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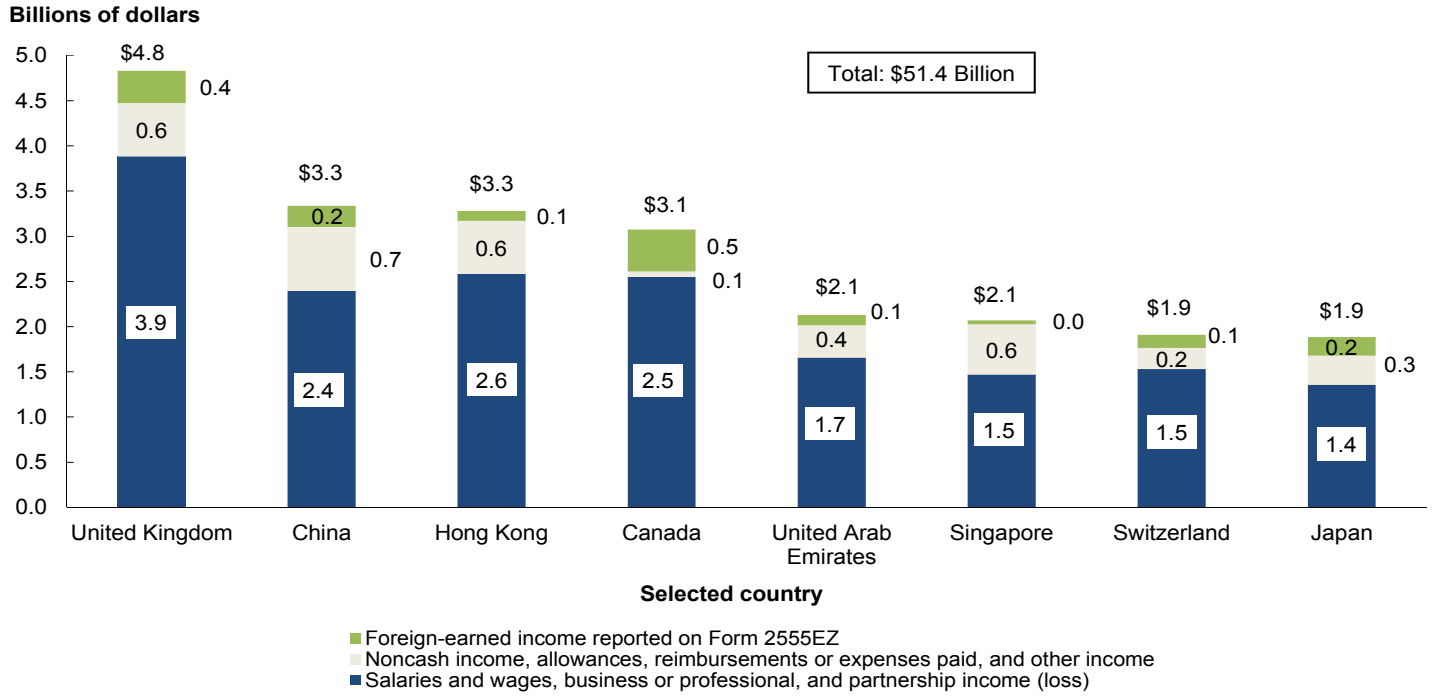
Foreign-Earned Income Highlights

For 2016, more than 480,000 U.S. taxpayers living abroad reported just more than $51.4 billion in foreign-earned income, a decrease of 11.2 percent in real terms from 2011 (the last time this study was done) (Figure A). U.S. taxpayers claimed $29.6 billion as a foreign-earned income exclusion on their tax returns for the year. Between 2011 and 2016, the inflation-adjusted amount of the foreign-earned income exclusion decreased 2.3 percent, while the housing exclusion decreased 20.3 percent, falling from just under $1.7 billion to a little over $1.3 billion for 2016. Nearly 69 percent of all taxpayers reporting foreign-earned income had no U.S. income tax liability for 2016.

Asian-based U.S. taxpayers continued to report the largest amount of total foreign-earned income ($22.9 billion) from any continent for 2016, even after a 13.8-percent decrease in real dollars from the $26.6 billion reported for 2011. For 2016, these returns represent approximately 45 percent of all the foreign-earned income reported by U.S. taxpayers, which was roughly the same percentage for 2011 (46 percent) but higher than the 40 percent for 2006.[1] Much of this negative growth is attributable

Figure A
Foreign-Earned Income by Selected Country, Tax Year 2016



NOTE: Detail may not add to totals because of rounding. Data are from Form 2555, *Foreign Earned Income*, and Form 2555-EZ, *Foreign Earned Income Exclusion*, filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return*.
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

[1] See Hollenbeck, Scott, and Maureen Keenan Kahr. "Individual Foreign-Earned Income and Foreign Tax Credit, 2006," *Statistics of Income Bulletin*, Spring 2009, Volume 28, Number 4.

to returns with tax homes of Afghanistan, Iraq, and Japan reporting a combined amount of just under $3.2 billion in total foreign-earned income for 2016, after reporting nearly $7.6 billion for 2011. Taxpayers based in China had a real decrease of 4.5 percent in total foreign-earned income reported. However, they were the second largest source of total foreign-earned income for 2016, at just over $3.3 billion.

European-based U.S. taxpayers reported the second largest amount of foreign-earned income of just over $13.4 billion, which was a real decrease of 12.3 percent from 2011. As in previous years, the United Kingdom continued to lead all countries from all continents with over $4.8 billion in foreign-earned income, accounting for more than a third of all income from European-based returns. However, this was a 16.5-percent decrease from $5.8 billion in 2011, contributing about half of the overall decrease from European-based returns.

Total foreign-earned income reported for North American-based taxpayers fell 21.7 percent in real terms for 2016. Canadian-based taxpayers contributed largely to this decline in reported income, reporting just under $3.1 billion in foreign-earned income for the year, a 25.0-percent decrease from 2011.

Foreign Tax Credit Highlights

From 2011 to 2016, inflation-adjusted foreign-source gross income reported on Form 1116, *Foreign Tax Credit,* grew 19.5 percent, and real foreign tax credits claimed rose 14.5 percent. U.S. taxpayers claimed a total of nearly $20.1 billion in foreign tax credits from approximately 7.8 million returns for 2016; these credits were based on a reported $216.7 billion in foreign-source gross income and $27.0 billion in foreign taxes paid or accrued.

As with foreign-earned income by country, the United Kingdom continued to lead in terms of foreign-source gross income reported on Form 1116. For 2016, taxpayers reported $16.7 billion in foreign-source gross income from the United Kingdom, a growth of 12.7 percent from the inflation-adjusted $14.8 billion reported for 2011. By region, taxpayers reported the most foreign-source gross income from European countries ($37.8 billion), followed closely by Asian countries ($33.1 billion) for 2016. However, Asian countries reported the largest growth. From 2011 to 2016, foreign-source gross income reported for these countries increased 62.2 percent, led by a more than threefold growth from India.

Overview of Foreign-Earned Income Provisions

In an effort to increase U.S. participation in foreign trade, a Federal income tax law was passed in 1926, which allowed for an exclusion of foreign-earned income from taxes. Under the 2016 version of the law, section 911 of the Internal Revenue Code, qualified U.S. citizens or resident aliens living and working abroad could elect to exclude a certain amount of foreign-earned income and an excess foreign housing cost. The election was made separately for each of the exclusions. To qualify, an individual must have had a foreign tax home and satisfied either the bona fide residence or physical presence test. Only U.S. citizens could use the bona fide residence test. The bona fide residence test was generally satisfied if the individual had established and maintained a residence in a foreign country for an uninterrupted period that included an entire taxable year. An individual would not be considered a resident if a statement was submitted to the taxing authorities of the foreign country indicating nonresidency and the foreign country did not subject the individual to foreign income taxation. Under the physical presence test, an individual had to be present in a foreign country for at least 330 full days during any period of 12 consecutive months.

In general, earned income was compensation received for personal services. Thus, wages, salaries, and professional fees qualified as earned income for purposes of the exclusion. Taxpayers engaged in a trade or business that used both capital and services to produce income, could treat any reasonable amount that did not exceed 30 percent of the taxpayer's share of the net profits of the trade or business as earned income. Earned income also included employer-provided allowances or reimbursements, such as cost-of-living allowances, overseas compensation differentials, quarters, education allowances, and the full rental value of property or facilities provided by the employer. To qualify for the exclusions, the earned income had to be foreign-earned income. In general, it would be foreign-earned income if the taxpayer performed personal services in a foreign country. The actual location of the employer and employee at the time the taxpayer received the compensation did not affect this determination. Not included in foreign-earned income were pensions, annuities, compensation by the U.S. Government, and income excluded by an employer to compensate for meals and lodging provided for the employer's convenience.

For 2016, the maximum amount of foreign-earned income a taxpayer could exclude was $101,300, prorated on a daily basis for the qualifying period. (For 2011, this amount was $92,900.) If a taxpayer elected both the foreign-earned income and housing exclusions, the foreign housing exclusion was calculated first. The foreign-earned income exclusion was then limited to the excess of foreign-earned income over the housing exclusion.

Qualified housing expenses were reasonable housing costs paid or incurred during the tax year. In general, these expenses included utilities, insurance, and rent. The excess-housing cost was equal to the individual's qualified housing expenses for the tax year over a base-level amount ($16,208 for 2016) prorated on a daily basis. To the extent these were employer-provided amounts, the excess housing cost was allowed as a foreign housing exclusion. Housing costs related to self-employment were allowed as a foreign housing deduction in computing adjusted gross income. The foreign housing deduction was limited to the excess of foreign-earned income over the sum of foreign-earned income and housing exclusions. Any excess housing amount that was not deductible could be carried over to the following tax year.

In addition to the exclusions (foreign-earned income and housing) and the housing deduction, individuals could also claim a foreign tax credit (discussed in more detail in the

Foreign Tax Credit Overview section). This credit was for foreign-income taxes paid or accrued on two types of income: (1) foreign-earned income for which the income exclusion was not claimed, and (2) foreign-source income that did not qualify for the exclusions or deduction.

U.S. taxpayers file Form 2555, *Foreign Earned Income,* with Form 1040, *U.S. Individual Income Tax Return,* to claim the exclusions and the housing deduction. For 2016, of the 150.3 million individual income tax returns filed with the Internal Revenue Service, an estimated 482,640 had a Form 2555 attached (or Form 2555-EZ), slightly more than 0.3 percent of the total.[2] Tables 1 and 2 present statistics for individual income tax returns with the foreign-earned income exclusion, foreign housing exclusion, and foreign housing deduction.

Total Foreign-Earned Income

For 2016, U.S. taxpayers reported $51.4 billion in foreign-earned income, a real decrease of 11.2 percent from the 2011 inflation-adjusted amount of $57.9 billion. This represents a real annual loss rate of (2.3) percent from 2011.[3,4] This can be attributed to a decrease in the average amount of foreign-earned income reported per return, which outweighed an overall increase in the number of returns filed with the exclusion. From 2011 to 2016, taxpayers filed approximately 33,400 more returns with the exclusion (up 7.4 percent). During this same period, the average amount of total foreign-earned income per return decreased approximately 17.3 percent in real terms, from an average of $128,828 for 2011 to $106,550 for 2016. This decrease followed a 1.4-percent decrease from 2006 to 2011.

Of the more than 480,000 returns filed with a Form 2555 attached, returns with a tax home of Canada (10.3 percent), the United Kingdom (7.4 percent), China (5.0 percent), Japan (4.4 percent), and Germany (4.4 percent) represented about a third of the total number of returns filed for the year. In 2016, roughly 7,500 taxpayers reported a tax home of Afghanistan and 3,300 with a tax home of Iraq, a 67.5-percent and 76.2-percent decrease, respectively, from the 2011 study. The number of returns reporting China as a tax home continued to grow steadily, rising 143.6 percent between 2001 and 2006, another 79.6 percent between 2006 and 2011, and 8.2 percent between 2011 and 2016 (to over 24,000 returns).[5] The large drop in returns filed in Afghanistan and Iraq (more than 26,000 returns combined), surpassed several of the increases of returns filed in other tax homes from Asia, leading to an overall decrease of 7.4 percent for Asian-based returns (Figure B). For 2016, the number of Asian-based returns with foreign-earned income (just over 180,000) was 42.2 percent higher than the number of returns for Europe (almost 127,000). These data show over 15 years of strong growth in Asian-based U.S. taxpayers since 2001, when Europe represented the region with the largest number of returns reported.

Along with the number of returns, U.S. taxpayers in Asian-based countries reported the highest total earned income for 2016 (just over $22.9 billion). This amount represented a 13.8-percent decrease, in real dollars, from 2011. Contributing to the overall decrease were total foreign-earned income decreases in Iraq (76.1 percent), Afghanistan (71.2 percent), and Japan (32.0 percent). These three countries accounted for an overall decrease of nearly $4.4 billion of total foreign-earned income reported from Asian-based returns.

While the number of returns from North America increased by 5.0 percent from 2011 to 2016, the total foreign-earned income reported decreased 21.7 percent, in real dollars, to $3.7 billion. This overall drop was driven by a 25.0-percent decrease in total foreign-earned income reported by taxpayers in Canada from $4.1 billion to $3.1 billion, in real dollars. This decrease moved Canada from the second largest source of foreign-earned income to the fourth largest in 2016. Similarly, the number of returns from Europe increased by 18.2 percent from 2011 to 2016; however, total foreign-earned income decreased 12.3 percent, in real dollars, to $13.4 billion. Decreases reported by taxpayers in the United Kingdom (down 16.5 percent) and Germany (down 12.6 percent) contributed to this decline. Overall decreases in foreign-earned income were also reported on returns from Latin/South American-based countries (down 19.7 percent), Oceania (down 5.7 percent), Africa (down 5.1 percent) and the Caribbean (down 4.8 percent) during this same period.

