



The Foreign Earned Income Exclusion (FEIE)

The **Foreign Earned Income Exclusion (FEIE)** lets U.S. citizens and resident aliens **exclude up to \$130,000 (for 2025)** of **foreign earned** income from their U.S. taxes — **if** they meet certain requirements while living and working abroad.

What Counts as “Earned Income”?

- Wages from foreign or U.S. employers
- Self-employment income (after deductions)
- Freelance or contract work done while abroad

 **Does NOT include:** Passive income (rent, interest, dividends), pensions, or capital gains

Who Qualifies?

You must:

1. Have a tax home in a foreign country, and
2. Meet one of these tests:

Physical Presence Test

- Be outside the U.S. for **330 full days** in any 12-month period

Bona Fide Residence Test

- Live in a foreign country for **an entire calendar year**
- Show strong ties (home lease, bank accounts, residency, etc.)

How to Claim It

- File [IRS Form 2555](#) with your U.S. tax return (Form 1040)
- Keep documentation of your travel, income, and foreign residence



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Important Notes

- You must **file your tax return** to claim the FEIE — it's not automatic
- If you're **self-employed**, you still owe **self-employment tax** (15.3%)
- You can combine FEIE with the **Foreign Housing Deduction** for even more savings
- You cannot exclude income earned **in the U.S.** (even if paid by a foreign client)

Documents to Gather

- Passport & travel calendar
- Foreign employment contracts or client invoices
- Residency documents (visa, lease, etc.)
- Foreign bank statements (if relevant for FBAR)

Pro Travel Tip

Missing the 330-day window by just one day could cost you thousands. Plan your travel intentionally and track every entry/exit date!

Need Help?

We can help you determine if you qualify and file Form 2555 correctly — let's keep your taxes compliant and stress-free.

 [Book a Discovery Call](#) or  [Send a Message](#)

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