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Inside This Issue

Individual Foreign-Earned Income and Foreign Tax Credit, 2021

2

by Jeff Curry and Maureen Keenan Kahr

For 2021, the total amount of foreign-earned income reported by U.S. taxpayers decreased 17.0% in real terms to just under \$48.2 billion, compared to the total amount reported for 2016. Returns from all named regions showed decreases in total foreign-earned income with returns from Asian-based countries realizing the largest decrease (in real dollars), falling by more than \$6.5 billion, while European-based countries (down \$2.0 billion), North American-based countries (down \$0.9 billion), and African-based countries (down \$0.7 billion) showed losses. As for foreign-source gross income reported by U.S. taxpayers, it grew 49.4% in real terms to \$365.5 billion for 2021, and the total foreign tax credit claimed rose 30.0% to just under \$29.5 billion.



Individual Foreign-Earned Income and Foreign Tax Credit, 2021

By Jeff Curry and Maureen Keenan Kahr

For 2021, the total amount of foreign-earned income reported by U.S. taxpayers decreased in real terms to just under \$48.2 billion, a 17.0% decline from 2016 levels of over \$58.0 billion. However, foreign-source gross income reported by U.S. taxpayers increased in real terms by 49.4% to \$365.5 billion for the year, while the total foreign tax credit claimed grew 30.0% to just under \$29.5 billion. Unless otherwise stated, the statistics reported in this article are based on data compiled from Form 2555, Foreign Earned Income, Form 1116, Foreign Tax Credit, and Form 1040, U.S. Individual Income Tax Return. U.S. taxpayers file these forms with their individual income tax returns to report foreign-earned income and claim the foreign tax credit.

Foreign-Earned Income Highlights

For 2021, over 437,000 U.S. taxpayers living abroad reported just under \$48.2 billion in foreign-earned income, a decrease of 17.0% in real terms from 2016 (the last time this study was done). U.S. taxpayers claimed \$28.5 billion as a foreign-earned income exclusion on their tax returns for the year. Between 2016 and 2021, the inflation-adjusted amount of the foreign-earned income exclusion decreased 14.5%, while the housing exclusion decreased 35.3%, falling from just over \$1.5 billion to a little under \$1.0 billion for 2021 (Figure A). In 2016, nearly 69% of all taxpayers reporting foreign-earned income had no U.S. income tax liability.¹ This number fell to just over 68% of taxpayers for 2021 (Table 1).

As in 2016, Asian-based U.S. taxpayers continued to report the largest amount of total foreign-earned income (\$19.3 billion) from any continent for 2021, even after a 25.4% decrease in real dollars from the \$25.9 billion reported for 2016. For 2021, these returns represent 40% of all foreign-earned income reported by U.S. taxpayers, which was lower than 2016 (45%) and 2011 (46%).² Much of this decline is attributable to returns with tax homes of Afghanistan, Hong Kong, Saudi Arabia, and the United Arab Emirates, all reporting a combined amount of just under \$5.3 billion in total foreign-earned income for 2021, after reporting \$8.9 billion for 2016. Along with this, taxpayers based in China had a real decrease of 21.5% in total reported foreign-earned income. However, as in 2016, they were the second largest source of total foreign-earned income for 2021, at just over \$2.9 billion.

European-based U.S. taxpayers reported the second largest amount of foreign-earned income of just over \$13.2 billion, which was a real decrease of just under 12.9% from 2016. As in previous years, the largest amount of reported foreign-earned

income continued to be from United Kingdom-based returns (over \$4.4 billion), again accounting for more than a third of all income from European-based returns. However, this was a decrease from 2016 of 18.4%, and it contributed just over half of the overall decrease from European-based returns.

Total reported foreign-earned income for North American-based taxpayers fell 20.4% in real terms for 2021. Canadian-based taxpayers contributed largely to this decline in reported income, reporting just under \$2.9 billion in foreign-earned income for the year, a 16.5% decrease from 2016.

Foreign Tax Credit Highlights

From 2016 to 2021, inflation-adjusted, foreign-source gross income reported on Form 1116, Foreign Tax Credit, grew 49.4%, and real foreign tax credits claimed rose 30.0%. U.S. taxpayers claimed a total of nearly \$29.5 billion in foreign tax credits from approximately 10.8 million returns for 2021; these credits were based on a reported \$365.5 billion in foreign-source gross income and \$37.6 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 2021, taxpayers reported \$45.2 billion in foreign-source gross income from the United Kingdom, a growth of 139.7% from the inflation-adjusted \$18.9 billion reported for 2016. By region, taxpayers reported the most foreign-source gross income (\$87.4 billion) from European countries, followed by Asian countries (\$53.0 billion) for 2021. However, the largest percentage growth was reported for Caribbean countries: from 2016 to 2021, foreign-source gross income reported for these countries increased 133.0%.

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 2021 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

¹ See Hollenbeck, Scott, and Maureen Keenan Kahr. "Individual Foreign-Earned Income and Foreign Tax Credit, 2016," Statistics of Income Bulletin, Winter 2020.

