IRS

Individuals Employed by Foreign Governments & International Organizations in the United States

Wages from Foreign Governments or International Organizations – How to Report It to the IRS

Employees working for a foreign government or an international organization in the United States are subject to some special tax rules. The tax treatment of your compensation can vary according to whether you are a U.S. citizen, a dual citizen, a green card holder (lawful permanent resident), or a foreign citizen without a green card.

Note: This leaflet is intended for general informational purposes only and may not apply to your particular situation. Consult with a tax professional for specific advice regarding your U.S. tax and information reporting obligations, including whether your income is exempt from tax under an international tax treaty or agreement, or a provision of the Internal Revenue Code.

U.S. Citizens

If you are a U.S. citizen working for a foreign government or international organization in the United States, you must report those earnings as wages and pay self-employment tax on them under the Self-Employment Contributions Act (SECA). Self-employment tax is computed on Schedule SE, Self-Employment Tax, and reported on Form 1040. However, you are not "self-employed" for any other federal tax purposes. You may not claim deductions for expenses on Schedule C and are not qualified to establish a Simplified Employee Pension (SEP) Plan and there is no allowable deduction for contributions to any such plan.

If you expect to have tax due at the end of the year you must file and pay estimated tax payments because your compensation is not subject to withholding. The estimated payments ensure that you have paid your proper amount of tax throughout the year. Estimated payments are made using Form 1040ES, Estimated Tax for Individuals. Forms are filed quarterly: April 15th, June 15th, September 15th, and January 15th. There is a penalty for failure to make estimated tax payments.

Generally, the same rules apply if you are a dual citizen of the United States and another country.

Green Card Holders (Lawful Permanent Residents) Working in the United States

If you are a green card holder working for a foreign government or international organization in the United States, you generally must report those earnings as wages but are not subject to self-employment taxes on them and may not voluntarily pay self-employment tax on them.

If you expect to have income tax due at the end of the year, you must file and pay estimated tax payments because your compensation is not subject to withholding. The estimated payments ensure that you have paid your proper amount of tax throughout the year. Estimated payments are made using Form 1040ES, Estimated Tax for Individuals. Forms are filed quarterly: April 15th, June 15th, September 15th, and January 15th. There is a penalty for failure to make estimated tax payments.

Foreign Citizens Without Green Cards (Nonimmigrants) Working in the United States

If you are a foreign citizen with “A” or “G” nonimmigrant visa status working in the United States for a foreign government or international organization, you are generally not subject to U.S. self-employment tax and may not be subject to income tax on your foreign government or international organization compensation. Exemptions can be found in provisions of the Vienna Convention on Diplomatic Relations, Vienna Convention on Consular Relations, consular agreements, other international agreements, and the Internal Revenue Code. Each of the aforementioned tax exemptions has specific requirements that you must satisfy to be able to exempt your foreign government or international organization wages from U.S. income tax. You should check with a tax professional to find out whether you qualify for any of these tax exemptions.

If you are a foreign citizen with “A” or “G” nonimmigrant visa status receiving other U.S. source income (such as interest, dividends, rents, royalties, etc.), you are generally subject to U.S. income tax. Tax treaty benefits may apply to this income. This income is reported on Form 1040-NR, U.S. Individual Income Tax Return Non-resident. Estimated payments may be required depending upon the amount received.

For additional information – see Chapter 10 “Employees of Foreign Governments and International Organizations” in Publication 519, U.S. Tax Guide for Aliens (**www.irs.gov/forms-pubs/about-publication-519**)

Note: The term “international organization” means a public international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (22 U.S.C. 288-288f).

IF YOU NEED HELP WITH	HERE’S WHERE TO FIND IT
General tax law information	• Go to IRS.gov and search Interactive Tax Assistant, and Tax Topics to get answers to your tax questions. • Go to the Let Us Help You page for IRS tools, resources and toll-free numbers if you need to call. • Go to IRS.gov and search Publication 17, Your Federal Income Tax for Individuals, for information about recent tax law changes and interactive links to find answers to your questions.
International tax issues	www.irs.gov/individuals/international-taxpayers
Finding a qualified tax professional	Go to IRS.gov and search Choosing a Tax Professional