a worksheet for gathering necessary information, a checklist to ensure the practitioner considers relevant factors, and a flow chart diagramming various filing alternatives for foreign nationals.