² Op. cit.



Individual Foreign-Earned Income and Foreign Tax Credit, 2021

Figure A

Foreign-Earned Income, Exclusion, and Housing Deduction, by Selected Country or Region, Tax Years 2016 and 2021

[Money amounts are in thousands of 2021 dollars]

Selected country or region	Number of returns [1]			Total foreign-earned income			Foreign-earned income exclusion before deductions		
	2016	2021	Percentage change	2016 [2]	2021	Percentage change	2016 [2]	2021	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All geographic areas	482,640	437,655	-9.3	58,062,009	48,195,214	-17.0	33,371,709	28,527,396	-14.5
North America	55,545	38,606	-30.5	4,202,267	3,343,499	-20.4	3,014,249	2,324,977	-22.9
Canada [3]	49,518	34,884	-29.6	3,469,221	2,897,563	-16.5	2,584,980	2,081,880	-19.5
Mexico	6,027	3,722	-38.2	733,046	445,936	-39.2	429,268	243,097	-43.4
Asia	180,257	145,083	-19.5	25,863,991	19,299,700	-25.4	13,581,069	9,968,647	-26.6
Afghanistan	7,454	3,495	-53.1	1,026,272	334,636	-67.4	680,484	236,058	-65.3
China	24,155	16,949	-29.8	3,760,492	2,952,677	-21.5	1,736,578	1,234,576	-28.9
Hong Kong	13,625	8,989	-34.0	3,653,231	2,529,488	-30.8	1,278,886	768,531	-39.9
Iraq	3,332	4,374	31.3	446,284	530,194	18.8	310,359	388,548	25.2
Israel	15,204	17,750	16.7	1,115,313	1,324,606	18.8	890,130	1,013,413	13.9
Japan	21,460	21,227	-1.1	2,125,949	1,864,128	-12.3	1,249,228	1,193,300	-4.5
Saudi Arabia	9,708	5,968	-38.5	1,846,712	1,026,672	-44.4	925,522	527,603	-43.0
Singapore	8,390	6,723	-19.9	2,333,022	1,823,478	-21.8	826,722	635,178	-23.2
South Korea	16,042	13,072	-18.5	1,544,313	1,416,034	-8.3	956,117	756,644	-20.9
United Arab Emirates	13,898	8,596	-38.1	2,396,467	1,392,247	-41.9	1,320,277	738,439	-44.1
Other Asia	46,990	37,940	-19.3	5,615,933	4,105,540	-26.9	3,406,766	2,476,357	-27.3
Europe	126,775	125,135	-1.3	15,178,856	13,224,097	-12.9	8,572,791	8,079,346	-5.8
France	12,800	11,719	-8.4	1,331,802	1,066,012	-20.0	825,208	676,641	-18.0
Germany	21,046	22,683	7.8	1,942,396	1,975,011	1.7	1,363,374	1,424,783	4.5
Switzerland	13,235	11,067	-16.4	2,153,468	1,634,493	-24.1	1,164,628	944,417	-18.9
United Kingdom	35,752	34,885	-2.4	5,450,977	4,447,520	-18.4	2,538,899	2,201,442	-13.3
Other Europe	43,943	44,781	1.9	4,300,213	4,101,061	-4.6	2,680,681	2,832,063	5.6
Latin/South America	14,557	13,839	-4.9	1,701,029	1,181,641	-30.5	975,119	763,879	-21.7
Caribbean	7,249	5,981	-17.5	1,032,644	812,462	-21.3	570,431	465,171	-18.5
Africa	16,124	10,079	-37.5	1,816,591	1,081,086	-40.5	1,133,455	697,711	-38.4
Oceania	17,489	15,394	-12.0	1,980,431	1,532,925	-22.6	1,264,884	1,021,492	-19.2
Other [5]	64,644	83,538	29.2	6,286,198	7,719,804	22.8	4,259,712	5,206,173	22.2

Selected country or region	Housing exclusion			Housing deduction		
	2016 [2]	2021	Percentage change	2016 [2]	2021	Percentage change
	(10)	(11)	(12)	(13)	(14)	(15)
All geographic areas	1,514,978	979,995	-35.3	88,388	47,758	-46.0
North America	19,372	15,357	-20.7	1,263	828	-34.5
Canada [3]	8,249	10,009	21.3	* 254	* 768	202.3
Mexico	11,122	5,348	-51.9	* 1,009	* 60	-94.1
Asia	981,267	572,737	-41.6	49,329	25,384	-48.5
Afghanistan	930	* 193	-79.3	* 228	--	-100.0
China	128,763	59,065	-54.1	4,962	2,228	-55.1
Hong Kong	281,831	145,734	-48.3	16,034	11,051	-31.1
Iraq	* 397	* 709	78.4	0	0	[4]
Israel	2,866	3,090	7.8	* 961	* 296	-69.2
Japan	61,004	43,158	-29.3	4,984	2,315	-53.5
Saudi Arabia	29,008	17,080	-41.1	* 1,121	* 505	-55.0
Singapore	162,851	122,531	-24.8	4,304	2,859	-33.6
South Korea	32,816	22,624	-31.1	1,085	* 324	-70.1
United Arab Emirates	152,128	80,431	-47.1	9,290	3,593	-61.3
Other Asia	128,673	78,122	-39.3	6,363	2,213	-65.2
Europe	320,683	211,109	-34.2	21,435	11,531	-46.2
France	27,339	17,184	-37.1	1,835	724	-60.5
Germany	25,891	31,745	22.6	1,536	1,775	15.6
Switzerland	76,278	50,698	-33.5	2,019	871	-56.9
United Kingdom	113,564	66,708	-41.3	12,572	3,852	-69.4
Other Europe	77,612	44,774	-42.3	3,475	4,309	24.0
Latin/South America	25,591	19,950	-22.0	2,103	1,873	-11.0
Caribbean	41,837	32,608	-22.1	2,626	1,714	-34.7
Africa	25,241	14,122	-44.1	1,300	1,022	-21.4
Oceania	27,890	26,564	-4.8	551	449	-18.5
Other [5]	73,097	87,548	19.8	9,779	4,957	-49.3

