INTERNATIONAL TAX PLANNING CHECKLIST

Before Moving to the United States

Moving to the United States is more than an immigration decision. It is also a major tax decision. Many newcomers assume that U.S. taxation begins when they receive a green card, start a U.S. job, or file their first U.S. tax return. That is not always the case.

You may become a U.S. tax resident based simply on the number of days you spend in the United States. Once U.S. tax residency begins, the United States generally taxes your worldwide income and may require extensive reporting of foreign accounts, investments, companies, trusts, and other assets.

Many planning opportunities are available before residency begins. After the move, some of those opportunities may become more expensive, more complicated, or no longer available.

Use this checklist to identify the areas that should be reviewed before relocating.

1. Determine When U.S. Tax Residency Begins

Immigration residency and tax residency are related, but they are not always the same. A person can become a U.S. tax resident even without a green card. For most newcomers, U.S. tax residency is determined under one of two tests: the Green Card Test or the Substantial Presence Test.

The Green Card Test

You will generally be treated as a U.S. tax resident when you become a lawful permanent resident of the United States. This usually means that your green card application has been approved and you are present in the United States as a permanent resident. Your residency starting date may depend on when your green card was approved, when you entered the country, and whether you also satisfy the Substantial Presence Test.

- ☐ Identify the date your permanent resident status is expected to begin.
- ☐ Confirm whether you will enter the United States before or after green card approval.
- ☐ Determine whether earlier visits could cause you to become a tax resident before that date.

The Substantial Presence Test

The Substantial Presence Test is a day-counting formula. You may become a U.S. tax resident based on how many days you are physically present in the United States, even if you are in the country on a temporary visa. You generally meet the test when both of the following apply:

- You are present in the United States for at least 31 days during the current year; and
- Your weighted total for the current year and the two previous years equals at least 183 days.

The calculation includes: all days in the current year + one-third of days in the previous year + one-sixth of days in the second previous year.

> Example: 130 days in 2026 + (120 × ⅓ = 40) in 2025 + (90 × ⅙ = 15) in 2024 = 185 days. Because the total is ≥ 183 and ≥ 31 days in the current year, you may meet the test for 2026. Residency often begins on the first day of physical presence that year.

- ☐ Prepare a travel history for the current year and two previous years.
- ☐ Include business trips, vacations, family visits, conferences, and short stays.
- ☐ Do not assume that a temporary visa automatically prevents U.S. tax residency.
- ☐ Calculate the potential residency starting date before finalizing your move.

Days That May Not Count

Certain days may be excluded (students, teachers/trainees, diplomats, certain professional athletes, medical conditions preventing departure, regular commuters from Canada/Mexico). “Exempt individual” usually means days are exempt from the day-count — not that the person is exempt from U.S. tax.

- ☐ Identify your visa classification.
- ☐ Determine whether any of your U.S. days may be excluded.
- ☐ Confirm whether a special form or statement must be filed to claim the exclusion.

The Closer Connection Exception

In limited situations, someone who satisfies the Substantial Presence Test may still be treated as a nonresident if present fewer than 183 actual days, maintained a tax home in another country, had a closer connection to that country, and timely filed the required form. Highly fact-specific.

- ☐ Determine whether you expect to spend fewer than 183 actual days in the United States.
- ☐ Review the location of your home, family, employment, business, banking, property, and personal connections.
- ☐ Confirm whether the required closer-connection filing will be available.

The First-Year Choice

A person who does not satisfy the Substantial Presence Test during the year of arrival may sometimes elect to begin U.S. tax residency that year (requires ≥ 31 consecutive days, sufficient remaining presence, and meeting the test the following year). Useful in some cases, but can accelerate worldwide taxation.

- ☐ Determine whether the First-Year Choice is available.
- ☐ Calculate the tax consequences before making the election.
- ☐ Do not make the election solely because it appears to simplify the tax return.

Dual-Status Tax Year

If you are a nonresident for part of the year and a U.S. resident for the remainder, you may have a dual-status tax year. This affects reported income, available deductions, filing status, treaty positions, foreign tax credits, and attached forms.

