

Tax Tip

Week of December 19, 2011

Becoming a U.S. Resident – Unintentionally

An individual is considered a U.S. resident if they hold a green card or meet the substantial presence test. Individuals that are deemed a U.S. resident by this test should consider filing IRS form 8840 in order to avoid reporting their worldwide income to the IRS on an annual basis. This is required even if the individual has no U.S. source income.

The substantial presence formula for 2012 is:

total days you spent in the US in 2012

Plus

one-third of the number of days spent there in 2011

Plus

one-sixth of the number of days spent there in 2010

It is important to keep track of your days in the United States as the number days spent in 2011 will impact the calculation for 2013.