* 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 file with Form 1040, U.S. Individual Income Tax Return.

[2] For comparability, 2016 amounts have been adjusted for inflation to 2021 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
2021 240.007
2016 270.970

[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, November 2024.

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 non-residency 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% 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 2021, the maximum amount of foreign-earned income a taxpayer could exclude was \$108,700, prorated daily for the qualifying period. (For 2016, this amount was \$101,300.) If a taxpayer elected both the foreign-earned income and housing exclusions, then 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 (\$17,392 for 2021) prorated daily. 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. Of the 160.8 million individual income tax returns filed with the Internal Revenue Service for 2021, an estimated 437,655 had a Form 2555 attached, slightly less than 0.3% of the total.³ 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 2021, U.S. taxpayers reported just under \$48.2 billion in foreign-earned income, a real decrease of 17.0% from the 2016 inflation-adjusted amount of \$58.1 billion. This represents a real annual loss rate of 3.7% from 2016.^{4,5} This can be attributed to a decrease in the average amount of foreign-earned income reported per return. From 2016 to 2021, taxpayers filed almost 45,000 fewer returns with the exclusion (down 9.3%). During this same period, the average amount of total foreign-earned income per return decreased approximately 8.5% in real terms, from an average of \$120,301 for 2016 to \$110,121 for 2021. This decrease followed a 17.3% decrease from 2011 to 2016.⁶

Of the more than 437,000 returns filed with a Form 2555 attached, returns with a tax home of Canada (8.0%), the United Kingdom (8.0%), Germany (5.2%), Japan (4.9%), and China (3.9%) represented just under 30% of the total number of returns filed for the year. In 2021, roughly 3,500 taxpayers reported a tax home of Afghanistan and 6,000 with a tax home of Saudi Arabia, which were 53.1% and 38.5% decreases, respectively, from the 2016 study. After rising 79.6% between 2006 and 2011, and 8.2% between 2011 and 2016, the number of returns reporting China as a tax home decreased 29.8% from 2016 to 2021, falling from over 24,000 returns in 2016 to just under 17,000 returns for 2021.⁷ The large drop in returns filed in Afghanistan and Saudi Arabia (fewer than 7,700 returns combined), along with the large drop in returns filed in China, surpassed several of the increases of returns filed in other tax homes from Asia, leading to an overall decrease of 19.5% for Asian-based returns (Figure A). At the same time, the number of European-based returns (the second largest group) only fell by 1.3%. Even though

³ Data for all taxpayers who filed a Form 1040 for 2021 cited in this article are from Statistics of Income, Individual Income Tax Returns 2021, Publication 1304.

⁴ Data in this article are compared to 2016 and 2011 data because these are the last years for which comparable statistics are available.

⁵ For comparability, 2016 amounts presented in this article were adjusted for U.S. inflation to 2021 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
2021	270.970
2016	240.007

⁶ See Hollenbeck, Scott, and Maureen Keenan Kahr. "Individual Foreign-Earned Income and Foreign Tax Credit, 2016," Statistics of Income Bulletin, Winter 2020.

⁷ Op. cit..

Asian-based returns continue to represent the largest percentage of returns filed, this decline in Asian-based returns ends a recent 15-year trend of strong growth in Asian-based U.S. taxpayers since 2001, which was when Europe last represented the region with the largest number of reported returns.

Along with the number of returns, U.S. taxpayers in Asian-based countries reported the highest total earned income for 2021 (just under \$19.3 billion). This amount represented a 25.4% decrease, in real dollars, from 2016. Contributing to the overall decrease were total foreign-earned income decreases in Afghanistan (67.4%), Saudi Arabia (44.4%), and United Arab Emirates (41.9%). These three countries accounted for an overall decrease of over \$2.5 billion in total foreign-earned income reported from Asian-based returns.