- ☐ Determine whether the year of arrival will be a dual-status year.
- ☐ Compare dual-status filing with any available residency elections.
- ☐ Review the consequences before deciding how to file.

2. Understand Worldwide Income Taxation

Once you become a U.S. tax resident, the United States generally taxes your worldwide income — even if earned outside the U.S., held in a foreign account, not transferred to the U.S., already taxed abroad, or sourced from a foreign company.

Worldwide income may include:

- ☐ Foreign salary and bonuses
- ☐ Self-employment income
- ☐ Business profits
- ☐ Dividends
- ☐ Interest
- ☐ Capital gains
- ☐ Rental income
- ☐ Royalties
- ☐ Pension income
- ☐ Cryptocurrency transactions
- ☐ Income from foreign trusts or estates

The location of the account or payment does not, by itself, determine whether the income is taxable.

3. Review Your Foreign Business

If you own all or part of a business outside the United States, do not assume that only salary or dividends matter. U.S. rules may require reporting of the company itself and may tax certain corporate income before distribution. Applies to corporations, limited companies, partnerships, sole proprietorships, holding companies, operating companies, family businesses, and multi-tier ownership.

- ☐ Identify every company you own directly.
- ☐ Identify companies you own indirectly through another business, partnership, trust, or family structure.

☐ Record your ownership percentage.
☐ Identify other owners and whether any are U.S. persons.
☐ Gather the company's financial statements and tax returns.
☐ Determine how the company will be classified for U.S. tax purposes.
☐ Review whether the business may be treated as a controlled foreign corporation (CFC).
☐ Review whether company profits could create current U.S. taxable income even without a dividend (e.g., GILTI / Subpart F).
☐ Evaluate salary, dividend, loan, and distribution strategies.
☐ Consider whether restructuring should occur before U.S. tax residency begins.

A foreign legal structure that works well under local law may produce an unfavorable result under U.S. tax law.

4. Review Foreign Investments

Foreign investments may be taxed very differently under U.S. law. This is particularly important for foreign mutual funds, ETFs, investment companies, and certain insurance-based products. A product that is ordinary and tax-efficient abroad may face punitive taxation and complex annual reporting (e.g., PFIC rules) in the United States.

Prepare a list of:

☐ Brokerage accounts
☐ Mutual funds
☐ Exchange-traded funds
☐ Investment partnerships
☐ Investment holding companies
☐ Money-market funds
☐ Insurance investment products
☐ Pension investments
☐ Privately held shares
☐ Cryptocurrency accounts

For each investment gather: full legal name, country, account number, purchase date, original cost, current value, income/distributions, ISIN when available.

☐ Identify foreign pooled investment products before the move.
☐ Consider whether any investments should be sold, replaced, or restructured before residency begins.
☐ Calculate potential foreign capital gains or exit taxes before selling.
☐ Do not sell an investment solely for U.S. tax reasons without reviewing the tax consequences in the current country.

5. Review Foreign Bank and Financial Accounts

The United States has separate reporting rules for foreign financial accounts (FBAR / Form 8938). These reports may be required even when the account produces no income, no U.S. tax is due, the account is joint, funds belong partly to another person, used only for business, or closed during the year.

Prepare information for every foreign financial account, including:

☐ Checking accounts
☐ Savings accounts
☐ Brokerage accounts
☐ Pension accounts
☐ Certain life insurance accounts
☐ Business accounts over which you have signature authority
☐ Joint accounts
☐ Cryptocurrency accounts maintained by certain foreign providers

Gather for each: institution name & full address, country, account number, type, maximum annual balance, year-end balance, ownership, and signature-authority information. Do not assume a small balance is irrelevant — multiple accounts may be aggregated for the reporting threshold.

6. Review Foreign Real Estate

Direct ownership of foreign real estate is generally different from owning the property through a foreign company, partnership, or trust.

☐ Personal residences
☐ Rental properties
☐ Vacation homes
☐ Commercial properties
☐ Undeveloped land
☐ Property owned through a company or partnership

For each property gather: purchase date & price, related costs, major improvements, current estimated value, mortgage balance, rental income, operating expenses, depreciation records, ownership percentage.

