

IRS TAX TIP 2001-28

FOREIGN INCOME

WASHINGTON -- With more and more U.S. citizens earning money from foreign sources, the IRS reminds people that they must report all such income on their tax return, unless it is exempt under federal law.

This applies whether a person lives inside or outside the United States. The foreign income rule also applies regardless of whether you receive a Form W-2 or a Form 1099.

Foreign source income includes earned income, such as wages and tips, as well as unearned income, such as interest, dividends, capital gains, pensions, rents and royalties.

An important point to remember is that taxpayers living outside the United States may be able to exclude all or part of your foreign source income.

For more information, check out IRS Publication 54, "Tax Guide for U.S. Citizens and Resident Aliens Abroad." It's available at the IRS web site at www.irs.gov under the "Forms and Pubs" section. It can be accessed directly at [ftp.fedworld.gov/pub/irs-pdf/p54.pdf](ftp://ftp.fedworld.gov/pub/irs-pdf/p54.pdf)