As in previous years, United Kingdom-based individuals reported the largest amount of foreign-earned income (just over $4.8 billion) for 2016. However, the decline for these taxpayers (down 16.5 percent), continued the trend of reducing the overall share of foreign-earned income in the United Kingdom, from 17.0 percent for 2006, to 10.0 percent for 2011, and then to 9.4 percent for 2016. The difference in total foreign-earned income between the United Kingdom (the largest source) and China (the second largest source) was $1.5 billion. For 2011, the gap in total foreign-earned income reported on returns from the two largest countries (the United Kingdom and Canada) was approximately $1.7 billion.

China-based U.S. taxpayers became the second largest source of total foreign-earned income in 2016, despite showing a 4.5-percent decrease to $3.3 billion. Taxpayers from Hong

[2] Data for all taxpayers who filed a Form 1040 for 2016 cited in this article are from the *Statistics of Income, Individual Income Tax Returns Complete Report 2016,* Publication 1304.

[3] Data in this article are compared to 2011 and 2006 data because these are the last years for which comparable statistics are available.

[4] For comparability, 2011 amounts presented in this article were adjusted for U.S. inflation to 2016 constant dollars. However, these adjustments do not necessarily adjust for country-specific inflation in countries for which income was reported. The inflation-adjusted constant-dollar amounts are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review.* The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year	CPI-U
2016	240.007
2011	224.939

[5] See Hollenbeck, Scott, and Maureen Keenan Kahr. "Individual Foreign-Earned Income and Foreign Tax Credit, 2011," *Statistics of Income Bulletin*, Spring 2014, Volume 33, Number 4.

Figure B

Foreign-Earned Income, Exclusion, and Housing Deduction, by Selected Country or Region, Tax Years 2011 and 2016

[Money amounts are in thousands of dollars]

Selected country or region	Number of returns [1]			Total foreign-earned income			Foreign-earned income exclusion before deductions		
	2011	2016	Percentage change	2011 [2]	2016	Percentage change	2011 [2]	2016	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All geographic areas	**449,277**	**482,640**	**7.4**	**57,879,477**	**51,425,521**	**-11.2**	**30,243,611**	**29,557,323**	**-2.3**
North America	**52,883**	**55,545**	**5.0**	**4,754,518**	**3,721,948**	**-21.7**	**3,135,191**	**2,669,720**	**-14.8**
Canada [3]	45,949	49,518	7.8	4,099,192	3,072,689	-25.0	2,753,371	2,289,517	-16.8
Mexico	6,934	6,027	-13.1	655,325	649,259	-0.9	381,820	380,203	-0.4
Asia	**194,703**	**180,257**	**-7.4**	**26,580,385**	**22,907,737**	**-13.8**	**13,583,730**	**12,028,753**	**-11.4**
Afghanistan	22,951	7,454	-67.5	3,159,873	908,969	-71.2	1,866,751	602,705	-67.7
China	22,328	24,155	8.2	3,486,040	3,330,668	-4.5	1,541,738	1,538,087	-0.2
Hong Kong	13,181	13,625	3.4	3,100,556	3,235,667	4.4	1,040,853	1,132,709	8.8
Iraq	14,021	3,332	-76.2	1,656,007	395,274	-76.1	1,098,162	274,885	-75.0
Israel	9,872	15,204	54.0	689,183	987,833	43.3	520,778	788,388	51.4
Japan	23,054	21,460	-6.9	2,767,081	1,882,953	-32.0	1,330,138	1,106,441	-16.8
Saudi Arabia	7,968	9,708	21.8	1,211,517	1,635,633	35.0	638,653	819,735	28.4
Singapore	7,749	8,390	8.3	2,042,566	2,066,358	1.2	676,660	732,228	8.2
South Korea	13,659	16,042	17.4	1,198,496	1,367,798	14.1	700,345	846,833	20.9
United Arab Emirates	12,153	13,898	14.4	1,731,870	2,122,551	22.6	966,422	1,169,369	21.0
Other Asia	47,769	46,990	-1.6	5,537,197	4,974,032	-10.2	3,203,230	3,017,373	-5.8
Europe	**107,220**	**126,775**	**18.2**	**15,330,531**	**13,443,913**	**-12.3**	**7,115,439**	**7,592,921**	**6.7**
France	11,111	12,800	15.2	1,290,875	1,179,577	-8.6	665,409	730,887	9.8
Germany	19,173	21,046	9.8	1,967,410	1,720,380	-12.6	1,175,810	1,207,540	2.7
Switzerland	10,548	13,235	25.5	1,955,292	1,907,327	-2.5	890,610	1,031,511	15.8
United Kingdom	31,599	35,752	13.1	5,784,884	4,827,930	-16.5	2,075,076	2,248,703	8.4
Other Europe	34,790	43,943	26.3	4,332,071	3,808,699	-12.1	2,308,534	2,374,279	-2.6
Latin/South America	**14,732**	**14,557**	**-1.2**	**1,875,225**	**1,506,601**	**-19.7**	**939,143**	**863,663**	**-8.0**
Caribbean	**8,437**	**7,249**	**-14.1**	**960,357**	**914,613**	**-4.8**	**575,509**	**505,231**	**-12.2**
Africa	**14,530**	**16,124**	**11.0**	**1,694,675**	**1,608,955**	**-5.1**	**895,690**	**1,003,901**	**12.1**
Oceania	**14,449**	**17,489**	**21.0**	**1,859,726**	**1,754,068**	**-5.7**	**1,018,858**	**1,120,308**	**10.0**
Other [5]	**42,323**	**64,644**	**52.7**	**4,824,059**	**5,567,686**	**15.4**	**2,980,051**	**3,772,827**	**26.6**

Selected country or region	Housing exclusion			Housing deduction		
	2011 [2]	2016	Percentage change	2011 [2]	2016	Percentage change
	(10)	(11)	(12)	(13)	(14)	(15)
All geographic areas	**1,684,019**	**1,341,816**	**-20.3**	**105,644**	**78,285**	**-25.9**
North America	**24,345**	**17,158**	**-29.5**	**2,080**	**1,119**	**-46.2**
Canada [3]	15,755	7,306	-53.6	1,909	* 225	-88.2
Mexico	8,588	9,851	14.7	* 171	* 894	423.7
Asia	**985,282**	**869,108**	**-11.8**	**50,351**	**43,691**	**-13.2**
Afghanistan	3,436	824	-76.0	* 271	* 202	-25.5
China	146,183	114,045	-22.0	5,986	4,395	-26.6
Hong Kong	247,645	249,618	0.8	12,459	14,201	14.0
Iraq	2,942	* 352	-88.0	* 160	0	[4]
Israel	2,684	2,538	-5.4	* 156	* 851	446.3
Japan	151,138	54,031	-64.3	14,899	4,414	-70.4
Saudi Arabia	9,704	25,692	164.7	1,046	* 993	-5.0
Singapore	163,581	144,237	-11.8	3,332	3,812	14.4
South Korea	36,166	29,065	-19.6	1,882	961	-48.9
United Arab Emirates	95,260	134,740	41.4	6,122	8,228	34.4
Other Asia	126,543	113,966	-9.9	4,036	5,636	39.6
Europe	**477,234**	**284,029**	**-40.5**	**38,283**	**18,985**	**-50.4**
France	57,035	24,214	-57.5	4,512	1,625	-64.0
Germany	54,098	22,932	-57.6	6,086	1,360	-77.7
Switzerland	73,634	67,559	-8.3	3,462	1,788	-48.4
United Kingdom	163,480	100,584	-38.5	18,235	11,135	-38.9
Other Europe	128,991	68,741	-46.7	5,987	3,078	-48.6
Latin/South America	**33,980**	**22,666**	**-33.3**	**2,750**	**1,863**	**-32.2**
Caribbean	**40,433**	**37,055**	**-8.4**	*** 733**	**2,326**	**217.3**
Africa	**35,905**	**22,356**	**-37.7**	**2,498**	**1,151**	**-53.9**
Oceania	**36,752**	**24,702**	**-32.8**	**593**	**488**	**-17.7**
Other [5]	**50,090**	**64,742**	**29.3**	**8,358**	**8,661**	**3.6**

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Data are from Forms 2555, *Foreign Earned Income,* filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return.*

[2] For comparability, 2011 amounts have been adjusted for inflation to 2016 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review.* The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year	CPI-U
2016	240.007
2011	224.939

[3] Includes returns filed with a taxpayers based in Greenland.

[4] Percentage not computed.

[5] Includes returns with no country stated and U.S. Possessions.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

Kong moved up to become the third largest source of total foreign-earned income in 2016, with a 4.4-percent increase to $3.2 billion. Other Asia-based returns, including United Arab Emirates (up 22.6 percent to $2.1 billion), Saudi Arabia (up 35.0 percent to $1.6 billion), South Korea (up 14.1 percent to $1.4 billion), and Israel (up 43.3 percent to $1.0 billion) showed significant increases during this same period.

Individuals with tax homes in the United Kingdom (9.4 percent), China (6.5 percent), Hong Kong (6.3 percent), Canada (6.0 percent), United Arab Emirates (4.1 percent), Singapore (4.0 percent), Switzerland (3.7 percent), and Japan (3.7 percent) accounted for approximately 43.6 percent of the total foreign-earned income for 2016 (Figure A). Of these selected countries, six also had the largest amounts of income for the 2011 study, with the United Arab Emirates and Switzerland replacing Afghanistan and Germany in the latest study. In rank order, China jumped to the second highest amount of foreign-earned income, while Hong Kong moved from the fifth to the third spot. The United Arab Emirates moved up to the fifth spot after not being among the top eight in 2011. While foreign-earned income increased in the United Arab Emirates (up 22.6 percent), Hong Kong (up 4.4 percent) and Singapore (up 1.2 percent), it decreased in the other five countries with the largest foreign-earned income.

Composition of Foreign-Earned Income

For 2016, of the $51.4 billion in foreign-earned income (cited above), taxpayers reported just under $46.8 billion on Form 2555. Taxpayers reported the remaining $4.6 billion using Form 2555-EZ. Data related to the composition of foreign-earned income are not available on Form 2555-EZ; therefore, the breakdown in the ensuing discussion includes only those amounts reported on Form 2555.

Salaries and wages comprised 79.8 percent of the total foreign-earned income reported for 2016 (Table 1). Of the remaining 20.2 percent, allowances, reimbursements, or expenses paid by employers made up 11.2 percent; while business or professional, partnership, noncash and other income accounted for 9.1 percent. The average foreign-source salary for a taxpayer filing Form 2555 (with wages) was approximately $104,576. This average, however, varied greatly among the various countries. Of the top six countries (those with the highest average wages with at least 5,000 Forms 2555 attached to individual tax returns), returns from Hong Kong-based taxpayers reported the highest average salary ($209,888) for 2016, followed by Singapore ($190,163). Taxpayers from China reported the lowest average salary ($119,627) amoung the top six countries (Figure C).

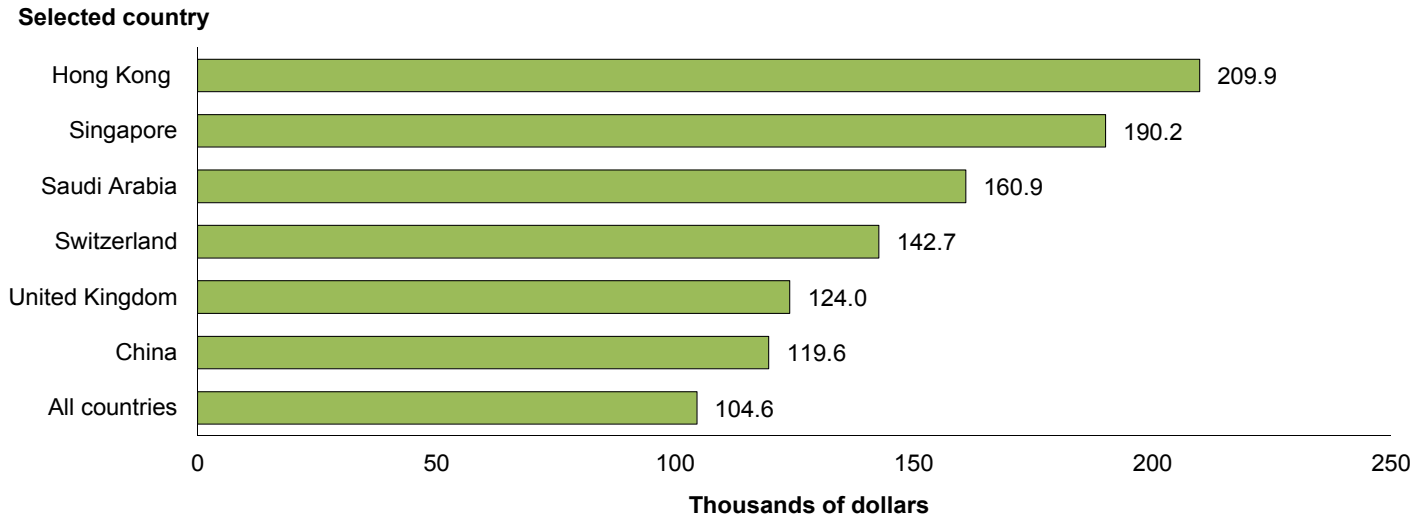
The average salary reported for Hong Kong returns increased by just over $15,000 (in real dollars) from 2011. Also, for 2016, the difference in average salary between Hong Kong and Singapore was approximately $19,725. In comparison, for the 2011 study, Hong Kong and Singapore were also the top two countries, respectively, based on average salary. At that time, the average salary reported by taxpayers based in the Hong Kong was approximately $5,400 higher than the average salary reported by taxpayers based in Singapore.

Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction

From 2011 to 2016, the total amount reported for the foreign-earned income exclusion fell 2.3 percent (in real terms) to $29.6

Figure C

Average Foreign Salaries and Wages Earned by U.S. Taxpayers Reporting Salaries and Wages on Form 2555, by Selected Country, Tax Year 2016



NOTE: U.S. taxpayers filed Form 2555, *Foreign Earned Income*, with Form 1040, *U.S. Individual Income Tax Return*.
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

billion. This decrease occurred while the amount of foreign-earned income that a taxpayer could exclude increased from $92,900 to $101,300. The amount reported for the housing exclusion was approximately 20.3 percent lower, from an inflation-adjusted $1.7 billion in 2011 to $1.3 billion in 2016. The housing deduction also decreased in real terms (25.9 percent), to a total of $78.3 million for 2016.

