

Navigating the U.S. Tax System Helping to understand U.S. individual tax rules for U.S. citizens, residents and non-residents



The problem and the solution

U.S. citizens and resident aliens (“green card holders”) are in the highly unusual position of being taxed by the U.S. authorities on worldwide income, no matter where they reside. Thus, sending U.S. employees on assignment carries a whole host of complex tax considerations for the duration of the assignment and beyond. It is vital to monitor U.S. tax issues for internationally mobile executives.

The experienced professionals of the Deloitte U.S. individual tax practice based in Brussels work with companies and their executives to identify and implement practically sound tax strategies and planning techniques.

We also advise non-U.S. individuals upon tax issues such as investing in U.S. real estate and obtaining or surrendering U.S. green cards. Again, the interplay of U.S. and local country rules can add complexity, and a need to refer to international tax treaties.

What are the benefits?

- Through our professionals, you have access to a wide variety of experiences and skills, extensive specialisation, strength in depth and a powerful global network of tax and related resources.
- We are dedicated to serving Europe-based clients in the European time zones. We are available to meet face to face with you during normal working hours.
- We have extensive experience of the interplay between U.S. and local country taxes in a range of European locations.
- As part of the global Deloitte network, we can act as your main contact point to call upon whatever resources you need the network to provide.
- We keep you abreast of the tax issues of which you need to be aware, both to identify cost-saving opportunities and to meet the regulatory requirements of both the host and home countries.
- We work with local tax experts as required to ensure that advice is comprehensive and can be implemented in practice.

Our U.S. tax specialists can provide strategic planning on issues including:

- Income tax planning for U.S. citizens investing overseas or U.S. non-resident aliens investing in the U.S.
- Estate and gift tax planning for U.S. citizens or non-resident aliens with U.S. beneficiaries/property.
- Survivor planning, including use of trusts to safeguard the financial security of children and future generations.
- Expatriation (relinquishing U.S. citizenship/long-term residency)
- Multi-country tax planning.
- Pension/ retirement advice.
- Financial planning for high net worth individuals, including the use of deferred compensation arrangements.

The U.S. continues to become more exacting in its requirements for tax reporting. We will help you achieve proactive compliance management through the following reporting services:

- Preparation of U.S. individual tax filings, including federal, state and local returns for U.S. citizens, U.S. residents and non-resident aliens.
- Preparation of estate and gift tax returns.
- Reporting of controlled foreign corporations (CFC's) and passive foreign investment companies (PFIC's) owned by U.S. citizens and residents.
- Assistance in responding to audits and notices from the IRS.

Our assignment administration services guide clients with the people, process, and technology transformation necessary to have competitive employment programs. Our wide range of services includes:

- Development of assignment and tax equalization company policies.
- Assistance with payroll reporting and sourcing of compensation between countries.
- Coordination of international assignments.
- Entrance and exit orientation meetings with assignees.
- Assignment cost projections.
- Technology solutions: the GlobalAdvantage (GA) suite of tools, used by the Deloitte GES practice worldwide to organize and exchange assignee and compliance data with ease.

Example

A European individual wants to acquire a second residence in the U.S. Our U.S. tax team in Brussels met face to face with the individual to gain full understanding of his situation and the parties involved in the transaction. We explained the issues to be considered and then advised on alternative ownership structures that would provide both tax efficiency and estate tax protection. After working through the options with the individual to determine which structure was most appropriate for his needs, we assisted with implementation of the structure, coordinated counsel for drafting of legal documents and prepared the necessary tax forms in compliance with his U.S. tax reporting obligations.

What is involved?

Depending on the focus of the project (e.g., individual tax planning, development of tax-efficient investment, or completion of current or prior years' reporting requirements), we will gather appropriate information from you and establish a mutually-agreeable timeframe for completion.

We will thoroughly research the relevant U.S. tax law for each aspect of the project and coordinate with local country specialists within the Deloitte network for resolution of cross border issues. For consulting projects, we will communicate to you the outcome of our analysis and advise you on how to implement the solution or structure. For compliance projects we will prepare the necessary U.S., state, and local tax filings and provide you options for transmitting them to the appropriate taxing authority.

We strongly believe that our relationship with our clients is a partnership – and that sharing knowledge is one way to build trust in that partnership.

More information

Find out more about how Deloitte can serve your business needs by visiting our website at www.deloitte.be.

If you have any questions on this specific topic, please send an email to beusindividualtax@deloitte.com.

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