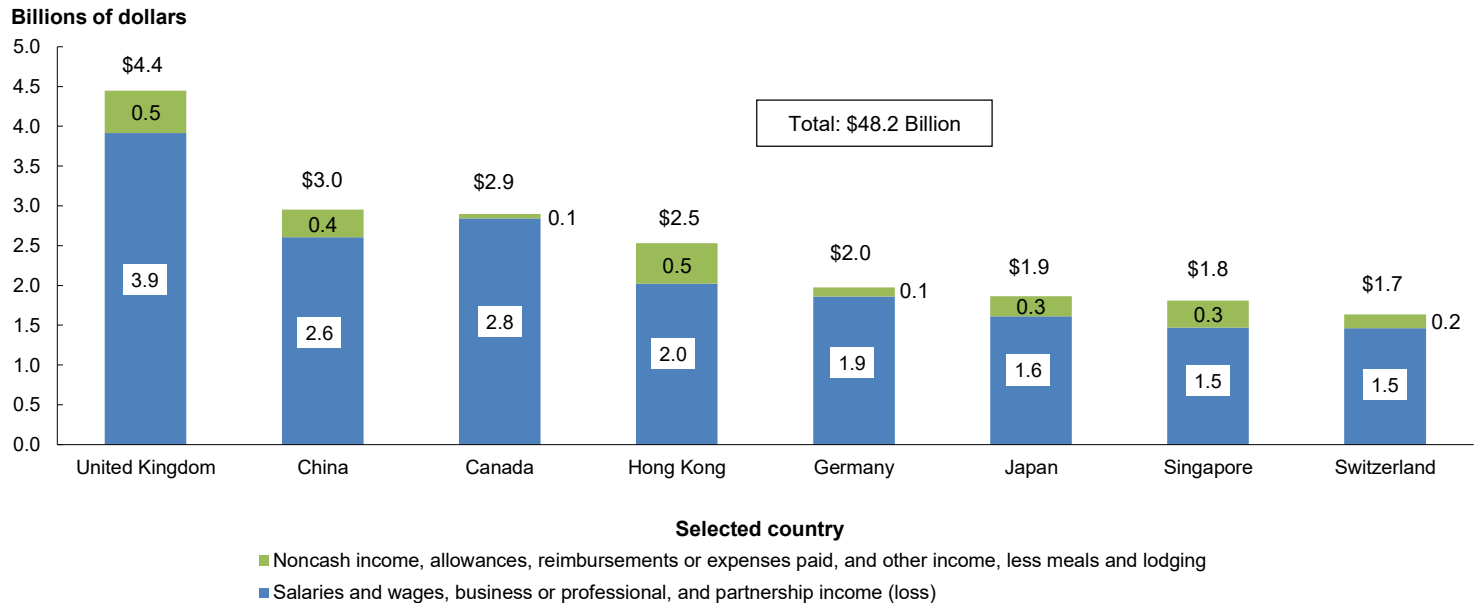
The number of returns from North America decreased by over 30% from 2016 to 2021, and the total foreign-earned income reported decreased 20.4%, in real dollars, to \$3.3 billion. This overall drop in total reported foreign earned income was driven by a 16.5% decrease reported by taxpayers in Canada from over \$3.4 billion (in real dollars) in 2016 to just under \$2.9 billion in 2021. Despite this decrease, Canada moved from the fourth largest source of foreign-earned income to the third largest in 2021. The number of returns from Europe showed a modest decline of 1.3% from 2016 to 2021; however, total foreign-earned income decreased 12.9%, in real dollars, to \$13.2 billion. Decreases reported by taxpayers in Switzerland (down 24.1%),

France (down 20.0%), and the United Kingdom (down 18.4%) contributed to this decline. Overall decreases in foreign-earned income were also reported on returns from Africa (down 40.5%), Latin/South American-based countries (down 30.5%), Oceania (down 22.6%), and the Caribbean (down 21.3%) during this same period.

As in previous years, United Kingdom-based individuals reported the largest amount of foreign-earned income (just over \$4.4 billion) for 2021. However, the decline for these taxpayers (down 18.4%) continued the trend of reducing the overall share of foreign-earned income in the United Kingdom from 17.0% for 2006, to 10.0% for 2011, to 9.4% for 2016, and then 9.2% for 2021. The difference in total foreign-earned income between the United Kingdom (the largest source) and China (the second largest source) was \$1.5 billion, the same amount of gap in total foreign-earned income that was reported between these two countries in 2016. 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.

U.S. taxpayers based in China became the second largest source of total foreign-earned income in 2021, despite showing a 21.5% decrease to just under \$3.0 billion. Taxpayers from Hong Kong reported the third largest source of total foreign-earned income in 2016. They fell to fourth largest in 2021 after a decline of 30.8% to \$2.5 billion. Most other Asian-based returns, including Singapore (down 21.8% to \$1.8 billion), United Arab

Figure B
Foreign-Earned Income by Selected Country, Tax Year 2021



NOTE: Detail may not add to totals because of rounding. Data are from Form 2555, Foreign Earned Income, 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, November 2024.