Decreases in both the housing exclusion and housing deduction can mostly be attributed to fewer taxpayers claiming these benefits. Starting in 2006, the IRS placed limits on the amount of housing expenses eligible for the exclusion or deduction. In general, for 2016, a limit of $30,390 (up from $27,870 in 2011) was placed on eligible housing expenses; however, taxpayers could take a higher expense amount if they resided in specific countries or cities listed by the IRS in the instructions for Form 2555, *Foreign Earned Income*.

For 2016, individuals with a tax home of Canada reported the highest amount of exclusions for foreign-earned income, followed by the United Kingdom and China. Taxpayers from Canada reported $2.3 billion in foreign-earned income exclusions for the year, down 16.8 percent from the inflation-adjusted $2.8 billion excluded in 2011. In comparison, United Kingdom-based taxpayers reported over $2.2 billion, up 8.4 percent from 2011, despite the 16.5-percent decline in reported foreign-earned income cited above. Individuals based in China reported over $1.5 billion in foreign-earned income exclusions, after reporting nearly the same inflation-adjusted amount for 2011. A 75.0-percent decrease in this exclusion in Iraq (to just under $275 million), and a 67.7-percent decrease in Afghanistan (to just over $600 million), contributed to much of the overall 11.4-percent decline in foreign-earned income exclusions from Asian-based taxpayers for 2016.

Of the $1.3 billion housing exclusion reported for 2016 (cited above), individuals in Asia accounted for 64.8 percent of the total, up from 58.5 percent in 2006. The largest of these was reported by individuals with a tax home of Hong Kong (18.6 percent), Singapore (10.7 percent), United Arab Emirates (10.0 percent), or China (8.5 percent). These countries alone accounted for about 47.9 percent of the housing exclusion reported for the year. The overall decrease of the housing exclusion reversed the 5.8-percent increase reported in the 2011 study.

Taxpayers with foreign-earned income also used the housing deduction to increase their total statutory adjustments, thus decreasing their adjusted gross income. For 2016, just over 4,300 taxpayers claimed the housing deduction for a total of $78.3 million. The average housing deduction was $17,926 for the year.

Individual taxpayers claiming both the foreign-earned income and housing exclusions, along with the housing deduction, reported worldwide income of $70.6 billion for 2016 (Table 1). After claiming the exclusions and deduction, these taxpayers reduced their worldwide income by $30.6 billion, or just over 43 percent. Approximately 68.5 percent of all taxpayers who claimed the exclusions, deductions, and any foreign tax credits to which they were entitled, had no U.S. income tax liability for 2016. This was up from 60.8 percent from 2011.

Starting in 2006, individual taxpayers reporting foreign-earned income used a new foreign-earned income tax worksheet to figure out their tax, and to calculate the tax on nonexcluded income using tax rates that would have applied had they not claimed the exclusion. For 2016, the change in the calculation affected just over 175,000 returns, resulting in an additional $1.3 billion in tax. For comparison, this change affected just over 210,000 returns in 2011, resulting in an additional $1.4 billion in tax. For 2006, nearly 139,000 returns reported in total an additional $0.8 billion in tax.

Overview of Foreign Tax Credit Provisions

For 2016, U.S. taxpayers with income from sources outside the United States, regardless of their residency, could claim a credit against their U.S. income tax liabilities for most foreign taxes paid or accrued (except for taxes paid on income excluded under the foreign-earned income provisions). The purpose of the credit, originally created in 1918, is to avoid double taxation on foreign-source income, since the United States taxes its citizens and resident aliens based on their worldwide incomes.

The foreign tax credit is subject to a limitation based on the taxpayer's total U.S. income tax liability. This prevents taxpayers from using foreign taxes paid in relatively high-tax-rate countries from offsetting taxes paid on their U.S.-source incomes. The limitation is computed separately for the following categories of foreign-source income: passive income, general income, section 901(j) income, certain income re-sourced by a treaty, and lump-sum distributions from certain retirement plans. The allowable credits for each category of foreign-source income are then added together.

Passive income generally includes dividends, interest, rents, royalties, and annuities. Section 901(j) income is income earned from activities conducted in a sanctioned country; no credit is allowed for taxes paid or accrued to sanctioned countries.[6] Certain income re-sourced by treaty allows specific types of income to be treated as foreign-source income, if there is a tax treaty that treats it as such, and the treaty is applied. Lump-sum distributions are distributions from a retirement plan that are subject to U.S. tax using income averaging. General income is foreign income from sources outside the United States that do not fall into one of the other four categories; it includes high-taxed income that would otherwise be passive income.

In general, for taxpayers who file Form 1116, *Foreign Tax Credit,* with Form 1040, the limitation on the foreign tax credit for each type of income is calculated by multiplying the total U.S. income tax liability before credits by the ratio of the foreign-source taxable income for that type of income to total U.S. taxable income.[7] However, not all taxpayers who claim the foreign tax credit file Form 1116 (see Data Sources and Limitations). Foreign taxes paid in excess of the limitation can be carried back 1 year and then forward for up to 10 years. Taxes carried to

[6] A foreign tax credit is not allowed for foreign taxes paid or accrued to countries sanctioned by the U.S. Government. Nevertheless, a foreign tax credit limitation is computed for each sanctioned country. For 2016, the countries were Iran, North Korea, Sudan, and Syria.

[7] For income from the certain income re-sourced by treaty category, a separate foreign tax credit limitation must be computed for each amount re-sourced from a treaty country.

another year are added to the taxes available for credit for that year for the same income category. Tables 3 through 5 present statistics on the foreign tax credit and related foreign-source income reported on individual income tax returns.

Foreign-Source Gross Income

Foreign-source gross income is all income earned outside the United States, except for income used to claim the foreign-earned income exclusion. Taxpayers reported $216.7 billion in foreign-source gross income for 2016 (Figure D). This represents approximately 13.0 percent of total worldwide income for those taxpayers who reported foreign-source gross income and 2.1 percent of total worldwide income for all U.S. taxpayers. These statistics include only foreign-source gross income reported on Form 1116, because some taxpayers with this type of income do not file this form.[8] Between 2011 and 2016, foreign-source gross income grew 19.5 percent in real terms, whereas worldwide income reported on all individual U.S. tax returns grew 14.4 percent.

Of the nearly $216.7 billion in foreign-source gross income, taxpayers reported $115.9 billion (or 53.5 percent) without stating a specific country, while the remaining $100.8 billion (46.5 percent) stated a specific country.[9] The United Kingdom ($16.7 billion), followed by Canada ($13.6 billion), India ($8.8 billion), Germany ($6.2 billion), and China ($5.8 billion) made up the top five countries with the most foreign-source income. Of these, all but India were in the top five for 2011.

Together, the top five countries accounted for just over half (50.6 percent) of all foreign-source gross income with a stated country. Of this percent, taxpayers reported earning 16.6 percent from the United Kingdom, followed by Canada (13.5 percent), India (8.7 percent), Germany (6.1 percent), and China (5.7 percent) (Figure E).

U.S. taxpayers filing Form 1116 reported earning an average of $47,494 in foreign-source gross income for 2016. For the top five countries, India reported the highest average foreign-source gross income ($158,529), followed by China ($150,073), the United Kingdom ($139,553), Germany ($109,085), and Canada ($33,613) (Figure F).

Among the geographic regions with the most significant foreign-source gross income, Asia had the highest growth between 2011 and 2016. For this region, foreign-source gross income grew 62.2 percent, rising to just under $33.1 billion for 2016, from an inflation-adjusted $20.4 billion for 2011. Much of this increase was due to the growth in India, up 346.4 percent from $2.0 billion for 2011 to $8.8 billion for 2016.

Figure D
Selected Income and Credit Items, Tax Years 2011 and 2016

[Money amounts are in thousands of dollars]

Item	2011 [1]	2016	Percentage change
	(1)	(2)	(3)
Worldwide income, all 1040 returns [2]:			
Amount	9,099,579,323	10,409,880,026	14.4
Worldwide income, returns with Form 1116 [3]:			
Amount	1,232,738,164	1,669,293,689	35.4
Form 1116:			
Foreign-source gross income:			
Number of returns	3,575,251	4,555,160	27.4
Amount	181,372,935	216,699,618	19.5
Foreign tax credit [4]:			
Number of returns	6,904,438	7,798,024	12.9
Amount	17,553,444	20,090,001	14.5

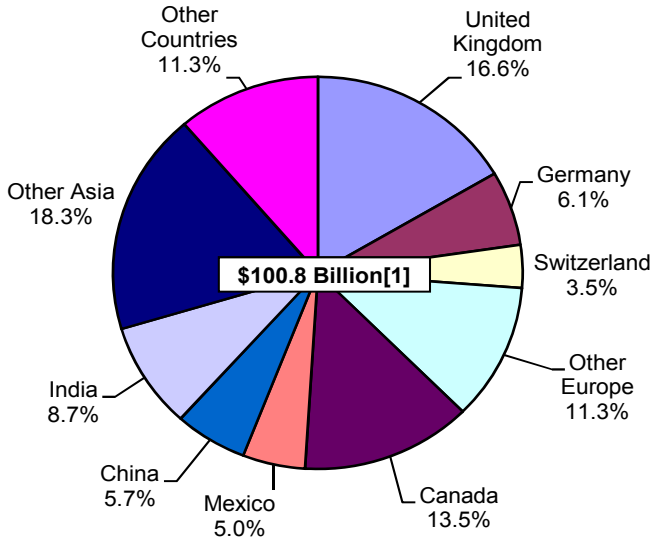
[1] For comparability, 2011 amounts have been adjusted for inflation to 2016 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year	CPI-U
2016	240.007
2011	224.939

[2] Worldwide income is total income or loss reported on Form 1040 before the foreign-earned income and housing exclusions have been taken.
[3] U.S. taxpayers file Form 1116, *Foreign Tax Credit*, with Form 1040, *U.S. Individual Income Tax Return*, per the instructions for Form 1116 (see www.irs.gov/form 1116).
[4] Includes foreign tax credits reported on Form 1040 without a supporting Form 1116. Taxpayers with $300 ($600 if married filing a joint return) or less in creditable foreign taxes who also meet certain other conditions are not required to file Form 1116 to claim the foreign tax credit.
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

[8] Taxpayers with $300 ($600 if married filing a joint return) or less in creditable foreign taxes, who met certain other conditions, mainly that the foreign-source gross income was from the passive income category, and all of the income and any foreign taxes paid on it were reported on a qualified payee statement, did not have to file Form 1116 to claim the foreign tax credit on Form 1040. Also, some taxpayers deduct their foreign taxes on Schedule A rather than taking a credit by filing Form 1116. Therefore, foreign-source income for these taxpayers would not be reported.
[9] The $115.9 billion of total foreign-source gross income reported without a stated country includes $0.2 billion for high-taxed income.

Figure E
Foreign-Source Gross Income, by Selected Country or Region, Tax Year 2016



[1] Foreign-source gross income reported on the Form 1116, *Foreign Tax Credit*, with stated country or region. Total foreign-source gross income (including income reported without a country or region) was $216.7 billion.
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

Despite the large growth for Asian countries, Europe continued to have the largest foreign-source gross income ($37.8 billion), a 9.5-percent growth between 2011 and 2016. Asia had the second largest amount of foreign-source gross income ($33.1 billion), followed by North America ($18.6 billion). For additional data on foreign-source gross income by region or country, see Table 4.

Foreign Taxes and Foreign Tax Credit

For 2016, U.S. taxpayers paid (or accrued) $27.0 billion in foreign taxes as reported on Form 1116. This was before carrybacks, carryovers, reductions, and reclassifications. The United Kingdom, Canada, China, India, and Germany made up the top five countries in terms of foreign taxes paid or accrued and accounted for 44.2 percent of the total.

As with foreign-source gross income, the United Kingdom reported the highest amount ($4.8 billion) and greatest share (21.9 percent) of total foreign taxes paid or accrued to a stated country. Canada was the next largest recipient of foreign taxes paid or accrued ($2.9 billion or 13.5 percent), followed by China (nearly $1.6 billion or 7.3 percent), India ($1.4 billion or 6.4 percent), and Germany ($1.3 billion or 6.1 percent). Of the $27.0 billion in foreign taxes paid or accrued, taxpayers reported $5.4 billion (approximately 19.9 percent of the total amount) without a stated country (Figure G).[10]

Total foreign taxes paid or accrued grew 15.0 percent between 2011 and 2016. Among the most significant regions, Asia had the highest growth (47.7 percent). This was partially due to the 180.0-percent real growth in foreign taxes paid or accrued to India, as well as the 51.0-percent growth for China. Oceania showed the next highest growth (28.4 percent). Even with this growth, however, the amount paid or accrued to Oceania countries (about $0.9 billion) was still small compared to Europe, Asia, and North America, the three largest regions in terms of foreign taxes paid. Of these regions, Europe had the highest ($9.5 billion), followed by Asia ($6.6 billion), and North America ($3.6 billion) in terms of foreign taxes paid or accrued.

General limitation income, the income type for which most of the $27.0 billion in foreign taxes reported on Form 1116 was paid or accrued, accounted for just over $21.4 billion in foreign taxes (79.2 percent of the total). Passive income was the next largest income type with $5.3 billion (19.6 percent of the total) in foreign taxes. Total foreign taxes available for credit after carrybacks, carryovers, reductions, and reclassifications under high-tax kickout[11] were $47.3 billion, and the foreign tax credit before adjustments (gross foreign tax credit) was approximately $19.8 billion (Table 3) (See Explanation of Selected Terms). Table 5 presents additional data on foreign taxes, by income type.

