

# TAX FREE EXPAT

*A Framework for American Expats  
to Live Tax Free*

**PACIFICO**TAX

Learn More at [www.pacifico.tax](http://www.pacifico.tax)

A guidebook taking a step-by-step approach to how most American Expatriates can live offshore to remain largely free from the U.S. income tax system.



# **Tax Free Expat**

*A Framework for American Expats to Live Tax Free*

*By Marcus Marcial*

© PacificoTax, LLC

[www.pacifico.tax](http://www.pacifico.tax)

A guidebook taking a step-by-step approach to how most American Expatriates can live offshore to remain largely free from the U.S. income tax system.

## **Disclaimer**

The book includes hypothetical situations, tax structures, and a set of circumstances and tax rates that do not apply to any particular taxpayer and for any purpose. The information included in the book is non-transferable or reusable, as each taxpayer's situation is factually unique.

PacificoTax, LLC does not guarantee, certify, or ensure the outcome of tax liability and related interest and penalties. The tax due (or refund expected) from filing a foreign or domestic tax return is never guaranteed. The liability is based on a number of factors such as changes in tax law, varying interpretations of tax law, adjustments by tax authorities, missing information not provided in the tax preparation process, levies, liens, interest or other events which may occur.

Please visit <https://www.pacifico.tax/terms> for a complete description of legal terms and disclaimer.



## The Author

Marcus Marcial is a seasoned tax professional with experience predominantly dealing with International Taxation. Originally from Southern California, he attended Hunter College in New York City and has resided abroad for many years.

While employed at the IRS, he learned from examining and preparing tax returns for individuals residing and businesses operating offshore. After leaving the IRS, he started his own tax firm, helping various international clients with tax compliance, accounting, and consultation.

## Tax Consultations

To schedule a consultation to discuss the planning, concepts, and tax law references found in this book, custom tax structure development, or consultation for tax return filing, and strategy, visit <https://pacifico.tax/schedule-appointment>

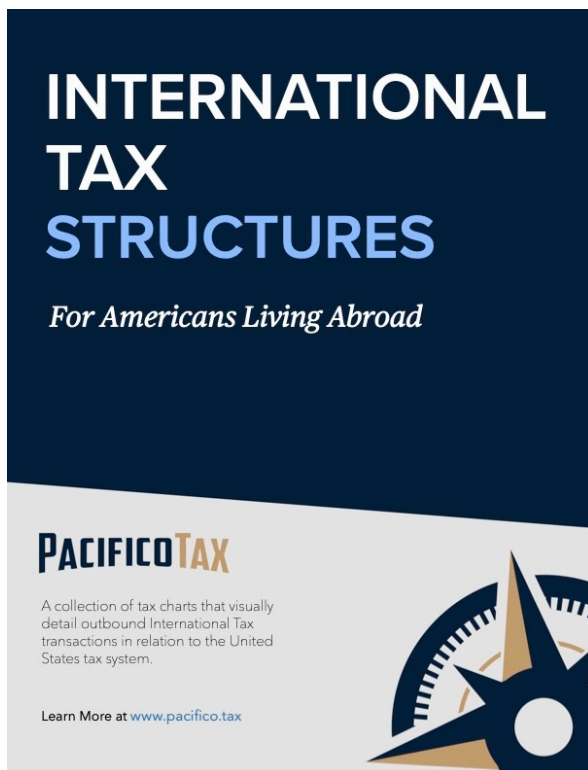
PacificoTax, LLC is a professional tax firm specializing in International Tax and providing income tax return filing, consultation, tax planning, subcontracted accounting, and IRS representation/resolution services.

## Concepts Covered in This Book

This book is developed as a primer to understanding the most basic concepts of international tax planning for Americans abroad. It is not meant to replace international tax law references, comprehensive client planning/strategy, or a singular reference for global planning. Concepts related to the U.S. International Tax system are vastly complex and a continually growing and changing field. This book does not claim to describe every situation and every legal reference in a given structure, as each real-world structure is factually unique.

Instead, this book only describes the basic understanding of the most relevant and commonly used concepts for the average international tax transaction, which include:

1. Income Sourcing Rules for U.S. Citizens/Residents
2. Foreign Earned Income Exclusion Qualification and Implementation
3. Claiming the Foreign Tax Credit
4. Introduction to Controlled Foreign Corporation Concepts



## International Tax Structures

A separate book, **International Tax Structures for Americans Living Abroad**, provides a technical reference that visualizes scenarios for U.S. Citizens and Residents Conducting Business Offshore.

This book seeks to describe in more detail the forms and calculations related to international tax strategy and help taxpayers optimally reduce their tax liability as a compliance reference.

To learn more about this supplemental guidebook, visit <https://pacifico.tax/international-tax-structures>

# **Chapters**

## **Part I - Concepts**

1. The American Trap of Worldwide Income
2. Understanding Income Sourcing Rules

## **Part II - Foundational Strategies**

3. The Baseline of the Foreign Earned Income Exclusion
4. Efficiencies of the Foreign Exclusion
5. Avoiding Double Tax with Foreign Tax Credits

## **Part III - Combining Traditional Deductions**

6. Above-the-Line Deductions
7. Domestic and Offshore Real Estate
8. Other Deductions and Credits

## **Part IV - Deferral and Anti-Deferral**

9. The Basics of Foreign Corporations

10. Deferral is Your Friend

11. Anti-Deferral Pitfalls

12. Risks of Transfer Pricing

## **Part V - Expatriation**

13. An Opinion on Expatriation

## **Part VI - Case Studies**

14. Johnny Utah, the Costa Rican Surfer

15. Matthew & Chrissy, the Hungarian Consultants

16. Matthew, the Hong Kong Real Estate Investor