Emirates (down 41.9% to \$1.4 billion), and Saudi Arabia (down 44.4% to \$1.0 billion), showed significant decreases during this same period. Taxpayers based in Israel reported the largest increase in total foreign-earned income for Asian-based countries, up 18.8% to \$1.3 billion for 2021.

Individuals with tax homes in the United Kingdom (9.2%), China (6.1%), Canada (6.0%), Hong Kong (5.2%), Germany (4.1%), Japan (3.9%), Singapore (3.8%) and Switzerland (3.4%) accounted for approximately 41.8% of the total foreign-earned income for 2021 (Figure B). Of these selected countries, seven also had the largest amounts of income for the 2016 study, with Germany replacing the United Arab Emirates in the latest study. In rank order, Canada rose to the third highest amount of foreign-earned income, while Hong Kong fell from the third to the fourth spot. Germany moved up to the fifth spot after not being among the top eight in 2016. While foreign-earned income increased in Germany (up 1.7%), it fell in the other seven countries, with Hong Kong (down 30.8%) and Switzerland (down 24.1%) showing the largest decreases.

Composition of Foreign-Earned Income

Of the approximately \$48.2 billion in reported foreign-earned income (previously cited) for 2021, salaries and wages comprised 83.3% of the total foreign-earned income (Table 1). Of the remaining 16.7%, allowances, reimbursements, or expenses paid by employers made up 7.8%, while business or professional, partnership, noncash and other income accounted for 9.0%. The average foreign-source salary for a taxpayer filing

Form 2555 (with wages) was approximately \$99,315. This average varied greatly among 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), taxpayers based in Singapore reported the highest average salary (\$220,365) for 2021, followed by returns of individuals based in Hong Kong (\$213,710). Taxpayers from the United Kingdom reported the lowest average salary (\$109,146) among the top six countries (Figure C).

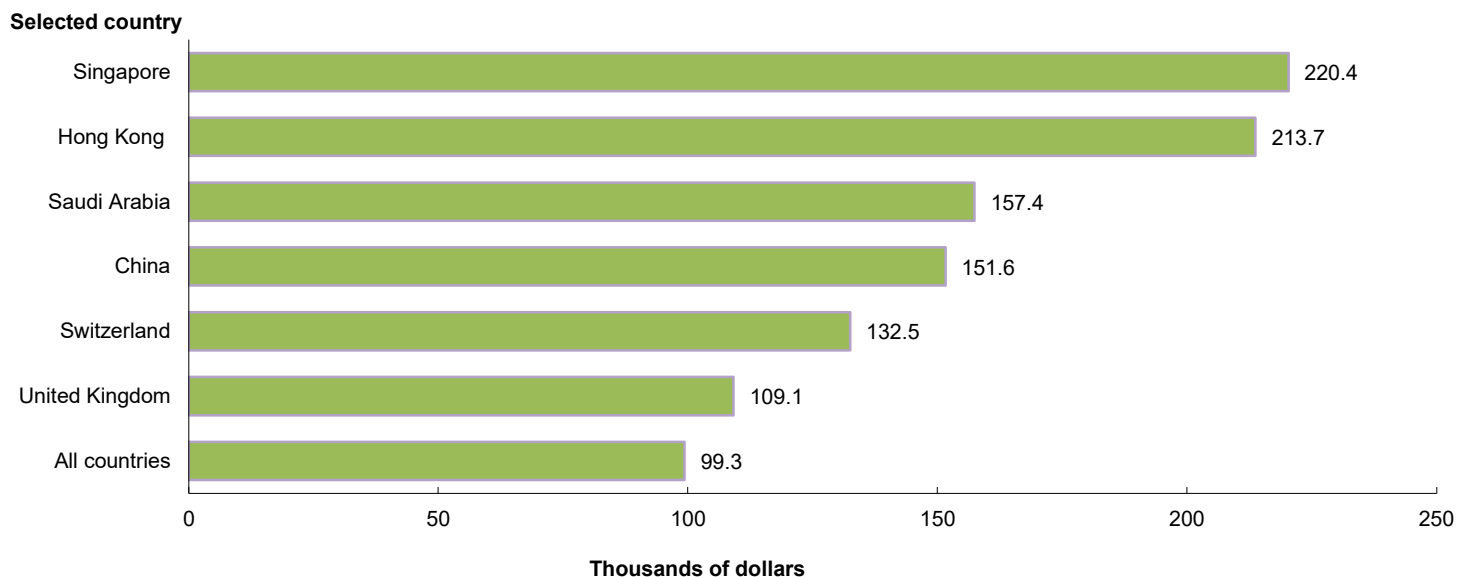
The average salary reported for returns of taxpayers based in Singapore increased by over \$5,600 (in real dollars) from 2016. Also, for 2021, the difference in average salary between returns from Singapore and Hong Kong was approximately \$6,655. In comparison, for the 2016 study, Hong Kong and Singapore were also the top two countries, respectively, based on average salary, with taxpayers based in Hong Kong having the larger average salary 5 years ago. At that time, the average salary reported by taxpayers based in Hong Kong was approximately \$19,725 higher than the average salary reported by taxpayers based in Singapore.