For 2016, taxpayers reported a foreign tax credit on 7.8 million individual tax returns, an increase of 12.9 percent from 6.9 million returns for 2011. The foreign tax credit grew 14.5 percent in real terms, rising $2.5 billion from the inflation-adjusted $17.6 billion reported for 2011, to slightly under $20.1 billion for 2016 (Figure D).

Taxpayers with an AGI of $10 million or more claimed $4.2 billion in foreign tax credits, representing 20.7 percent of the total, on 12,761 returns. The $200,000 to $500,000 AGI category claimed the next highest amount of foreign tax credits, $3.4 billion (17.0 percent of the total) on 1.5 million returns. The highest number of returns claiming a foreign tax credit was for taxpayers in the $100,000 to $200,000 AGI category; 2.4 million of these taxpayers claimed foreign tax credits totaling $1.4 billion, or 6.9 percent of the total (Table 3).

Though the foreign tax credit grew over the 5-year period between 2011 and 2016, it fell between 2015 and 2016 (Figure H). For 2016, the total inflation-adjusted foreign tax credits claimed fell 12.1 percent. For all other years, the foreign tax credit grew, rising 13.8 percent for 2012, followed by a 4.3-percent growth for 2013, a 5.3-percent growth for 2014, and a 4.1-percent growth for 2015. The average foreign tax credit for 2016 was $2,576, up slightly from $2,542 (in 2016 constant dollars) for 2011.

Summary

For 2016, the total amount of foreign-earned income reported by U.S. taxpayers decreased 11.2-percent, in real terms, to just

[10] The $5.4 billion of total foreign taxes paid or accrued without a stated country includes $23.3 million in taxes paid or accrued on high-taxed income.
[11] As stipulated on Form 1116, *Foreign Tax Credit*, Part III, Figuring the Credit.

Figure F

Foreign-Source Gross Income and Foreign Taxes, by Selected Country or Region, Tax Years 2011 and 2016

[Money amounts are in thousands of dollars]

Item, selected country or region	2011 [1]		2016		Percentage change in amount
	Number of returns [2]	Amount	Number of returns [2]	Amount	
	(1)	(2)	(3)	(4)	(5)
Foreign-source gross income, total	**3,576,909**	**181,372,935**	**4,562,629**	**216,699,618**	**19.5**
North America	**336,594**	**17,768,388**	**437,829**	**18,597,685**	**4.7**
Canada	319,821	13,800,876	404,782	13,606,129	-1.4
Mexico	29,071	3,967,513	35,241	4,991,555	25.8
Latin/South America	**26,997**	**7,685,204**	**34,782**	**3,745,373**	**-51.3**
Colombia	3,467	4,605,520	3,214	1,147,253	-75.1
Other Latin/South America	23,975	3,079,684	35,268	2,598,121	-15.6
Europe	**291,596**	**34,534,613**	**390,451**	**37,808,585**	**9.5**
Germany	44,614	5,929,384	56,698	6,184,889	4.3
Switzerland	18,273	3,520,318	38,466	3,576,810	1.6
United Kingdom	103,755	14,818,111	119,642	16,696,352	12.7
Other Europe	142,586	10,266,796	211,682	11,350,536	10.6
Asia	**140,980**	**20,373,378**	**227,949**	**33,054,025**	**62.2**
China	24,258	4,198,787	38,624	5,796,417	38.0
Hong Kong	8,578	2,838,277	13,642	3,919,285	38.1
India	24,293	1,965,143	55,338	8,772,657	346.4
Other Asia	89,306	11,371,174	136,858	14,565,669	28.1
Oceania	**22,867**	**2,861,947**	**32,964**	**3,488,327**	**21.9**
Australia	16,929	2,558,691	21,874	2,793,830	9.2
Other Oceania	6,140	303,258	11,846	694,498	129.0
Other	**43,331**	**4,689,840**	**57,129**	**4,141,667**	**-11.7**
Country not stated [3]	**2,972,191**	**93,459,566**	**3,793,325**	**115,863,955**	**24.0**
Foreign taxes paid or accrued, total	**3,366,548**	**23,516,230**	**4,179,809**	**27,037,624**	**15.0**
North America	**316,829**	**2,964,831**	**389,981**	**3,623,510**	**22.2**
Canada	296,762	2,575,775	361,504	2,917,228	13.3
Mexico	23,392	389,057	29,307	706,281	81.5
Latin/South America	**23,406**	**694,623**	**29,094**	**555,631**	**-20.0**
Colombia	2,401	144,188	3,112	84,489	-41.4
Other Latin/South America	21,279	550,436	28,901	471,140	-14.4
Europe	**264,856**	**8,862,002**	**332,587**	**9,479,654**	**7.0**
Germany	42,952	1,129,760	47,855	1,315,910	16.5
Switzerland	16,692	939,581	33,615	813,792	-13.4
United Kingdom	92,524	4,738,373	96,382	4,753,335	0.3
Other Europe	127,603	2,054,289	179,267	2,596,620	26.4
Asia	**133,848**	**4,457,701**	**202,268**	**6,586,054**	**47.7**
China	21,861	1,047,668	33,287	1,581,604	51.0
Hong Kong	7,715	422,331	10,110	488,330	15.6
India	22,982	493,890	51,249	1,383,024	180.0
Other Asia	84,660	2,493,809	117,789	3,133,098	25.6
Oceania	**20,897**	**688,279**	**30,514**	**883,424**	**28.4**
Australia	15,107	638,072	19,742	726,387	13.8
Other Oceania	5,921	50,207	11,285	157,037	212.8
Other	**34,608**	**724,103**	**44,661**	**529,150**	**-26.9**
Country not stated [4]	**2,751,865**	**5,124,690**	**3,419,447**	**5,380,195**	**5.0**

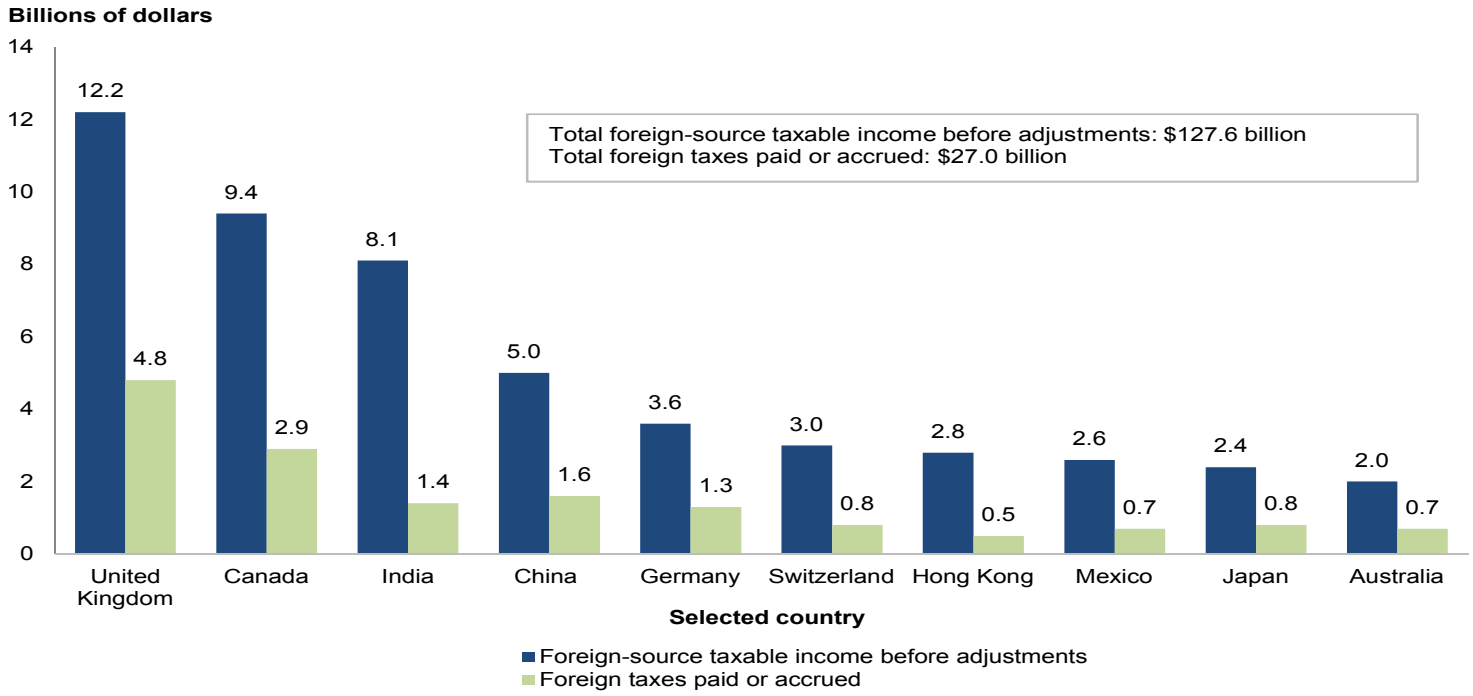
[1] For comparability, 2011 amounts have been adjusted for inflation to 2016 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review.* The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

Year	CPI-U
2016	240.007
2011	224.939

[2] Number of returns detail does not add to total because taxpayers may report data for more than one country per return.
[3] For Tax Year 2016 the $115.9 billion of total foreign-source gross income reported without a specific country or region being stated includes $0.2 billion for high-taxed income.
[4] For Tax Year 2016 the $5.4 billion of total foreign taxes paid or accrued reported without a specific country or region being stated includes $23.3 million for high-taxed income.
NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit*, which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return.*
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

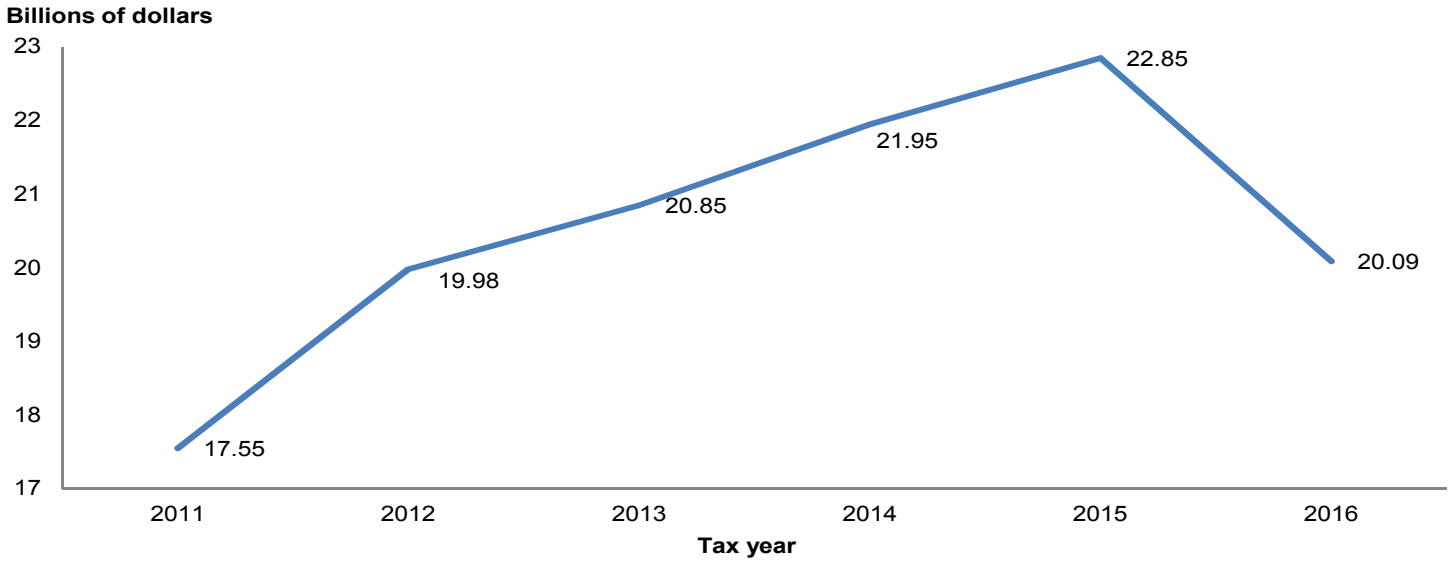
over $51.4 billion, compared to the total amount reported for 2011. Returns from all named regions showed decreases in total foreign-earned income reported in real terms. Returns from Asian-based countries realized the largest decrease (in real dollars), falling by more than $3.6 billion, while European-based countries (down $1.9 billion), North American-based countries (down $1.0 billion) and Latin/South American countries (down $0.4 billion) showed sizable losses. The number of returns filed reporting the exclusion for 2016 increased 7.4 percent to over 482,000 returns.

Figure G
Foreign-Source Taxable Income and Foreign Taxes, by Selected Country, Tax Year 2016



NOTE: Data are from Forms 1116, *Foreign Tax Credit,* which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return.*
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

Figure H
Foreign Tax Credit, Tax Years 2011–2016



NOTES: For comparability, all amounts have been adjusted for inflation to 2016 constant dollars. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review.*

Year	CPI-U
2016	240.007
2015	237.017
2014	236.736
2013	232.957
2012	229.594
2011	224.939

Data are from Forms 1116, *Foreign Tax Credit,* which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return.*
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

Taxpayers with a tax home in the United Kingdom reported the most foreign-earned income (just over $4.8 billion), while China-based taxpayers reported the second highest amount of foreign-earned income (at just over $3.3 billion). Taxpayers from Hong Kong had a 4.4-percent increase to $3.2 billion in 2016, and represented the third highest source of foreign-earned income. Taxpayers reporting foreign-earned income from Canada fell from the second largest source of foreign-earned income in 2011 to the fourth largest source in 2016, with $3.1 billion reported. The total amount of housing exclusion claimed decreased by 20.3 percent, from $1.7 billion reported for 2011 to $1.3 billion for 2016.

