

Exclusion of Income for Bona Fide Residents of American Samoa

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

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 |
|---------------|-------------------|---------------------------|------------------------|
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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 | | |

Section references are to the Internal Revenue Code unless otherwise noted.

Instructions

What's new. For tax years ending after January 31, 2006 (or beginning with tax year 2006 if a calendar year taxpayer), changes have been made to the rules for determining if you are a bona fide resident of American Samoa. See chapter 1 of Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions, for more information.

Reminder. If, in tax year 2001 or later, you became or ceased to be a bona fide resident of a U.S. possession, you may be required to file Form 8898, Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession. The penalty for failure to provide the required information is \$1,000. For details, see the Instructions for Form 8898.

Purpose of form. Use Form 4563 to figure the amount of income from American Samoa 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 and your income was:

- From sources within American Samoa, or
- Effectively connected with the conduct of a trade or business in American Samoa.

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, or as an employee of the American Samoa government. This applies to both civilian and military employees.

Where to file. File your Form 1040 (including Form 4563) with the Internal Revenue Service Center, Austin, TX 73301-0215.

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. Send your return to the address shown in the Form 1040 instructions.

Additional information. Pub. 570 has more information and an example of how to complete Form 4563. To get Pub. 570, see *Quick and Easy Access to Tax Help and Forms* in the instructions for Form 1040.

Part II—Figure Your Exclusion

On lines 7 through 14 include **only** income that is from sources within American Samoa or effectively connected with the conduct of a trade or business in American Samoa. For details on how to determine the source of income, see *Source of income*, below.

Source of income. The rules for determining the source of income are explained in sections 861 through 865, section 937, in Temporary Regulations section 1.937-2T, and in Pub. 570. Some general rules are:

- The source of wages, salaries, or tips is generally where the services are performed. If you worked both in and outside American Samoa, include on line 7 only wages, salaries, or tips earned while you were in American Samoa.
- The source of interest income is generally where the payer is located. For example, American Samoan source income includes interest from a certificate of deposit issued by a bank or branch of a U.S. bank in American Samoa.
- Generally, dividends are sourced where the paying corporation is created or organized.
- Taxable refunds, credits, or offsets of local American Samoan income taxes include only nonmirror code income taxes.
- Alimony received from a person who is a bona fide resident of American Samoa is sourced in American Samoa.
- Except as provided in regulations, income earned after December 31, 2004, that is from sources within the United States or effectively connected with the conduct of a trade or business in the United States is not income from American Samoa.

Personal property. The source of income from the sale of nondepreciable personal property is generally the seller's tax home. Income from the sale of inventory is generally sourced where the title to the property passes. See section 865 for details.



Special rules may apply to bona fide residents of U.S. possessions who have gain from dispositions of certain investment property within the 10-year period beginning when they became a bona fide resident. For details, see chapter 2 of Pub. 570, Temporary Regulations section 1.937-2T(f)(1), and Example 2 of section 1.937-2T(k).

Filing Form 1040

To exclude your qualifying income from American Samoa, complete Form 4563 and attach it to your Form 1040.

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.

Deduction 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, such as employee business expenses.

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



If you were a bona fide resident of American Samoa for the entire tax year, but not a U.S. citizen or resident, certain credits and deductions may not be available to you.

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.

Penalty for Failure To Furnish Information

If you fail to provide the required information, you may have to pay a \$1,000 penalty for each failure unless you can show the failure was due to reasonable cause and not willful neglect. This penalty is in addition to any criminal penalty provided by law.

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 average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

