

TAX UPDATES - FEIE, SE TAX AND STIMULOUS PAYMENTS

On March 1, 2021, the Internal Revenue Service hosted a Webinar for the United Nations Secretariat and Specialized Agency staff members. The Webinar was well attended and lasted for ninety minutes. There was a 30-minutes very useful Q&A Section in the end. Below are some of the key take away points from the Webinar.

- Generally, a U.S. citizen working for the United Nations (UN) must report their UN earnings as wages and pay self-employment tax on any UN emoluments earned while working in the United States. Therefore, Overseas staff members, who worked in the USA during Covid-19, their UN Earnings for the period worked inside USA will be subject to Self-Employment (SE) Taxes.
- A lawful permanent resident (Green Card holder) working for the UN must generally report such earnings as wages but is not subject to self-employment tax regardless of their workplace/duty station.
- Those living and working in a foreign country who meet all the requirements may be able to exclude foreign earned income.
- Revenue Procedure 2020-27 waived the usual time requirements for those who reasonably expected to meet the eligibility requirements during 2019 or 2020 but failed to do so because they left a foreign country on or after a specified date due to the Covid-19 Emergency. Please see details on the following website.

<https://www.irs.gov/pub/irs-drop/rp-20-27.pdf>

- The Economic Impact Payments (Stimulus) are not subject to income tax, therefore, should not be included in income for U.S. income tax purposes.
- If you were eligible for the Economic Impact Payments but did not receive them (or did not receive as much as you are eligible to receive), you can claim a Recovery Rebate Credit on your 1040 and 1040-SR of 2020 tax year. The Recovery Rebate Credit will be treated as a payment by the staff member when the 2020 Tax claim is processed. The United Nations will not use this credit to reduce the UN 2020 tax liability to the staff member.