- ☐ Determine whether the property is personally owned or entity-owned.
- ☐ Review how rental income will be reported in the United States.
- ☐ Gather historical exchange rates and cost records.
- ☐ Review potential gain exposure before selling or transferring property.
- ☐ Determine whether refinancing, gifting, or restructuring is being considered.

7. Review Retirement and Pension Plans

Foreign retirement arrangements do not always receive the same U.S. tax treatment they receive in the country where they were created. A locally tax-exempt pension may still create U.S. income or reporting obligations.

Identify all:

- ☐ Employer pension plans
- ☐ Government retirement programs
- ☐ Private pension accounts
- ☐ Individual retirement accounts
- ☐ Deferred compensation plans
- ☐ Insurance-based retirement arrangements
- ☐ Employee stock or savings plans

Gather plan documents, annual statements, contribution history, employer contributions, current value, distribution rules, and investment holdings inside the account.

- ☐ Determine whether an income tax treaty applies.
- ☐ Review whether contributions will remain deductible or tax-deferred.
- ☐ Review whether earnings inside the plan may be currently taxable.
- ☐ Identify whether the investments inside the plan create separate U.S. reporting.
- ☐ Review the consequences of taking distributions before or after the move.

8. Review Trusts, Foundations, and Estate Planning

Foreign trusts and similar arrangements can create extensive U.S. reporting. A structure may be treated as a trust under U.S. law even if it has a different name abroad (family trusts, foundations, fiduciary arrangements, inheritance structures, education funds, asset-protection, nominee ownership).

- ☐ Identify every trust, foundation, or similar structure you created.
- ☐ Identify structures from which you may receive money or property.
- ☐ Identify structures established by parents, grandparents, or other family members.
- ☐ Gather governing documents and annual statements.
- ☐ Review expected gifts, inheritances, loans, and distributions.
- ☐ Consider whether distributions should occur before or after U.S. residency begins.

9. Review Gifts and Inheritances

Foreign gifts and inheritances may not always create U.S. income tax, but they may trigger reporting obligations. The timing, source, amount, and legal form of the transfer matter.

- ☐ Identify expected gifts from foreign family members.
- ☐ Identify pending inheritances.
- ☐ Determine whether property, investments, business interests, or cash will be transferred.
- ☐ Gather supporting legal and banking documentation.
- ☐ Review whether a transfer should occur before or after U.S. residency begins.
- ☐ Confirm whether the transfer involves a foreign trust, foundation, company, or estate.

10. Gather Cost-Basis Records

Cost basis is generally the amount paid for an asset, adjusted for certain expenses, improvements, distributions, and prior transactions. The United States may use this information to calculate taxable gain when an asset is sold. Do not assume that the value on the date you move to the United States automatically becomes your new U.S. tax basis.

Collect records for:

- ☐ Stocks and bonds
- ☐ Mutual funds and ETFs
- ☐ Foreign companies
- ☐ Real estate
- ☐ Cryptocurrency
- ☐ Precious metals
- ☐ Business interests
- ☐ Collectibles and other significant assets

Gather original purchase documents, dates of acquisition, purchase price, reinvestment records, capital improvements, stock splits, corporate reorganizations, inheritance/gift documents, and historical exchange rates. Obtaining this information before moving is often much easier than reconstructing it years later.

11. Review Your Existing Tax Residency

Becoming a U.S. tax resident does not always mean that you immediately stop being a tax resident of your former country. You may temporarily be considered a resident of both countries, creating questions of double taxation, treaties, foreign tax credits, departure/exit taxes, social taxes, payroll, pensions, and property taxes.

- ☐ Determine the date your current country will treat you as departing.
- ☐ Review whether you must file a departure tax return.
- ☐ Determine whether an exit tax or deemed-sale rule applies.
- ☐ Review whether your current country continues to tax certain income after departure.
- ☐ Determine whether a tax treaty contains residency tie-breaker rules.
- ☐ Review foreign tax-credit planning.
- ☐ Coordinate the timing of income, deductions, sales, bonuses, and distributions.