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

From 2016 to 2021, the total amount reported for the foreign-earned income exclusion fell 14.5% (in real terms) to \$28.5 billion. This decrease occurred while the amount of foreign-earned income that a taxpayer could exclude increased from \$101,300 to \$108,700. The amount reported for the housing exclusion

Figure C

Average Foreign Salaries and Wages Earned by U.S. Taxpayers Reporting Salaries and Wages on Form 2555, by Selected Country, Tax Year 2021



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, November 2024.

was 35.3% lower, from an inflation-adjusted \$1.5 billion in 2016 to just under \$1.0 billion in 2021. The housing deduction also decreased in real terms (46.0%), to a total of \$47.8 million for 2021.

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 2021, a limit of \$32,610 (up from \$30,390 in 2016) 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 2021, individuals with a tax home of the United Kingdom reported the highest amount of exclusions for foreign-earned income, followed by individuals with tax homes in Canada and Germany, respectively. Taxpayers from the United Kingdom reported \$2.2 billion in foreign-earned income exclusions for the year, down 13.3% from the inflation-adjusted \$2.5 billion excluded in 2016. Returns of individuals based in Canada also had a decrease in the percentage of foreign-earned income exclusion, reporting \$2.1 billion (down 19.5% from 2016). Returns of individuals based in Germany saw an increase in foreign-earned reported income exclusion, reporting \$1.4 billion (a 4.5% increase from 2016). Individuals based in China reported over \$1.2 billion in foreign-earned income exclusions, after reporting over \$1.7 billion in 2016, a 28.9% decrease. A 65.3% decrease in this exclusion for taxpayers based in Afghanistan (to just over \$236 million), and a 44.1% decrease in the exclusion for the United Arab Emirates (to a little under \$740 million) combined with decreases in returns of individuals based in Hong Kong (39.9%) and China (28.9%), contributed to much of the overall 26.6% decline in foreign-earned income exclusions from Asian-based taxpayers for 2021.

Of the approximately \$1.0 billion housing exclusion reported for 2021 (cited above), individuals in Asia accounted for 58.4% of the total, down from 64.8% in 2016. The largest of these were reported by individuals with a tax home of Hong Kong (14.9%), Singapore (12.5%), United Arab Emirates (8.2%) or China (6.0%). These countries alone accounted for about 41.6% of the housing exclusion reported for the year, a marked decrease from the 47.9% that these same countries accounted for in 2016. The overall decrease of the housing exclusion continued the 20.3% decrease reported in the 2016 study.

Taxpayers with foreign-earned income also used the housing deduction to increase their total statutory adjustments, thus decreasing their adjusted gross income. For 2021, just over 2,600 taxpayers claimed the housing deduction for a total of just under \$47.8 million. The average housing deduction was \$18,159 for the year.

Individual taxpayers claiming both the foreign-earned income and housing exclusions, along with the housing deduction,

reported worldwide income of \$70.7 billion for 2021 (Table 1). After claiming the exclusions and deduction, these taxpayers reduced their worldwide income by \$29.6 billion, or just under 42%. Approximately 68.2% of all taxpayers who claimed the exclusions, deduction, and any foreign tax credits to which they were entitled, had no U.S. income tax liability for 2021. This was down slightly from 68.5% for 2016.

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 non-excluded income using tax rates that would have applied had they not claimed the exclusion. For 2021, the change in the calculation affected just under 170,000 returns, resulting in an additional \$1.2 billion in tax. For comparison, this change affected just over 175,000 returns in 2016, resulting in an additional \$1.3 billion in tax. For 2011, just over 210,000 returns reported an additional \$1.4 billion in tax.

Overview of Foreign Tax Credit Provisions

For 2021, 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: Section 951A income, foreign branch 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.

Section 951A income is the global intangible low-taxed income (GILTI) a U.S. shareholder of a controlled foreign corporation must include in income, other than GILTI that is passive income. Foreign branch income is business profits of qualified business units from foreign countries. Passive income generally includes dividends, interest, rents, royalties, annuities, excess gains over losses from the sale of property that produces the income or of non-income-producing investment property, and excess gains over losses from foreign currency or commodities transactions. 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.⁸ Certain income re-sourced by treaty allows specific types of income to be treated as foreign-source income, if there is a

⁸ A foreign tax credit is not allowed for foreign taxes paid or accrued to countries sanctioned by the U.S. Government, unless the tax is paid or accrued to a country other than a sanctioned country. A foreign tax credit limitation is computed for each sanctioned country. For 2021, the countries were Iran, North Korea, Sudan, and Syria.

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 six 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.⁹ 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 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 \$365.5 billion in foreign-source gross income for 2021 (Figure D). This represents approximately 11.2% of total worldwide income for those taxpayers who reported foreign-source gross income and 2.4% 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.¹⁰ Between 2016 and 2021, foreign-source gross income grew 49.4% in real terms, whereas worldwide income reported on all individual U.S. tax returns grew 27.3%.