Foreign-source gross income reported by U.S. taxpayers reached nearly $216.7 billion for 2016, and the total foreign tax credit claimed was just under $20.1 billion. In real terms, this represents a 19.5-percent growth in foreign-source gross income and a 14.5-percent growth in the foreign tax credit from 2011, the last year a study was prepared on these data. As the source of $37.8 billion in foreign-source gross income and the recipient of $9.5 billion in foreign taxes paid, European countries were the largest component of these measures. The United Kingdom had the largest of these measures, with $16.7 billion in foreign-source gross income and $4.8 billion in foreign taxes paid. However, it was Asian countries with the largest growth in these measures. Foreign-source gross income grew 62.2 percent and foreign taxes paid grew 47.7 percent. Additionally, taxpayers claimed a foreign tax credit on 7.8 million returns, an increase of 12.9 percent from 2011.

Data Sources and Limitations

The IRS Statistics of Income Division (SOI) based the 2016 data presented in this article on a sample of individual income tax returns, Forms 1040, processed during Calendar Year 2017. These returns had one or more of the following: a foreign tax credit, an attached Form 1116, a foreign-earned income exclusion, a housing exclusion or housing deduction, or an attached Form 2555 or Form 2555-EZ. SOI understated the foreign-source income and taxes in this article to the extent that they either were not, or did not, have to be reported on Form 1116 to support the foreign tax credit claimed on Form 1040. Taxpayers with $300 ($600 if married filing a joint return) or less in creditable foreign taxes who also met certain other conditions were not required to file Form 1116 to claim the foreign tax credit. Therefore, about 54.6 percent of Forms 1040 (as originally filed) with a foreign tax credit did not include the supporting Form 1116. The average foreign tax credit reported on these returns was $70. Foreign-source income and losses are also understated to the extent that taxpayers who were not eligible for a credit did not file Form 1116. Taxpayers who had foreign-source income but paid no taxes or had no U.S. tax liability before credits, could not claim a foreign tax credit.

About 1.9 percent of the sampled returns with a foreign tax credit or an attached Form 1116, and 12.2 percent of the sampled returns with an attached Form 2555 or Form 2555-EZ were for tax years prior to 2016, reported on delinquent returns. Because these prior-year returns were processed during the 2016 filing period, SOI included them as a representation of 2016 returns filed after December 31, 2017. The sampled returns used for the statistics do not reflect adjustments made during audit examination, which determines the acceptability of the reported data.

SOI stratified the sample based on the: (1) presence or absence of Form 2555, *Foreign Earned Income*, Form 2555-EZ, *Foreign Earned Income Exclusion*, and Form 1116, *Foreign Tax Credit*; (2) presence or absence of other specific forms or schedules; (3) larger of positive income or negative income; (4) size of business and farm receipts; and (5) usefulness of returns for tax policy modeling purposes. The data for 2016 from Form 2555 and Form 1116 are based on a sample of 134,787 returns drawn from a total population of 11,623,072 returns. For a general description of the sampling procedures and data limitations of Statistics of Income tabulations, see *Statistics of Income, Individual Income Tax Returns Complete Report 2016,* (IRS Publication 1304) and the appendix to this issue of the *Bulletin*.

Additional Tabular Data on Tax Stats

For additional Form 2555 and Form 1116 data, see the Individual section of the Tax Stats Web pages at http://www.irs.gov/uac/SOI-Tax-Stats-Individual-Income-Tax-Return-Form-1040-Statistics. This site includes data on foreign-earned income and the foreign tax credit, by form, tax year, country or region, type of income, and size of adjusted gross income. Since 1991, the IRS Statistics of Income (SOI) Division has published these data in 5-year intervals. *SOI Bulletin* articles are also available for 1996, 2001, 2006, and 2011.

Explanation of Selected Terms

Definitions used in this article are generally the same as those in *Statistics of Income, Individual Income Tax Returns Complete Report 2016* (IRS Publication 1304). The following is a partial list of definitions for terms that cannot be found in IRS Publication 1304.

Foreign Taxes Available for Credit—This is total foreign taxes paid or accrued plus carryovers, less reductions in foreign taxes, and adjusted for taxes reclassified under high-tax kick out.

Foreign Tax Credit Adjustments—These include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

Foreign Source Taxable Income—This is foreign-source gross income less deductions and losses. The deductions include any expenses directly related to foreign-source income, a prorated share of the taxpayer's itemized or standard deductions, and a prorated share of interest expenses.

Gross Foreign Tax Credit—This is foreign tax credits before being limited to tax and before foreign tax credit adjustments are taken.

Worldwide Income—This is the total income or loss reported on Form 1040 before taxpayers claim the foreign-earned income and foreign housing exclusions. It includes salaries and wages; taxable interest; dividends; taxable refunds of State and local income taxes; alimony received; business income or loss; capital gains or losses; taxable distributions from an IRA;

taxable pensions and annuities; income or loss from rents, royalties, partnerships, S corporations, and estates and trusts; farm income or loss; unemployment compensation; taxable Social Security benefits, and other income or losses.

This article was written by Scott Hollenbeck and Maureen Keenan Kahr, economists with the Individual Data Processing and Perfection Section, under the direction of Mike Strudler, Initiatives Manager.

Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2016

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns [1]	Selected income, adjustment, deduction, and credit items reported on Form 1040							
		Adjusted gross income or deficit	Worldwide income [2]	Salaries and wages		Foreign-earned income exclusion [3]		Total adjustments	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns	**482,640**	**39,355,289**	**70,550,364**	**456,387**	**56,216,517**	**476,272**	**29,187,471**	**97,484**	**665,787**
No adjusted gross income (includes deficits)	130,643	-719,027	5,432,804	121,662	5,795,236	127,977	6,000,027	25,144	80,105
$1 under $10,000	136,421	358,804	7,444,518	129,601	6,971,753	135,267	6,981,570	17,886	46,149
$10,000 under $25,000	47,284	783,142	3,944,187	44,677	3,381,707	47,133	3,048,388	11,082	36,979
$25,000 under $50,000	45,108	1,627,360	4,907,567	42,156	4,090,758	43,893	3,107,750	11,456	51,145
$50,000 under $75,000	27,516	1,684,197	3,756,420	26,299	3,098,069	27,152	1,935,852	7,632	45,615
$75,000 under $100,000	19,541	1,694,963	3,298,482	18,761	2,727,424	19,325	1,492,371	5,420	43,830
$100,000 under $200,000	34,739	4,884,318	8,068,800	33,564	6,839,661	34,543	2,864,975	8,614	94,411
$200,000 under $500,000	27,634	8,468,346	11,360,276	26,824	9,641,444	27,402	2,462,443	6,485	85,294
$500,000 under $1,000,000	8,753	5,994,114	7,063,472	8,339	5,711,267	8,652	824,003	2,131	72,246
$1,000,000 under $1,500,000	2,215	2,656,814	2,954,862	2,051	2,197,399	2,191	210,361	642	34,851
$1,500,000 under $2,000,000	1,006	1,737,031	1,875,473	869	1,213,811	984	92,786	339	25,681
$2,000,000 under $5,000,000	1,330	3,934,759	4,125,839	1,183	2,435,163	1,314	125,345	459	33,732
$5,000,000 under $10,000,000	290	1,937,193	1,978,200	259	1,061,603	284	26,921	116	7,665
$10,000,000 or more	161	4,313,275	4,339,463	143	1,051,221	154	14,679	77	8,084

Footnotes at end of tables.

Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2016—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, adjustment, deduction, and credit items reported on Form 1040						Selected income, exclusions, and deductions reported on Form 2555	
	Taxable income		Foreign tax credit		Total income tax		Number of Forms 2555 filed by primary taxpayer	Number of Forms 2555 filed by secondary taxpayer
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
All returns	**183,769**	**34,227,925**	**105,930**	**5,235,067**	**152,203**	**5,456,216**	**465,930**	**59,554**
No adjusted gross income (includes deficits)	0	0	0	0	* 105	* 230	129,607	9,383
$1 under $10,000	* 387	* 87	* 377	* 45	* 680	* 248	134,517	12,050
$10,000 under $25,000	21,201	116,200	8,917	8,177	13,270	13,495	45,538	7,176
$25,000 under $50,000	39,690	688,112	16,555	50,257	28,625	87,640	42,520	7,272
$50,000 under $75,000	27,045	1,028,391	12,738	82,770	21,798	133,363	25,026	5,253
$75,000 under $100,000	19,454	1,193,096	10,805	103,488	16,436	172,425	17,816	3,751
$100,000 under $200,000	34,641	3,896,215	21,252	420,149	31,599	587,538	31,658	7,203
$200,000 under $500,000	27,601	7,568,382	22,442	1,154,363	26,286	1,103,177	25,940	5,293
$500,000 under $1,000,000	8,753	5,694,747	8,086	1,040,474	8,497	909,092	8,443	1,443
$1,000,000 under $1,500,000	2,214	2,550,150	2,082	499,820	2,172	409,541	2,145	346
$1,500,000 under $2,000,000	1,006	1,662,533	966	321,437	980	279,040	981	144
$2,000,000 under $5,000,000	1,326	3,784,679	1,274	717,058	1,309	640,414	1,293	201
$5,000,000 under $10,000,000	290	1,865,255	280	335,840	288	324,373	288	22
$10,000,000 or more	161	4,180,077	155	501,189	159	795,640	159	16

Footnotes at end of table.

Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555							
	Total foreign-earned income		Foreign-earned income reported on Form 2555 only		Salaries and wages		Business or professional income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
All returns	**481,337**	**51,425,521**	**383,553**	**46,794,774**	**357,277**	**37,362,582**	**35,149**	**2,104,255**
No adjusted gross income (includes deficits)	129,670	6,277,255	84,193	4,212,917	76,685	3,740,094	9,416	331,620
$1 under $10,000	136,495	7,255,516	103,416	5,641,328	97,328	5,234,100	10,006	297,877
$10,000 under $25,000	47,328	3,476,224	40,766	3,144,254	37,788	2,838,944	4,148	168,392
$25,000 under $50,000	44,309	3,967,808	38,597	3,685,848	36,395	3,387,123	2,823	137,368
$50,000 under $75,000	27,483	2,838,024	24,293	2,707,366	22,577	2,415,177	2,386	121,462
$75,000 under $100,000	19,487	2,499,602	17,975	2,423,695	17,026	2,120,292	1,596	141,770
$100,000 under $200,000	34,928	5,921,790	33,297	5,834,552	31,466	4,959,745	2,338	249,577
$200,000 under $500,000	27,841	8,058,933	27,398	8,033,633	25,836	6,031,017	1,657	248,908
$500,000 under $1,000,000	8,777	4,618,297	8,642	4,601,096	7,913	2,918,078	453	157,569
$1,000,000 under $1,500,000	2,228	1,734,783	2,201	1,733,872	1,952	1,026,815	106	44,627
$1,500,000 under $2,000,000	1,007	1,111,122	1,001	1,110,935	821	613,398	85	71,031
$2,000,000 under $5,000,000	1,332	1,941,138	1,322	1,940,299	1,102	1,090,768	95	63,761
$5,000,000 under $10,000,000	291	791,846	291	791,796	251	463,140	23	37,706
$10,000,000 or more	161	933,183	161	933,183	139	523,890	16	32,588

Footnotes at end of table.

Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555							
	Partnership income (less loss)		Noncash income		Allowances, reimbursements, or expenses paid by employers		Less: meals and lodging excluded	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
All returns	**2,700**	**1,239,667**	**14,915**	**231,250**	**43,264**	**5,228,113**	**5,476**	**61,591**
No adjusted gross income (includes deficits)	631	31,176	4,376	54,661	2,935	54,856	1,641	24,284
$1 under $10,000	* 207	* 2,275	3,857	33,830	4,926	60,793	964	7,304
$10,000 under $25,000	* 121	* 15,633	1,328	24,702	2,206	51,022	130	2,665
$25,000 under $50,000	* 49	* 4,635	1,239	13,232	3,803	129,605	637	7,230
$50,000 under $75,000	* 240	* 46,843	750	9,798	2,482	99,341	180	1,159
$75,000 under $100,000	* 155	* 19,392	329	5,316	2,366	113,102	306	3,056
$100,000 under $200,000	185	27,792	777	17,703	7,131	533,956	834	6,604
$200,000 under $500,000	280	92,087	1,488	44,546	10,746	1,526,281	697	8,113
$500,000 under $1,000,000	301	155,886	548	18,546	4,386	1,239,416	73	1,049
$1,000,000 under $1,500,000	171	132,831	** 219	** 8,916	1,192	482,486	** 16	** 127
$1,500,000 under $2,000,000	133	167,891	**	**	392	209,513	**	**
$2,000,000 under $5,000,000	168	263,008	**	**	553	467,604	**	**
$5,000,000 under $10,000,000	37	90,878	**	**	104	143,174	**	**
$10,000,000 or more	23	189,340	**	**	42	116,964	**	**

Footnotes at end of table.

Table 1. Individual Income Tax Returns With Form 2555: Sources of Income, Deductions, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2016—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555							
	Other foreign-earned income (less loss)		Foreign-earned income exclusion before deductions		Housing exclusion		Housing deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
All returns	**10,684**	**690,497**	**479,105**	**29,557,323**	**63,325**	**1,341,816**	**4,367**	**78,285**
No adjusted gross income (includes deficits)	2,121	24,794	128,712	6,068,717	4,552	71,699	274	2,334
$1 under $10,000	2,569	19,757	135,897	7,066,673	5,065	57,995	285	5,399
$10,000 under $25,000	1,167	48,226	47,327	3,101,545	5,421	75,678	460	3,119
$25,000 under $50,000	574	21,115	44,194	3,144,196	7,702	121,312	492	3,421
$50,000 under $75,000	488	15,904	27,382	1,965,716	5,270	90,756	552	6,474
$75,000 under $100,000	498	26,879	19,422	1,508,249	3,926	67,318	416	5,509
$100,000 under $200,000	1,081	52,383	34,795	2,898,151	10,668	225,096	616	11,407
$200,000 under $500,000	1,111	98,906	27,645	2,486,047	12,987	344,193	456	7,408
$500,000 under $1,000,000	617	112,649	8,748	834,626	5,084	173,109	346	13,313
$1,000,000 under $1,500,000	161	42,355	2,217	214,898	1,308	52,836	165	6,654
$1,500,000 under $2,000,000	96	47,820	998	96,935	477	19,975	125	5,675
$2,000,000 under $5,000,000	134	53,251	1,323	128,704	669	32,002	125	5,308
$5,000,000 under $10,000,000	41	56,290	288	27,770	130	6,420	31	1,310
$10,000,000 or more	25	70,168	156	15,095	66	3,426	23	955

*Estimate should be used with caution because of the small number of sample returns on which it is based.