12. Review State Tax Residency

Federal tax residency is only part of the analysis. Individual U.S. states have their own residency and income-tax rules. Exposure may depend on where you live, work, where your employer/business is located, property location, whether you maintain another home, and which state you consider permanent. Some states impose no individual income tax; others have significant rates and broad residency rules.

- ☐ Decide which state you expect to live in.
- ☐ Compare state income-tax consequences before choosing a location.
- ☐ Review remote-work arrangements.
- ☐ Review business registration and payroll obligations.
- ☐ Determine whether income may be taxable in more than one state.
- ☐ Consider state taxes when evaluating compensation, business structure, and investment sales.

13. Review Employment and Compensation

The timing and structure of compensation can materially affect the year of arrival.

Review:

- ☐ Salary
- ☐ Annual bonuses
- ☐ Signing bonuses
- ☐ Deferred compensation
- ☐ Stock options
- ☐ Restricted stock
- ☐ Performance awards
- ☐ Severance payments
- ☐ Foreign social insurance
- ☐ Employer pension contributions
- ☐ Equity compensation from a foreign employer

- ☐ Determine when compensation is earned and when it will be paid.
- ☐ Review whether equity awards will continue after the move.
- ☐ Determine whether compensation relates to work performed before or after U.S. residency begins.
- ☐ Review payroll withholding and estimated-tax requirements.
- ☐ Coordinate with both the foreign and U.S. employer when necessary.

14. Review Your Business Structure in the United States

If you will continue consulting, freelancing, or operating a business after moving, review how that activity should be structured. Options may include sole proprietorship, single-member LLC, partnership, S corporation, C corporation, or continued operation through a foreign company. The appropriate structure depends on immigration/work authorization, expected income, number of owners, location of customers, payroll, state taxes, foreign company ownership, and long-term plans.

- ☐ Estimate expected U.S. and foreign business income.
- ☐ Determine where services will be performed.
- ☐ Review whether the foreign company can continue operating appropriately.
- ☐ Compare payroll, self-employment tax, and corporate-tax consequences.
- ☐ Review state registration requirements.
- ☐ Avoid forming an entity solely because someone said an LLC is always tax-efficient.

15. Prepare for International Reporting

Depending on your circumstances, your U.S. tax filings may include international information returns. These are not simply additional schedules; many carry significant penalties when required but not filed correctly and on time.

- ☐ FBAR, FinCEN Form 114
- ☐ Form 8938, Statement of Specified Foreign Financial Assets
- ☐ Form 5471 for certain foreign corporations
- ☐ Form 8865 for certain foreign partnerships
- ☐ Form 8858 for certain foreign disregarded entities or branches
- ☐ Form 8621 for certain foreign investment companies (PFICs)
- ☐ Forms 3520 or 3520-A for certain foreign trusts, gifts, or inheritances
- ☐ Identify potential filings before the first U.S. tax return is prepared.
- ☐ Confirm that your tax professional regularly handles international reporting.
- ☐ Ask whether international forms are included in the quoted fee.
- ☐ Maintain complete records rather than relying exclusively on foreign tax statements.

16. Budget for U.S. Professional Services

Many newcomers experience significant price shock when they first engage U.S. attorneys, CPAs, financial advisors, or other professionals. Professional fees in the United States may be substantially higher than comparable fees in the country you are leaving. International tax work is significantly more complex than a standard individual tax return.

The cost may reflect specialized knowledge, multiple international forms, research involving two tax systems, licensing, software/security, professional liability, and time analyzing foreign documents.

- ☐ Request a clear scope of services.
- ☐ Ask which tax forms and consultations are included.
- ☐ Ask whether foreign financial statements must be translated.
- ☐ Ask whether fees are fixed or hourly.
- ☐ Budget for planning before the move and compliance after the move.
- ☐ Compare advisors based on relevant international experience, not price alone.

The goal is not to purchase the cheapest tax return. The goal is to prevent avoidable tax, penalties, restructuring costs, and years of corrective filings.

