

Exclusion of Income for Bona Fide Residents of American Samoa

Department of the Treasury
Internal Revenue Service

▶ **Attach to Form 1040.** ▶ See instructions below and on back.

Attachment
Sequence No. **68**

Name(s) shown on Form 1040

Your social security number

Part I General Information

- 1 Date bona fide residence began ▶ _____, and ended ▶ _____
- 2 Type of living quarters in American Samoa ▶

| | |
|---|--|
| <input type="checkbox"/> Rented room | <input type="checkbox"/> Rented house or apartment |
| <input type="checkbox"/> Quarters furnished by employer | <input type="checkbox"/> Purchased home |
- 3a Did any of your family live with you in American Samoa during any part of the tax year? Yes No
- b If "Yes," who and for what period? ▶ _____
- 4a Did you maintain any home(s) outside American Samoa? Yes No
- b If "Yes," show address of your home(s), whether it was rented, the name of each occupant, and his or her relationship to you. ▶ _____
- 5 Name and address of employer (state if self-employed) ▶ _____
- 6 Complete columns (a) through (d) below for days absent from American Samoa during the tax year.

| (a) Date left | (b) Date returned | (c) Number of days absent | (d) Reason for absence |
|---------------|-------------------|---------------------------|------------------------|
| | | | |
| | | | |
| | | | |

Part II Figure Your Exclusion. Include **only** income that qualifies for the exclusion. See instructions.

| | | | |
|--|-----------|--|--|
| 7 Wages, salaries, tips, etc. | 7 | | |
| 8 Taxable interest | 8 | | |
| 9 Ordinary dividends | 9 | | |
| 10 Business income | 10 | | |
| 11 Capital gain | 11 | | |
| 12 Rental real estate, royalties, etc. | 12 | | |
| 13 Farm income | 13 | | |
| 14 Other income. List type and amount ▶ _____ | 14 | | |
| 15 Add lines 7 through 14. This is the amount you may exclude from your gross income this tax year ▶ | 15 | | |

Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

If you qualify, use Form 4563 to figure the amount of income you may exclude from your gross income.

Who Qualifies

You qualify for the exclusion if you were a bona fide resident of American Samoa for the entire tax year. See **Bona Fide Residence Test** on this page.



In future years, bona fide residents of Guam and the Commonwealth of the Northern Mariana Islands (CNMI) may also qualify for the exclusion. They will not qualify, however, unless

implementation agreements are in effect with the United States. At the time this form went to print, the CNMI had not

entered into an implementation agreement. Also, the effective date of the agreement between the United States and Guam had not been determined.

Bona Fide Residence Test

To qualify under this test, you must be a bona fide resident of American Samoa for an uninterrupted period that includes a complete tax year (January 1–December 31 if you file a calendar year return).

No specific rule determines if you are a bona fide resident of American Samoa. At the time this form went to print, regulations defining the bona fide residence test under section 931 had not been published. The following factors may be considered:

- Intent,
- Establishment of a permanent home,
- Assimilation into the social, cultural, and economic environment, and

• Physical presence.

Other factors that may be considered are the nature, extent, and reasons for temporary absences; assumption of economic burdens and payment of taxes to American Samoa; existence of other homes outside American Samoa; and place of employment.

What Income May Be Excluded

If you qualify, you may exclude the following:

- Income received from sources in American Samoa, Guam, and the CNMI, and
- Income effectively connected with the conduct of a trade or business in those possessions.

For details on how to determine the source of income, see **Pub. 570**, Tax Guide for Individuals With Income From U.S. Possessions.

Employees of the United States

You may not exclude amounts paid to you for services you performed as an employee of the U.S. Government or any of its agencies. This rule applies to both civilian and military employees.

Income You Must Report on Form 1040

You must report on Form 1040 your worldwide income for the tax year that does not qualify for the exclusion. The source of that income does not matter.

Deductions and Credits You May Not Take on Form 1040

If you claim the exclusion, you may not take any deduction or credit on Form 1040 that is definitely related to the excluded income.

Deductions and credits that are **not** definitely related to any particular type of income must be allocated between your excludable income and your other income to find the amount you may take on Form 1040. Examples of deductions that are not definitely related to any particular type of income are:

- The standard deduction, and
- Certain itemized deductions such as medical and dental expenses, gifts to charity, and real estate taxes and mortgage interest on your personal residence.

For more details, including how to figure the amount allocable to the excluded income, see Pub. 570.

Note: *Generally, you may take a deduction for each exemption you are entitled to claim. This deduction is not considered allocable to the excluded income.*

Self-Employed Individuals

If you were self-employed and your net earnings from self-employment were \$400 or more, you will generally have to pay self-employment tax on those earnings even though you may exclude them from your gross income. Use **Schedule SE** (Form 1040) to figure any self-employment tax due.

Where To File

Mail your return to the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

Note: *If you do not qualify for the exclusion, follow the Instructions for Form 1040. Report all your taxable income, including income from U.S., foreign, and possession sources. Mail your return to the address shown in the Form 1040 instructions.*

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 33 min.
- Learning about the law or the form** 7 min.
- Preparing the form** 25 min.
- Copying, assembling, and sending the form to the IRS** 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