**Data combined to avoid disclosure of information for specific taxpayers. Data are included in the appropriate totals.

[1] Includes returns with no foreign-earned income, but filed Form 2555, *Foreign Earned Income,* to claim an exclusion for a prior year or for reporting purposes.

[2] Worldwide income is total income or loss reported on Form 1040, *U.S. Individual Income Tax Return,* before the foreign-earned income and housing exclusions have been taken.

[3] Amount reported on Form 1040 is the total amount of the foreign-earned income exclusion after subtracting deductions allocable to excluded income.

NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income,* filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return.*

SOURCE: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2016
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns [1]	Total foreign-earned income	Foreign-earned income				
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Total noncash income	
						Total [2]	Home (lodging)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All geographic areas	**482,640**	**51,425,521**	**37,362,582**	**2,104,255**	**1,239,667**	**231,250**	**159,684**
North America, total	**55,545**	**3,721,948**	**2,803,417**	**271,926**	**17,827**	**1,303**	*** 913**
Canada	** 49,518	** 3,072,689	** 2,303,606	232,931	12,059	* 733	** 913
Greenland	**	**	**	0	0	0	0
Mexico	6,027	649,259	499,811	38,995	* 5,768	570	**
Latin and South America, total	**14,557**	**1,506,601**	**970,079**	**121,950**	**100,244**	**7,200**	**3,773**
Argentina	867	77,789	54,062	* 8,708	**	**	0
Brazil	3,382	460,641	249,782	15,927	80,883	1,220	* 844
Chile	1,547	154,483	121,637	* 12,969	**	* 2,268	* 287
Colombia	1,510	190,506	148,510	* 9,151	* 5,486	* 485	* 439
Costa Rica	1,573	147,128	77,092	* 18,375	* 6,706	**	**
Panama	1,052	94,030	64,518	* 1,206	**	* 691	**
Peru	1,470	135,819	72,808	* 31,104	0	**	0
Venezuela	301	45,001	35,751	**	0	0	0
Other Latin and South American countries	2,857	201,203	145,918	** 24,510	** 7,169	** 2,536	** 2,203
Caribbean, total	**7,249**	**914,613**	**713,335**	**30,242**	*** 5,215**	**4,935**	*** 2,985**
Bahamas	1,173	91,833	63,484	**	0	* 2,361	* 2,361
Bermuda	1,001	371,163	309,948	* 8,351	* 3,578	**	**
Cayman Islands	1,704	172,187	121,102	**	**	**	**
Dominican Republic	968	82,071	61,341	**	**	**	**
Jamaica	434	18,832	12,344	0	0	**	0
Other Caribbean countries	1,969	178,526	145,116	** 21,890	** 1,637	** 2,575	** 624
Europe, total	**126,775**	**13,443,913**	**9,197,942**	**784,268**	**639,035**	**29,227**	**16,264**
Austria	2,430	155,976	110,048	* 5,895	0	0	0
Belgium	2,084	196,919	119,493	7,665	* 2,440	3,317	* 2,635
Czech Republic	2,347	160,148	93,566	* 31,886	**	0	0
Denmark	1,179	133,363	116,060	* 1,423	0	**	**
Finland	994	62,387	48,871	0	**	0	0
France	12,800	1,179,577	784,121	97,350	54,268	* 949	**
Germany	21,046	1,720,380	1,158,076	126,960	53,490	2,268	* 1,396
Greece	1,870	122,133	77,765	11,169	* 11,505	**	0
Hungary	303	46,253	34,195	**	**	0	0
Ireland	1,066	115,895	83,922	4,868	0	**	0
Italy	5,325	481,592	292,885	42,322	* 7,072	* 453	**
Luxembourg	307	63,352	52,040	**	0	* 214	0
Netherlands	7,064	681,070	435,973	50,037	* 4,550	* 65	0
Norway	2,013	158,046	94,205	* 4,218	**	**	0
Poland	1,191	99,573	69,880	* 4,239	**	**	**
Russia	1,420	312,839	246,619	15,582	* 9,452	678	* 445
Spain	3,476	269,470	196,058	27,501	* 7,687	* 164	**
Sweden	3,973	222,141	160,598	* 7,390	0	**	0
Switzerland	13,235	1,907,327	1,457,172	56,285	* 16,680	4,406	* 3,259
Turkey	2,314	229,134	167,342	* 10,854	**	* 1,086	**
United Kingdom	35,752	4,827,930	3,182,417	250,479	448,264	10,845	4,487
Other European countries	4,587	298,408	216,639	** 28,145	** 23,627	** 4,779	** 4,041
Africa, total	**16,124**	**1,608,955**	**1,112,155**	**65,425**	*** 3,119**	**13,064**	**8,076**
Angola	367	109,761	52,216	0	0	1,067	0
Egypt	1,491	148,424	86,209	* 7,644	**	0	0
Kenya	1,431	136,836	105,434	* 7,602	**	* 554	**
Morocco	762	41,132	17,030	**	0	* 955	**
Nigeria	1,317	253,481	165,814	**	**	4,736	3,585
South Africa	2,201	199,339	135,444	* 8,462	0	1,460	* 49
Other African countries	8,560	719,977	550,008	** 41,720	** 3,120	4,294	** 4,442

Footnotes at end of table.

Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2016—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns [1]	Total foreign-earned income	Foreign-earned income				
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Total noncash income	
						Total [2]	Home (lodging)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Asia, total	**180,257**	**22,907,737**	**16,975,031**	**521,005**	**370,412**	**141,593**	**105,285**
Afghanistan	7,454	908,969	813,395	* 12,399	**	* 4,205	0
China	24,155	3,330,668	2,286,677	49,094	57,577	19,021	14,346
Hong Kong	13,625	3,235,667	2,371,315	71,939	135,915	9,111	7,542
India	7,771	859,029	658,502	19,343	* 12,651	2,562	2,346
Indonesia	1,905	223,419	157,220	* 11,815	0	1,892	* 1,845
Iraq	3,332	395,274	342,797	**	0	0	0
Israel	15,204	987,833	781,656	51,332	* 7,217	* 1,564	0
Japan	21,460	1,882,953	1,243,562	58,078	54,651	6,718	3,120
Kuwait	4,107	454,979	418,762	**	0	* 156	**
Lebanon	2,676	214,573	168,073	19,740	* 2,271	0	0
Malaysia	1,017	211,164	117,810	* 7,948	**	2,061	* 970
Philippines	2,107	237,251	175,468	10,920	0	* 1,048	* 933
Qatar	4,148	629,569	434,310	19,574	0	16,313	15,640
Saudi Arabia	9,708	1,635,633	1,353,919	* 9,921	* 11,221	5,318	4,488
Singapore	8,390	2,066,358	1,413,292	21,848	35,327	11,076	6,132
South Korea	16,042	1,367,798	1,081,394	34,577	* 7,540	11,027	10,540
Taiwan	7,103	629,269	494,915	* 3,391	* 5,753	* 29	0
Thailand	4,761	444,143	282,521	31,687	**	1,673	* 779
United Arab Emirates	13,898	2,122,551	1,595,657	30,305	31,319	39,632	28,861
Other Asian countries	11,395	1,070,636	783,786	** 57,094	** 8,968	8,188	** 7,744
Oceania, total	**17,489**	**1,754,068**	**1,298,476**	**54,377**	*** 16,850**	**1,812**	*** 1,297**
Australia	11,978	1,327,696	996,092	46,163	* 16,850	** 1,812	** 1,297
New Zealand	4,554	358,408	259,234	** 8,215	0	**	0
Other Oceania countries	958	67,964	43,150	**	0	**	**
All other countries [3]	**64,644**	**5,567,686**	**4,292,146**	**255,062**	**86,966**	**32,115**	**21,092**

Footnotes at end of table.

Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Foreign-earned income						Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Total allowances, reimbursements, or expenses paid by employers				Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	Total	Total cost of living and overseas differential, family, education and home leave	Quarters	Other					
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All geographic areas	**5,228,113**	**466,785**	**671,864**	**4,089,465**	**61,591**	**690,497**	**29,557,323**	**1,341,816**	**78,285**
North America, total	**115,084**	**9,512**	**14,251**	**91,322**	**** 1,454**	**11,544**	**2,669,720**	**17,158**	**1,119**
Canada	50,880	2,207	3,704	44,968	** 1,454	8,095	** 2,289,517	7,306	* 225
Greenland	0	0	0	0	**	0	**	0	0
Mexico	64,204	7,303	10,547	46,354	0	3,450	380,203	9,851	* 894
Latin and South America, total	**147,937**	**12,941**	**22,123**	**112,873**	*** 898**	**25,616**	**863,663**	**22,666**	**1,863**
Argentina	8,830	* 51	* 1,096	7,683	0	**	46,166	1,069	**
Brazil	70,293	7,515	7,873	54,906	* 334	8,279	195,447	9,850	853
Chile	7,098	487	* 869	5,742	**	**	91,622	2,468	* 53
Colombia	12,591	* 462	* 1,306	10,821	0	* 3,188	123,244	2,224	**
Costa Rica	9,431	**	**	* 7,972	0	**	111,400	827	**
Panama	10,726	* 797	* 2,870	7,059	0	* 3,166	61,546	1,493	**
Peru	12,643	* 1,673	* 1,863	9,107	0	* 1,293	76,226	2,343	* 510
Venezuela	8,751	* 389	* 2,094	6,268	0	**	20,158	1,427	0
Other Latin and South American countries	7,572	** 1,566	** 4,150	* 3,314	** 564	** 9,689	137,854	966	** 447
Caribbean, total	**64,208**	**9,261**	**17,168**	**37,779**	******	**10,084**	**505,231**	**37,055**	**2,326**
Bahamas	* 2,453	**	0	**	0	0	67,336	1,952	**
Bermuda	38,299	1,011	12,772	24,515	**	5,359	96,555	24,325	* 839
Cayman Islands	* 7,255	* 5,391	**	**	0	** 4,726	139,631	4,652	**
Dominican Republic	* 2,311	**	**	* 1,209	0	**	66,055	* 1,064	**
Jamaica	**	**	**	**	0	0	10,713	* 149	0
Other Caribbean countries	** 13,891	** 2,861	** 4,395	** 12,055	0	**	124,941	4,913	** 1,488
Europe, total	**1,302,495**	**83,436**	**75,037**	**1,144,022**	**4,270**	**163,466**	**7,592,921**	**284,029**	**18,985**
Austria	* 2,570	**	**	* 1,989	0	**	124,152	3,086	**
Belgium	41,502	2,482	3,217	35,803	0	* 1,604	116,733	4,266	* 8
Czech Republic	13,303	* 2,641	* 1,111	* 9,550	0	**	104,552	1,184	**
Denmark	* 5,595	** 1,510	**	* 3,541	0	**	88,251	2,565	**
Finland	**	0	0	**	0	**	41,949	* 304	**
France	84,743	9,823	5,048	69,873	0	1,135	730,887	24,214	1,625
Germany	111,869	5,956	4,157	101,756	**	4,016	1,207,540	22,932	1,360
Greece	0	0	0	0	0	* 10,868	82,768	* 223	0
Hungary	* 2,727	* 21	0	* 2,705	0	0	20,934	* 1,256	0
Ireland	16,257	* 600	* 451	15,205	0	* 7,449	62,963	2,056	**
Italy	76,376	7,528	4,283	64,564	**	* 467	309,723	8,851	* 217
Luxembourg	10,934	* 303	* 998	9,632	0	0	28,581	961	**
Netherlands	115,708	9,467	5,856	100,385	0	* 10,884	428,077	16,416	* 211
Norway	16,397	* 656	* 423	15,318	0	**	114,800	896	0
Poland	7,003	* 645	* 466	5,891	0	* 2,687	57,486	431	**
Russia	38,990	2,738	5,383	30,870	**	* 210	96,602	18,427	* 855
Spain	13,910	**	**	13,455	0	* 2,369	154,256	2,668	* 385
Sweden	* 3,001	* 275	* 288	* 2,438	0	**	196,075	368	**
Switzerland	198,257	20,183	10,288	167,786	* 1,503	28,728	1,031,511	67,559	1,788
Turkey	20,323	** 2,298	**	17,974	**	* 6,451	146,745	1,452	**
United Kingdom	499,924	14,079	25,787	460,058	0	79,033	2,248,703	100,584	11,135
Other European countries	** 23,110	2,231	** 7,281	** 15,228	** 2,768	** 7,563	199,632	3,331	** 1,402
Africa, total	**251,368**	**24,075**	**24,404**	**202,888**	**2,790**	**17,167**	**1,003,901**	**22,356**	**1,151**
Angola	56,350	3,763	9,957	42,629	0	**	33,594	4,046	**
Egypt	24,705	* 1,427	* 1,674	21,605	0	* 4,040	91,008	3,200	**
Kenya	13,325	3,866	* 1,192	8,266	0	* 409	94,665	1,258	**
Morocco	10,501	* 747	* 1,083	8,671	**	0	26,969	* 476	0
Nigeria	68,967	5,964	6,824	56,179	* 655	* 7,424	109,164	3,674	0
South Africa	33,007	2,481	* 651	29,875	0	* 682	127,489	2,339	**
Other African countries	44,513	5,830	3,022	35,663	** 2,135	** 4,612	521,010	7,364	** 1,151

Footnotes at end of table.