17. Build Your Advisory Team Before Moving

Depending on your situation, your advisory team may include: U.S. international tax advisor, tax advisor in your current country, immigration attorney, corporate attorney, estate-planning attorney, investment advisor familiar with cross-border clients, payroll/benefits specialist, and insurance advisor. These professionals should coordinate when decisions overlap (immigration ↔ tax residency, restructuring ↔ immigration status, investments ↔ U.S. reporting).

- ☐ U.S. international tax advisor
- ☐ Tax advisor in your current country
- ☐ Immigration attorney
- ☐ Corporate attorney
- ☐ Estate-planning attorney
- ☐ Investment advisor familiar with cross-border clients
- ☐ Payroll or benefits specialist
- ☐ Insurance advisor

Documents to Gather

Before meeting with a U.S. international tax advisor, gather the following so the consultation focuses on planning rather than reconstructing basic facts:

- ☐ Passport and visa information
- ☐ Expected arrival and immigration dates
- ☐ U.S. travel history for the current and previous two years
- ☐ Foreign tax returns
- ☐ Employment agreements
- ☐ Business ownership records
- ☐ Corporate financial statements
- ☐ Bank and investment statements
- ☐ Pension statements
- ☐ Trust and estate documents
- ☐ Real estate purchase records
- ☐ Loan statements
- ☐ Investment cost-basis records
- ☐ Details of planned sales, gifts, inheritances, or distributions
- ☐ Expected U.S. income and state of residence

Questions to Ask Before Your Move

Use these questions when speaking with an international tax advisor:

- ☐ On what date am I expected to become a U.S. tax resident?
- ☐ Will I be taxed as a resident for the full year or only part of the year?
- ☐ Will earlier visits to the United States affect my residency date?
- ☐ What foreign income will become taxable?
- ☐ Which foreign accounts and assets must be reported?
- ☐ How will my foreign company be treated?
- ☐ Are any of my investments tax-inefficient under U.S. rules?
- ☐ Should I sell, transfer, or restructure anything before moving?
- ☐ Will I remain a tax resident of my current country?
- ☐ Which international tax forms will I have to file?
- ☐ What records should I preserve?
- ☐ What will my annual U.S. tax-compliance cost likely be?

Final Thought

Moving to the United States may be one of the largest financial transitions you will make. Your immigration strategy, business ownership, investment portfolio, compensation, estate planning, and tax planning should work together—not independently.

The best time to identify a U.S. tax problem is before U.S. tax residency begins. A few hours of thoughtful planning before the move can prevent years of unnecessary complexity, unexpected professional fees, penalties, and costly corrective work.

About the Author

Costa Shepin, CPA

Costa helps international entrepreneurs, business owners, and individuals navigate the U.S. tax consequences of moving to the United States, owning foreign businesses, and managing cross-border investments.

CS Tax & Advisory

The best tax decisions are made before they become tax problems.

Important Notice

This checklist provides general educational information and is not tax, legal, immigration, or investment advice. U.S. international tax rules are highly fact-specific. Consult qualified advisors in the United States and your current country before completing a transaction or changing your legal, business, or investment structure.

Client Intake Worksheet — Pre-Move Tax Review

Complete this short worksheet and bring it (or the information) to your consultation. It helps focus the discussion on the highest-priority planning opportunities.

Full Name:

_____

Email / Phone:

_____

Current Country of Residence:

_____

Expected U.S. Arrival / Move Date:

_____

Intended U.S. State of Residence:

_____

Visa / Immigration Path (if known):

_____

Key Areas to Discuss (check all that apply):

- ☐ Foreign company / business ownership
- ☐ Foreign bank / financial accounts
- ☐ Foreign pensions / retirement plans
- ☐ Expected gifts or inheritances
- ☐ Dual-status year / residency start date
- ☐ Exit tax / departure tax in current country
- ☐ Foreign investments / mutual funds / ETFs
- ☐ Foreign real estate
- ☐ Trusts, foundations, or family structures
- ☐ Equity compensation / stock options
- ☐ State tax considerations
- ☐ PFIC or CFC concerns

Brief description of your situation / primary concerns:

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Ready to plan your move with confidence?

Schedule a confidential discovery call to review your residency start date, foreign structures, and pre-move planning opportunities.

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