

# Entering Foreign Earned Income Exclusion Information in TaxSlayer



**TaxSlayer Navigation:** Federal Section>Income>Less Common Income>Foreign Earned Income Exclusion; or Keyword “2555”

**Note:** Foreign Earned Income Exclusion is in scope only for preparers with International Certification.

U.S. citizens and U.S. resident aliens are required to report worldwide income on a U.S. tax return.

However, certain taxpayers can exclude income earned while living in foreign countries.

To claim the foreign earned income exclusion, taxpayers must:

- Demonstrate that their tax home is in a foreign country
- Meet either the Bona Fide Residence Test or the Physical Presence Test
- Have income that qualifies as foreign earned income (reported on Form 1040 as taxable wages or as self-employment income)

The foreign earned income exclusion doesn't apply to wages and salaries of U.S. military members and civilian employees of the U.S. government.

For 2021, the maximum exclusion is \$108,700. For MFJ returns, both spouses can claim the exclusion up to the maximum amount per person.

You can't exclude or deduct more than the taxpayer's foreign earned income for the year.

The taxpayer's tax home is the taxpayer's regular or principal place of business, employment, or post of duty, regardless of where the taxpayer maintains a family residence. A taxpayer may have more than one tax home during the year.

### Form 2555 General Information

**CANCEL** **CONTINUE**

**Form belongs to \***

Taxpayer Sample

Spouse Sample

**Your Foreign Address**

Address (street number & name) \*

  
City, town, or post office \*  
Foreign State or Province \*  
Foreign Country \*

- Please Select -

Foreign Postal Code \*

# Entering Foreign Earned Income Exclusion Information in TaxSlayer (continued)

To meet the period of stay requirement, the taxpayer must be either:

- A U.S. citizen or U.S. resident alien who is physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months, or
- A U.S. citizen or U.S. resident alien from a tax treaty country who is a bona fide resident of a foreign country (or countries) for an uninterrupted period that includes an entire tax year
- A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect and who is bona fide.

### Form 2555 Qualifying Test

**Taxpayer qualifies under \***

Physical Presence Test

Bona Fide Residence Test

---

**CANCEL** **CONTINUE**

### Form 2555 Physical Presence Test

**CANCEL** **CONTINUE**

---

**Physical Presence Test Based on 12-Month Period**

From \*

MM DD YYYY

Ending \*

MM DD YYYY

Your Principal Country of Employment During 2019 \*

- Please Select -

The 12-month period on which the physical presence test is based must include 365 days, part of which must be in 2021. The dates may begin or end in a calendar year other than 2021.

To figure 330 full days, add all separate periods the taxpayer was present in a foreign country or countries during the 12-month period.

**Note:** Waiver of minimum time requirements (for physical presence and bona fide residence tests): The taxpayer must leave the country because of war, civil unrest, or similar adverse conditions.

# Entering Foreign Earned Income Exclusion Information in TaxSlayer (continued)

**Country One** [Clear](#)

Name of Country Including U.S. \*

Date Arrived \*

Date Left \*

Total Days: **0**

Days in Country

Days in U.S.

Income Earned

If the taxpayer left the principal country of residence during the tax year, enter the information requested for each additional country he or she visited.

If more than one additional country was visited, select **Add Country**.  
Select **Clear** if the taxpayer did not visit any other countries during their time abroad.

Days in the United States are entered in a separate field.

If no money was earned in the country to which the taxpayer traveled, enter \$0.

## Bona Fide Residence Test

- To meet the bona fide residence test, taxpayers must show that they have set up permanent quarters in a foreign country for an entire, uninterrupted tax year. Simply going to another country to work for a year or more isn't enough to meet the bona fide residence test. A taxpayer must establish a residence in the foreign country.
- If the taxpayer was present in the United States or its possessions during the tax year, enter the information for each trip.
  - To add another trip, Select Add New
  - If the taxpayer did not visit the U.S. or its possessions during the year, select Clear to remove this item
- Don't include income earned while in the United States in the amount of foreign earned income to be excluded (next page).
- A brief trip to the U.S. will not prevent the taxpayer from being a bona fide resident, as long as the intention to return to the foreign country is clear.

# Entering Foreign Earned Income Exclusion Information in TaxSlayer (continued)

## Form 2555 Foreign Earned Income

**CANCEL** **CONTINUE**

### Income Information

Total Wages, Salaries, Bonuses, Commissions, etc

**This income does not carry to your tax return as this is only excluding income. You must still enter the income on either a W-2 (if U.S. employer) or within the Foreign Earned Compensation (if Foreign employer or Self-Employed overseas) section of your return.**

\$

### Allowable Share of Income for Personal Services Performed

In a Business (Including Farming) or Profession

\$

Enter the income the taxpayer earned during the 2021 tax year for services performed in a foreign country. This income should already have been entered on the tax return as wages, foreign compensation, or net self-employment income.

Amounts paid by the United States or its agencies to its employees don't qualify for the exclusion.

## Form 2555 Housing/Foreign Income Exclusion

Number of days in your qualifying period that fall within your 2020 tax year \*

0

Check here if you are claiming the Housing Exclusion or Deduction

**CANCEL** **CONTINUE**

Enter the number of days in your qualifying period that fall within your 2021 tax year. Your qualifying period is the period during which you meet the tax home test and either the Bona Fide Residence or the Physical Presence Test.

# Entering Other Compensation in TaxSlayer



**TaxSlayer Navigation:** Income>Less Common Income>Other Compensation

Scholarships and grants used to pay for tuition, fees and course-related expenses are not taxable. Use this link to report only amounts that were used for nonqualifying expenses. "SCH" will appear on the dotted line next to the wages line on Form 1040. Taxable scholarship is considered unearned income for most purposes but is considered earned income for determining filing requirement.

Enter wages received as a household employee for which the taxpayer did not receive a Form W-2 because the employer paid less than \$2,200 in 2021. "HSH" will appear on the dotted line next to wages on Form 1040.

Category	Action
Scholarships and Grants	BEGIN
Fringe Benefits	BEGIN
Household Employee Income	BEGIN
Prisoner Earned Income	BEGIN
Foreign Earned Compensation	BEGIN
Section 933 Excluded Income from Puerto Rico	BEGIN

Enter foreign earned income (wages, salaries, etc.) paid by a foreign employer for work performed while the taxpayer lived in a foreign country.

Enter the amount received for work while an inmate in a penal institution. For purposes of the Earned Income Credit, this isn't considered earned income. This includes amounts received for work performed while in a work release program or while in a halfway house. "PRI" will appear on the dotted line next to the line for wages on Form 1040. This entry is made in addition to entering the Form W-2 from the penal institution.

**Note:** If Rebate/Patronage Dividends issued by co-ops on Form 1099-PATR Box 1 are for personal use only, the amount is nontaxable and is not entered into TaxSlayer. Enter note on intake sheet and tax return noting it is for personal use only. No other box or use is in scope.