Table 2. Individual Income Tax Returns With Form 2555: Foreign-Earned Income, Exclusion before Deductions, Housing Exclusion, and Housing Deduction, by Country or Region, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Foreign-earned income						Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Total allowances, reimbursements, or expenses paid by employers				Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	Total	Total cost of living and overseas differential, family, education and home leave	Quarters	Other					
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Asia, total	**3,072,077**	**294,324**	**481,259**	**2,296,495**	**45,843**	**354,210**	**12,028,753**	**869,108**	**43,691**
Afghanistan	* 5,735	**	**	* 5,598	**	0	602,705	824	* 202
China	632,776	61,613	74,696	496,468	4,502	55,982	1,538,087	114,045	4,395
Hong Kong	388,007	29,941	93,508	264,559	**	152,469	1,132,709	249,618	14,201
India	105,131	3,665	7,787	93,679	* 60	12,631	497,034	8,025	1,804
Indonesia	45,216	3,781	5,062	36,373	* 537	**	117,018	4,975	**
Iraq	15,928	0	**	**	0	0	274,885	* 352	0
Israel	11,480	* 581	* 761	10,138	0	2,169	788,388	2,538	* 851
Japan	293,055	24,167	41,136	227,753	**	21,771	1,106,441	54,031	4,414
Kuwait	13,561	* 1,006	* 4,111	8,444	0	0	347,560	24,052	**
Lebanon	* 2,687	**	**	* 2,161	0	**	172,117	1,574	**
Malaysia	63,130	3,509	5,616	54,006	0	* 9,809	81,775	6,623	**
Philippines	41,789	3,076	4,304	34,409	**	* 1,955	118,818	3,722	* 51
Qatar	126,737	17,356	36,679	72,702	* 6,357	* 3,890	364,564	33,162	919
Saudi Arabia	195,853	22,056	18,762	155,034	17,613	14,091	819,735	25,692	* 993
Singapore	515,186	51,679	73,939	389,569	* 1,726	27,417	732,228	144,237	3,812
South Korea	102,389	14,478	13,153	74,759	* 3,956	8,528	846,833	29,065	961
Taiwan	35,015	3,891	3,499	27,625	**	4,171	393,743	7,461	* 205
Thailand	85,000	7,156	11,000	66,843	**	* 180	244,619	10,124	* 216
United Arab Emirates	299,598	39,726	79,525	180,347	* 5,839	17,191	1,169,369	134,740	8,228
Other Asian countries	93,803	** 6,648	** 7,722	** 96,026	** 5,253	** 21,957	680,125	14,248	** 2,441
Oceania, total	**177,449**	**15,881**	**24,472**	**137,096**	**0**	**24,834**	**1,120,308**	**24,702**	*** 488**
Australia	171,438	14,700	23,105	133,633	0	17,606	768,588	23,088	** 488
New Zealand	** 6,012	* 1,181	* 1,367	** 3,463	0	* 7,228	290,376	1,614	**
Other Oceania countries	**	0	0	**	0	0	61,343	0	0
All other countries [3]	**97,496**	**17,356**	**13,150**	**66,990**	**6,336**	**83,576**	**3,772,827**	**64,742**	**8,661**

* Estimate should be used with caution because of the small number of sample returns on which it is based.
** Data combined to prevent disclosure of specific taxpayer information.
[1] Includes returns with no foreign-earned income, but filed Form 2555 to claim an exclusion for a prior year or for reporting purposes.
[2] Includes meals, car, and other property or facilities not shown separately.
[3] Includes returns with no country stated and U.S. Possessions.
NOTE: Detail may not add to totals because of rounding. Data are from Forms 2555, *Foreign Earned Income,* filed by U.S. taxpayers with Form 1040, *U.S. Individual Income Tax Return.*
SOURCE: IRS, Statistics of Income, Individual Foreign-Earned Income, October 2019.

Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2016
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns [1]	Selected income, exclusion, deduction, and credit items reported on Form 1040					
		Adjusted gross income or deficit	Worldwide income [2]	Salaries and wages		Foreign-earned income exclusion [3]	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	**9,250,150**	**2,376,331,831**	**2,432,604,066**	**5,910,296**	**1,086,789,197**	**167,206**	**12,564,633**
No adjusted gross income (includes deficits)	160,481	-74,955,014	-73,773,368	55,006	3,904,006	13,735	740,836
$1 under $10,000	319,464	1,469,461	3,181,684	116,522	2,050,770	29,603	1,586,165
$10,000 under $25,000	520,557	9,112,730	10,635,328	209,211	3,884,161	17,387	1,158,927
$25,000 under $50,000	990,070	37,380,380	39,900,676	496,587	15,656,726	20,454	1,539,998
$50,000 under $75,000	1,165,189	72,556,107	75,145,238	610,786	28,307,788	14,637	1,159,888
$75,000 under $100,000	1,097,925	95,967,993	98,869,046	639,577	41,422,659	11,493	956,700
$100,000 under $200,000	2,566,060	362,184,461	371,370,142	1,763,470	188,261,395	23,029	2,020,381
$200,000 under $500,000	1,674,851	502,696,418	515,761,126	1,387,229	310,666,072	23,854	2,158,199
$500,000 under $1,000,000	466,744	318,428,135	326,447,304	394,936	178,319,571	8,238	786,290
$1,000,000 under $1,500,000	120,364	145,442,529	148,805,687	99,284	69,157,690	2,097	202,679
$1,500,000 under $2,000,000	52,560	90,413,027	92,263,843	43,055	38,206,736	959	90,605
$2,000,000 under $5,000,000	80,897	242,078,021	245,916,695	66,099	88,197,345	1,291	123,206
$5,000,000 under $10,000,000	21,221	145,423,907	147,028,031	17,286	44,765,110	278	26,320
$10,000,000 or more	13,770	428,133,674	431,052,632	11,249	73,989,167	151	14,441

Footnotes at end of table.

Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Selected income, exclusion, deduction, and credit items reported on Form 1040							
	Foreign housing deduction		Taxable income		Foreign tax credit		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
All returns	**2,356**	**54,546**	**8,616,783**	**2,003,843,215**	**7,798,024**	**20,090,001**	**8,126,439**	**518,772,397**
No adjusted gross income (includes deficits)	* 37	* 185	0	0	332	35	2,356	69,039
$1 under $10,000	**	**	106,373	257,228	72,382	3,192	75,059	23,374
$10,000 under $25,000	** 120	** 730	349,431	2,345,555	274,460	27,215	239,655	160,115
$25,000 under $50,000	226	1,331	942,072	19,058,071	812,608	167,777	772,405	1,645,558
$50,000 under $75,000	205	2,540	1,145,593	47,090,804	1,034,661	255,845	1,066,973	5,533,701
$75,000 under $100,000	167	2,096	1,092,728	67,545,380	1,007,851	367,103	1,044,290	8,712,964
$100,000 under $200,000	400	7,998	2,557,612	274,285,494	2,357,295	1,385,943	2,504,132	44,339,814
$200,000 under $500,000	405	6,786	1,669,043	412,561,928	1,542,534	3,418,553	1,667,181	96,267,365
$500,000 under $1,000,000	335	13,247	465,916	278,253,059	429,450	3,152,218	465,875	79,998,669
$1,000,000 under $1,500,000	161	6,567	120,050	127,302,877	110,769	1,761,571	120,239	39,745,037
$1,500,000 under $2,000,000	120	5,562	52,442	79,454,601	48,209	996,525	52,503	25,576,294
$2,000,000 under $5,000,000	124	5,238	80,614	211,909,461	74,993	2,890,724	80,809	69,165,803
$5,000,000 under $10,000,000	31	1,310	21,176	127,062,052	19,719	1,502,161	21,203	41,138,929
$10,000,000 or more	23	955	13,732	356,716,706	12,761	4,161,139	13,760	106,395,734

Footnotes at end of table.

Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with a Form 1116						
	Number of returns with a Form 1116	Foreign income, taxes and credit reported on Form 1116					
		Foreign-source gross income		Foreign-source deductions and losses		Foreign-source taxable income before adjustments [4]	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
All returns	**4,989,329**	**4,555,160**	**216,699,618**	**4,379,947**	**89,107,527**	**4,571,835**	**127,592,091**
No adjusted gross income (includes deficits)	160,202	118,962	6,535,761	112,319	5,406,474	125,305	1,129,287
$1 under $10,000	280,885	231,167	671,049	232,821	521,997	233,168	149,052
$10,000 under $25,000	347,396	300,263	1,471,184	287,506	634,978	300,844	836,207
$25,000 under $50,000	505,873	456,069	3,707,291	442,069	1,101,013	457,845	2,606,277
$50,000 under $75,000	549,582	498,687	3,738,492	486,391	763,597	500,020	2,974,895
$75,000 under $100,000	482,095	451,377	4,584,069	433,577	1,047,525	451,572	3,536,545
$100,000 under $200,000	1,189,671	1,096,163	12,904,814	1,048,714	2,520,066	1,098,852	10,384,748
$200,000 under $500,000	924,309	873,209	26,531,598	825,737	4,599,421	874,694	21,932,178
$500,000 under $1,000,000	315,333	301,450	21,117,978	289,222	5,714,030	301,513	15,403,948
$1,000,000 under $1,500,000	92,309	89,465	11,966,934	86,773	4,071,026	89,515	7,895,908
$1,500,000 under $2,000,000	41,915	40,718	7,783,229	39,470	2,797,018	40,749	4,986,210
$2,000,000 under $5,000,000	67,923	66,376	24,407,868	64,797	10,367,355	66,469	14,040,513
$5,000,000 under $10,000,000	18,930	18,558	14,343,047	18,128	6,395,428	18,579	7,947,619
$10,000,000 or more	12,906	12,695	76,936,304	12,422	43,167,599	12,712	33,768,705

Footnotes at end of table.

Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with a Form 1116									
	Foreign income, taxes and credit reported on Form 1116									
	Foreign taxes paid or accrued on:									
	Total		Dividends		Rents and royalties		Interest		Other income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns	**4,179,809**	**27,037,624**	**3,612,870**	**2,437,611**	**37,423**	**335,782**	**118,661**	**269,903**	**853,966**	**23,994,329**
No adjusted gross income (includes deficits)	103,821	330,659	87,202	50,976	1,076	52,528	3,680	2,515	22,026	224,641
$1 under $10,000	194,622	198,235	164,978	10,450	606	1,093	10,599	3,016	29,395	183,677
$10,000 under $25,000	252,052	275,863	210,647	32,182	366	400	10,694	4,050	46,898	239,231
$25,000 under $50,000	413,367	551,380	339,842	56,787	2,971	3,872	8,096	11,695	85,833	479,026
$50,000 under $75,000	464,651	545,178	406,280	76,249	2,299	4,423	4,327	3,128	73,936	461,378
$75,000 under $100,000	422,879	709,339	375,123	99,507	5,295	11,838	8,667	13,558	64,736	584,436
$100,000 under $200,000	1,009,461	2,377,120	893,510	226,372	6,259	15,630	27,150	99,201	160,273	2,035,916
$200,000 under $500,000	811,547	4,891,433	700,503	453,051	12,587	117,692	30,208	56,887	181,798	4,263,804
$500,000 under $1,000,000	287,243	3,921,420	246,790	287,501	3,387	66,852	8,850	16,460	88,226	3,550,606
$1,000,000 under $1,500,000	85,776	2,062,079	73,869	170,318	930	5,245	2,113	6,020	32,622	1,880,495
$1,500,000 under $2,000,000	39,135	1,141,089	33,647	90,441	407	5,395	1,110	3,529	17,183	1,041,724
$2,000,000 under $5,000,000	64,597	3,278,534	54,785	296,210	834	18,127	2,069	10,297	32,116	2,953,900
$5,000,000 under $10,000,000	18,195	1,677,038	15,486	160,958	224	12,806	637	13,599	10,552	1,489,675
$10,000,000 or more	12,464	5,078,257	10,208	426,607	182	19,881	461	25,948	8,371	4,605,821

Footnotes at end of table.

Table 3. Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116: Sources of Income, Deductions and Tax Items, and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income, Tax Year 2016—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with a Form 1116									
	Foreign income, taxes and credit reported on Form 1116									
	Foreign taxes available for credit		Foreign tax carryover		Reduction in foreign taxes		Gross foreign tax credit		Foreign tax credit after adjustments [5]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
All returns	**4,669,145**	**47,335,683**	**1,848,890**	**22,360,853**	**107,173**	**2,091,587**	**3,536,520**	**19,813,843**	**3,537,203**	**19,793,354**
No adjusted gross income (includes deficits)	147,904	1,697,701	115,899	1,427,591	5,674	65,490	53	6	53	6
$1 under $10,000	262,635	424,347	182,712	371,539	13,708	145,419	33,803	1,871	33,803	1,870
$10,000 under $25,000	317,734	615,152	203,188	455,187	7,902	115,899	101,299	21,718	101,299	21,502
$25,000 under $50,000	476,520	1,263,265	241,695	897,284	10,901	187,684	328,412	150,952	328,411	148,354
$50,000 under $75,000	508,359	1,136,483	200,974	768,282	11,633	177,749	419,055	229,723	419,055	227,950
$75,000 under $100,000	453,900	1,396,737	156,906	829,891	6,691	142,555	391,719	332,023	392,020	331,420
$100,000 under $200,000	1,106,997	3,836,845	364,984	1,825,052	17,074	366,117	980,902	1,297,044	980,906	1,290,759
$200,000 under $500,000	867,764	8,878,062	251,028	4,471,105	19,368	489,365	791,959	3,350,257	791,992	3,345,915
$500,000 under $1,000,000	301,077	7,077,633	77,526	3,375,320	7,513	219,644	277,820	3,132,825	278,040	3,131,682
$1,000,000 under $1,500,000	88,487	3,392,508	20,974	1,389,705	2,279	64,181	82,634	1,754,944	82,714	1,753,331
$1,500,000 under $2,000,000	40,329	1,903,342	9,730	790,406	1,147	28,256	37,549	995,033	37,565	994,420
$2,000,000 under $5,000,000	66,197	5,421,141	15,825	2,185,208	2,031	50,100	62,000	2,888,750	62,019	2,888,402
$5,000,000 under $10,000,000	18,556	2,824,058	4,301	1,156,852	653	10,159	17,424	1,501,803	17,429	1,501,418
$10,000,000 or more	12,685	7,468,409	3,148	2,417,432	598	28,970	11,893	4,156,894	11,897	4,156,323