Of the \$365.5 billion in foreign-source gross income, taxpayers reported \$164.4 billion (or 45.0%) without stating a specific country, while the remaining \$201.1 billion (55.0%) stated a specific country.¹¹ The top five countries for which the most foreign-source income was reported were the United Kingdom (\$45.2 billion), followed by Canada (\$28.0 billion), Hong Kong (\$12.5 billion), China (\$11.7 billion), and Mexico (\$11.5 billion). Of these, the United Kingdom, Canada, and China were in the top five for 2016, but Hong Kong and Mexico were not. Hong Kong and Mexico, with real growth of 181.7% and 103.2% respectively, surpassed India and Germany in this category for 2021. While foreign-source income grew in real terms by 11.2% in Germany, it fell by 44.0% in India.

Together, the top five countries accounted for 54.1% of all foreign-source gross income with a stated country. Of this percent, taxpayers reported earning 22.5% from the United Kingdom, followed by Canada (13.9%), Hong Kong (6.2%), China (5.8%), and Mexico (5.7%) (Figure E).

U.S. taxpayers filing Form 1116 reported earning an average of \$72,775 in foreign-source gross income for 2021. For the top five countries, the highest average foreign-source gross income was reported for Hong Kong (\$871,842), followed by the United Kingdom (\$352,662), Mexico (\$327,341), China (\$301,188), and Canada (\$72,487) (Figure F).

Among the geographic regions, the highest percentage growth in foreign-source gross income between 2016 and 2021 was reported for the Caribbean. For this region, foreign-source gross income grew 133.0%, rising to a modest \$2.4 billion for 2021, from an inflation-adjusted \$1.0 billion for 2016. Much of this increase was due to the growth of foreign-source gross income reported for the Cayman Islands, up 708.7% from \$0.1 billion for 2016 to \$1.0 billion for 2021, and accounting for 39.7% of the Caribbean total. The next largest growth was for Africa (114.4%) followed by Europe (104.7%).

While the largest growth was for the Caribbean, the largest foreign-source gross income was reported for Europe (\$87.4 billion), accounting for 23.9% of the total and 43.4% of the total with a stated country. The second largest amount of foreign-source gross income was for Asia (\$53.0 billion), followed by North America (\$39.4 billion). For additional data on foreign-source gross income by region or country, see Table 4.

Figure D
Selected Income and Credit Items, Tax Years 2016 and 2021

[Money amounts are in thousands of 2021 dollars]

Item	2016 [1]	2021	Percentage change
	(1)	(2)	(3)
Worldwide income, all 1040 returns [2]:			
Amount	11,753,279,921	14,966,051,734	27.3
Worldwide income, returns with Form 1116 [3]:			
Amount	1,884,716,822	3,276,305,540	73.8
Form 1116:			
Foreign-source gross income:			
Number of returns	4,555,160	5,016,807	10.1
Amount	244,664,805	365,546,809	49.4
Foreign tax credit [4]:			
Number of returns	7,798,024	10,826,959	38.8
Amount	22,682,625	29,482,592	30.0

[1] For comparability, 2016 amounts have been adjusted for inflation to 2021 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
2021	270.970
2016	240.007

[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 <https://www.irs.gov/forms-pubs-prior-search?search=form+1116+%282021%29+instructions>).

[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.

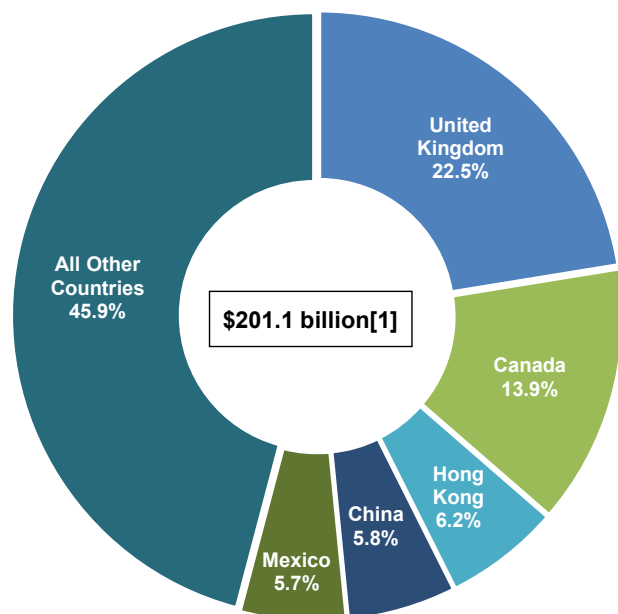
SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, November 2024.

⁹ 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.

¹⁰ 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.

¹¹ The \$164.4 billion of total foreign-source gross income reported without a stated country includes nearly \$0.3 billion for high-taxed income.

Figure E
Foreign-Source Gross Income, by Selected Country,
Tax Year 2021



[1] Foreign-source gross income reported on the Form 1116, Foreign Tax Credit, with stated country. Total foreign-source gross income (including income reported without a country) was \$365.5 billion.
 SOURCE: IRS, Statistics of Income Division, Individual Foreign-Earned Income and Foreign Tax Credit, November 2024.

