

## **Chapter 14: Payroll for U.S. Employers Abroad and Aliens in the U.S.**

### ***Homework***

#### **True or False**

1. If an employer is required by foreign law to withhold foreign income tax, they are also required to withhold FIT from an expatriate employee's wages.
2. There are no special filing and reporting rules for US employers paying employees working abroad.
3. Under a "totalization" agreement, US employees working permanently in a foreign country are subject to Social Security and Medicare only to the same extent that their wages would have been taxed had they remained in the US.
4. FUTA Tax does not apply to resident aliens working abroad.
5. If the employee purchases a home in a foreign country, they will be considered to be a bona fide resident of that country.
6. Amounts earned by non-resident aliens who are temporarily in the US as students, scholars, or exchange visitors are subject to Social Security and Medicare Tax.
7. Under the "green card" or lawful permanent residence test, aliens who are lawful permanent residents of the US are considered residents for income tax purposes.
8. There has been a solid trend away from tax equalization plans toward tax protection plans among US companies.
9. Employees that take an exclusion for employer provided lodging cannot also elect the foreign housing cost exclusion for the value of the lodging.
10. For 2016, the maximum foreign income exclusion is \$100,800.

### **Multiple Choice**

1. Which of the following is a basic purpose of totalization agreements between the U.S. and other countries?
  - a. To reduce the amount of income tax paid to the foreign government
  - b. To alleviate the burden of double social security taxation
  - c. To exempt wages earned abroad from withholding
  - d. To exempt the employees' earnings from Medicare tax
2. The taxation and reporting of income earned by foreign citizens (aliens) working in the U.S. depends on which of the following?
  - a. The alien's length of stay in the U.S.
  - b. The alien's annual earnings
  - c. The employer's classification as either a domestic or multinational firm
  - d. The alien's classification as either a resident or nonresident
3. To which of the following are American expatriates working in a foreign country generally subject? (Check all that apply)
  - a. U.S. federal income tax
  - b. U.S. social security tax & Medicare tax
  - c. FUTA tax
  - d. all the above
4. To qualify for the foreign housing exclusion or deduction, an individual must
  - a. be a U.S. citizen or resident alien for federal tax purposes
  - b. have foreign earned income
  - c. have a tax home in a foreign country
  - d. meet either the bona fide residence test or the physical presence test
  - e. have incurred foreign housing expenses
  - f. all the above

5. Which of the following is student visa:

- a. F-Visa
- b. H-Visa
- c. J-Visa
- d. none the above