* Estimate should be used with caution because of the small number of sample returns on which it is based.
** Data combined to prevent disclosure of taxpayer information.
[1] Not all taxpayers with a foreign tax credit file the Form 1116, *Foreign Tax Credit.* Taxpayers with $300 ($600 if married filing a joint return) or less in creditable foreign taxes who also meet certain other conditions are not required to file Form 1116 to claim the foreign tax credit.
[2] Worldwide income is total income or loss reported on Form 1040, *U.S. Individual Income Tax Return,* before the foreign-earned income and housing exclusions have been taken.
[3] Amount reported on Form 1040 is the total amount of foreign-earned income exclusion after subtracting deductions allocable to excluded income.
[4] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.
[5] Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.
NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit,* which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return.*
SOURCE: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

Table 4. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region, Tax Year 2016

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments [1]	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All geographic areas	**4,989,329**	**216,699,618**	**89,107,527**	**127,592,091**	**27,037,624**	**2,437,611**	**335,782**	**269,903**	**23,994,329**
North America, total	**657,513**	**18,597,685**	**6,654,576**	**11,943,109**	**3,623,510**	**241,629**	**98,398**	**40,155**	**3,243,327**
Canada	597,791	13,606,129	4,249,834	9,356,295	2,917,228	211,627	77,426	35,235	2,592,941
Mexico	59,722	4,991,555	2,404,741	2,586,814	706,281	30,002	20,972	4,921	650,386
Latin/South America, total	**49,145**	**3,745,373**	**1,610,279**	**2,135,095**	**555,631**	**15,977**	**3,049**	**23,439**	**513,166**
Argentina	4,660	179,115	46,419	132,696	45,694	7,828	**	**	37,187
Brazil	22,895	1,278,820	420,030	858,790	224,904	2,622	1,106	13,563	207,613
Chile	3,033	253,359	47,077	206,282	55,847	* 2,143	**	**	46,420
Colombia	3,942	1,147,253	902,344	244,909	84,489	1,100	* 138	174	83,078
Costa Rica	1,523	164,357	57,617	106,740	17,102	**	0	**	14,366
Panama	1,407	120,333	11,844	108,489	11,502	* 565	* 454	0	10,483
Peru	1,290	164,082	33,895	130,187	25,773	* 949	**	**	24,353
Venezuela	5,927	169,067	42,217	126,849	37,672	**	0	**	37,499
Other Latin/South American countries	4,470	268,988	48,836	220,152	52,646	** 769	** 1,350	** 9,702	52,166
Caribbean, total	**15,253**	**916,673**	**341,174**	**575,498**	**57,011**	**634**	*** 7,839**	**82**	**48,455**
Bermuda	2,943	363,890	27,931	335,959	5,514	22	0	0	5,492
Cayman Islands	1,761	104,903	35,266	69,638	204	* 21	0	0	183
Dominican Republic	1,315	49,788	55,505	-5,717	10,965	* 246	**	**	10,585
Jamaica	3,816	103,103	31,594	71,509	19,225	* 62	**	**	11,403
Other Caribbean countries	5,417	294,990	190,879	104,110	21,103	282	** 7,839	** 82	20,793
Europe, total	**582,865**	**37,808,585**	**10,610,459**	**27,198,126**	**9,479,654**	**346,489**	**103,135**	**59,984**	**8,970,046**
Austria	4,317	130,498	32,882	97,616	33,270	6,799	**	**	26,150
Belgium	21,450	1,124,149	190,358	933,791	351,267	23,574	**	**	327,526
Czech Republic	2,699	72,862	18,804	54,058	17,369	* 3,004	**	**	14,112
Denmark	9,234	288,497	42,251	246,246	94,536	3,387	**	**	90,621
Finland	14,890	82,270	29,881	52,389	22,929	6,598	* 15	* 5	16,311
France	78,946	2,265,652	926,786	1,338,866	378,185	19,214	25,008	3,446	330,518
Germany	76,436	6,184,889	2,547,665	3,637,224	1,315,910	63,155	10,104	22,487	1,220,164
Greece	4,258	196,454	34,548	161,906	66,373	106	3,591	13	62,662
Hungary	551	108,871	47,795	61,076	16,967	* 595	**	**	16,352
Ireland	17,074	652,045	133,287	518,758	144,838	2,430	998	95	141,316
Italy	11,956	804,002	213,465	590,537	228,327	12,138	27,244	1,794	187,152
Luxembourg	10,692	765,079	205,297	559,783	146,834	12,629	0	* 122	134,083
Netherlands	54,364	2,020,586	502,333	1,518,253	492,252	17,767	**	**	474,083
Norway	3,325	204,686	46,555	158,131	55,399	2,869	**	**	52,520
Poland	2,925	189,190	76,020	113,171	23,203	992	3,578	296	18,337
Portugal	3,389	146,344	34,139	112,204	38,026	* 486	* 132	480	36,929
Russia	4,277	677,071	95,871	581,200	112,586	6,179	**	**	105,240
Spain	20,336	450,383	103,000	347,383	109,334	10,501	2,361	877	95,595
Sweden	9,297	410,436	69,528	340,909	114,113	19,195	* 25	1,036	93,858
Switzerland	48,134	3,576,810	625,587	2,951,223	813,792	72,135	14,257	17,291	710,109
Turkey	3,141	423,075	43,235	379,840	107,271	3,234	2,864	1,660	99,513
United Kingdom	172,194	16,696,352	4,532,175	12,164,177	4,753,335	53,215	10,879	8,728	4,680,513
Other European countries	8,979	338,386	59,001	279,386	43,541	6,290	** 2,078	** 1,653	36,386
Africa, total	**13,343**	**1,583,973**	**284,607**	**1,299,366**	**310,615**	**18,506**	*** 257**	**247**	**291,604**
Angola	986	244,866	41,073	203,794	39,208	**	0	**	39,107
Egypt	843	132,418	17,393	115,025	29,968	**	**	0	29,468
Kenya	1,188	128,635	16,536	112,099	38,160	**	**	**	37,961
Morocco	84	17,874	2,440	15,433	4,760	**	0	0	**
Nigeria	1,315	232,522	48,179	184,343	41,187	**	0	**	38,024
South Africa	4,141	298,128	69,828	228,300	48,090	2,823	**	**	45,054
Other African countries	4,785	529,528	89,156	440,370	109,236	** 15,682	** 257	** 247	** 101,987

Footnotes at end of table.

Table 4. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region, Tax Year 2016—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments [1]	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Asia, total	**333,353**	**33,054,025**	**5,385,518**	**27,668,508**	**6,586,054**	**203,962**	**93,138**	**104,054**	**6,184,900**
Afghanistan	4,098	306,774	160,445	146,329	11,309	**	**	0	10,188
China	49,144	5,796,417	844,165	4,952,252	1,581,604	56,848	2,053	* 28	1,522,676
Hong Kong	16,865	3,919,285	1,098,300	2,820,986	488,330	3,021	2,123	* 506	482,679
India	71,909	8,772,657	716,491	8,056,167	1,383,024	8,065	20,488	88,125	1,266,347
Indonesia	2,627	381,898	21,392	360,506	127,997	598	**	**	126,377
Iraq	1,678	172,049	18,333	153,717	21,488	0	0	0	21,488
Israel	46,617	2,052,711	530,925	1,521,786	532,984	20,228	2,400	4,227	506,131
Japan	61,966	2,871,904	493,307	2,378,597	812,864	26,172	2,458	1,476	782,758
Kuwait	270	10,685	1,284	9,401	* 121	0	0	0	* 121
Lebanon	2,480	107,261	14,586	92,675	9,515	* 1,203	0	2,796	5,516
Malaysia	1,820	243,823	31,737	212,086	74,410	**	**	0	74,302
Philippines	2,226	221,036	37,464	183,572	51,662	5,330	* 272	12	46,048
Qatar	1,339	156,150	11,054	145,095	* 337	0	0	0	* 337
Saudi Arabia	2,894	433,167	57,640	375,527	11,318	**	0	0	**
Singapore	13,102	2,416,642	362,853	2,053,789	462,794	758	639	* 4	461,394
South Korea	20,757	2,055,684	357,368	1,698,316	420,717	27,142	54,042	4,184	335,349
Taiwan	11,274	887,228	149,607	737,620	208,761	51,556	8,134	312	148,759
Thailand	6,151	494,966	69,658	425,308	154,945	643	* 151	731	153,420
United Arab Emirates	3,459	579,383	101,974	477,409	4,212	**	0	**	4,205
Other Asian countries	12,676	1,174,308	306,934	867,370	227,664	** 2,399	** 378	** 1,654	** 236,807
Oceania, total	**47,776**	**3,488,327**	**954,754**	**2,533,573**	**883,424**	**16,775**	**10,608**	**27,968**	**828,073**
Australia	32,227	2,793,830	809,708	1,984,122	726,387	8,733	10,153	4,843	702,659
New Zealand	13,458	609,617	134,304	475,313	152,316	7,965	* 455	23,125	120,770
Other Oceania countries	2,090	84,881	10,743	74,137	4,721	77	0	0	4,643
U.S. Possessions, total	**44,050**	**1,641,021**	**463,676**	**1,177,345**	**161,531**	**4,951**	**97**	**12**	**156,470**
Puerto Rico	42,470	1,439,768	375,808	1,063,960	144,426	4,689	[2]	[2]	139,643
Other U.S. Possessions	1,582	201,254	87,868	113,386	17,104	262	[2]	[2]	16,827
Country not stated	**4,973,961**	**115,679,879**	**62,740,988**	**52,938,892**	**5,356,883**	**1,578,987**	**** 19,261**	**** 13,960**	**3,744,816**
High taxed [3]	**143,697**	**184,076**	**61,496**	**122,580**	**23,312**	**9,701**	****	****	**13,471**

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data combined to prevent disclosure of taxpayer information.

[1] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[2] Data deleted to prevent disclosure of taxpayer information.

[3] High taxed is passive category income and taxes treated as general limitation category income and taxes because the foreign taxes paid on the income (after expenses) exceeds the highest U.S. tax that can be imposed on the income, and is not reported by country. Data by type of income are shown in Table 5.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit,* which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return.*

SOURCE: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

Table 5. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Type of Income, Tax Year 2016

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Type of income	Number of returns [1]	Foreign-source gross income		Foreign-source deductions and losses		Foreign-source taxable income before adjustments [2]	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	**4,989,329**	**4,562,629**	**216,699,618**	**4,384,349**	**89,107,527**	**4,578,447**	**127,592,091**
Passive income [4]	4,096,253	3,750,601	66,158,157	311,805	14,345,005	3,752,474	45,450,258
General limitation income [5]	1,460,362	1,152,840	149,334,956	152,291	59,023,128	1,181,004	81,122,054
Section 901(j) income [6]	297	244	8,481	136	4,211	250	3,474
Certain income re-sourced by treaty [7]	21,776	17,905	1,146,340	1,237	116,556	17,900	968,183
Lump-sum distributions [8]	1,020	660	51,685	* 15	* 454	660	48,122

Type of income	Foreign taxes paid or accrued on:						
	Total		Dividends		Rents and royalties		Interest
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All returns	**4,179,809**	**27,037,624**	**3,612,872**	**2,437,611**	**37,423**	**335,782**	**118,662**
Passive income [4]	3,405,684	5,291,733	3,123,655	2,108,249	31,508	242,509	113,471
General limitation income [5]	986,119	21,411,277	519,195	321,019	5,911	92,941	4,987
Section 901(j) income [6]	124	144	**	**	0	0	**
Certain income re-sourced by treaty [7]	17,241	322,859	1,513	8,301	** 36	** 332	** 798
Lump-sum distributions [8]	1,013	11,611	** 328	** 41	**	**	**

Type of income	Foreign taxes paid or accrued on:			Foreign taxes available for credit		Gross foreign tax credit [3]	
	Interest	Other income					
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
All returns	**269,903**	**853,977**	**23,994,329**	**4,669,145**	**47,335,683**	**3,536,520**	**19,813,843**
Passive income [4]	258,284	430,615	2,682,691	3,737,876	9,663,093	2,828,703	3,879,289
General limitation income [5]	8,636	493,710	20,988,681	1,273,516	37,128,029	876,399	15,691,914
Section 901(j) income [6]	**	87	132	134	155	0	0
Certain income re-sourced by treaty [7]	** 2,984	15,869	311,367	20,834	532,934	15,900	233,277
Lump-sum distributions [8]	**	711	11,457	1,018	11,471	978	9,363

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data combined to prevent disclosure of taxpayer information.

[1] Taxpayers may report more than one type of foreign-source income on a return. Consequently, the number of returns by type of income do not add to total. In addition to Column 1, this is true for Columns 2, 4, 6, etc.

[2] Adjustments include allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[3] This is before adjustments. Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

[4] Passive income generally includes dividends, interest, rents, royalties, and annuities.

[5] General limitation income is foreign income from sources outside the United States that do not fall into one of the other four categories; it includes high-taxed income that would otherwise be passive income.

[6] Section 901(j) income is income earned from activities conducted in a sanctioned country. No credit is allowed for taxes paid or accrued to sanctioned countries, which for 2016 were Iran, North Korea, Sudan, and Syria.

[7] Certain income re-sourced by treaty allows specific types of income to be treated as foreign-source income, if there is a tax treaty that treats it as such, and the treaty is applied.

[8] Lump-sum distributions are distributions from a retirement plan that are subject to U.S. tax using income averaging.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116, *Foreign Tax Credit,* which U.S. taxpayers file with Form 1040, *U.S. Individual Income Tax Return.*

SOURCE: IRS, Statistics of Income, Individual Foreign-Earned Income and Foreign Tax Credit, October 2019.

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