Foreign Taxes and Foreign Tax Credit

For 2021, U.S. taxpayers paid (or accrued) nearly \$37.6 billion in foreign taxes as reported on Form 1116. This was before carrybacks, carryovers, reductions, and reclassifications. The top five countries for which the most foreign taxes were paid or accrued to are the United Kingdom, Canada, China, Germany, and Israel and together they accounted for 43.1% of the total (Figure G).

As with foreign-source gross income, the highest amount (\$6.9 billion) and greatest share (22.9%) of total foreign taxes paid or accrued to a stated country was for the United Kingdom. The next largest recipient of foreign taxes paid or accrued to was Canada (\$4.3 billion or 14.1%), followed by China (\$2.4 billion or 8.0%), Germany (\$1.5 billion or 4.9%), and Israel (\$1.1 billion or 3.8%) (Figure H). Of the \$37.6 billion in foreign taxes paid or accrued, taxpayers reported \$7.4 billion (approximately 19.8% of the total amount) without a stated country.¹²

Total foreign taxes paid or accrued grew 23.1% in real terms between 2016 and 2021. The region that had the highest percentage growth (87.0%) was the Caribbean, and the next highest growth was for U.S. Possessions (83.4%). However, even with the growth in those regions, the amount paid or accrued

to the Caribbean (just over \$0.1 billion) and U.S. Possessions (\$0.3 billion) was 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 (\$13.5 billion), followed by Asia (\$8.6 billion), and then North America (\$5.3 billion) in terms of foreign taxes paid or accrued.

General limitation income, the income type for which the highest of the \$37.6 billion in foreign taxes reported on Form 1116 was paid or accrued, accounted for just over \$23.6 billion in foreign taxes (62.8% of the total). Passive income was the next largest income type with nearly \$9.4 billion (24.9% of the total) in foreign taxes. Total foreign taxes available for credit after carrybacks, carryovers, reductions, and reclassifications under high tax kickout¹³ were \$68.9 billion, and the foreign tax credit before adjustments (gross foreign tax credit) was approximately \$29.1 billion (Table 3) (See Explanation of Selected Terms). Table 5 presents additional data on foreign taxes by income type.

For 2021, taxpayers reported a foreign tax credit on 10.8 million individual tax returns, an increase of 38.8% from 7.8 million returns for 2016. The foreign tax credit grew 30.0% in real terms, rising \$6.8 billion from the inflation-adjusted \$22.7 billion reported for 2016, to \$29.5 billion for 2021 (Figure D).

Taxpayers with an AGI of \$10 million or more claimed \$8.6 billion in foreign tax credits, representing 29.1% of the total on 34,652 returns. The \$200,000-to-\$500,000 AGI category claimed the next highest amount of foreign tax credits, \$4.1 billion (14.0% of the total) on 2.7 million returns. The highest number of returns claiming a foreign tax credit was for taxpayers in the \$100,000-to-\$200,000 AGI category; 3.3 million of those taxpayers claimed foreign tax credits totaling \$1.8 billion, or 6.1% of the total (Table 3).

Though the foreign tax credit grew over the 5-year period between 2016 and 2021, it fell between 2019 and 2020 (Figure I). The total inflation-adjusted foreign tax credits claimed fell 16.1% for 2020, coinciding with the onset of the global COVID-19 pandemic. For all other years, the foreign tax credit grew, rising 6.0% for 2017, followed by an 11.8% growth for 2018, a 0.3% growth for 2019, and a 30.2% growth for 2021. The average foreign tax credit for 2021 was approximately \$2,723, down from \$2,909 (in 2021 constant dollars) for 2016.

Summary

For 2021, the total amount of foreign-earned income reported by U.S. taxpayers decreased 17.0% in real terms to just under \$48.2 billion, compared to the total amount reported for 2016. 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 \$6.5 billion, while European-based countries (down \$2.0 billion), North American-based countries (down \$0.9 billion), and African-based countries (down \$0.7 billion) showed

¹² The \$7.4 billion of total foreign taxes paid or accrued without a stated country includes \$39.1 million in taxes paid or accrued on high-taxed income.

¹³ As stipulated on Form 1116, Foreign Tax Credit, Part III Figuring the Credit.

Individual Foreign-Earned Income and Foreign Tax Credit, 2021

Figure F

Foreign-Source Gross Income and Foreign Taxes, by Selected Country or Region, Tax Years 2016 and 2021

[Money amounts are in thousands of 2021 dollars]

Item, selected country or region	2016 [1]		2021		Percentage change in amount
	Number of returns [2]	Amount	Number of returns [2]	Amount	
	(1)	(2)	(3)	(4)	
Foreign-source gross income, total	4,562,629	244,664,805	5,022,973	365,546,809	49.4
North America	437,829	20,997,725	416,497	39,444,205	87.8
Canada	404,782	15,362,006	386,150	27,990,882	82.2
Mexico	35,241	5,635,718	34,989	11,453,321	103.2
Asia	227,949	37,319,662	263,507	53,034,814	42.1
China	38,624	6,544,447	38,970	11,737,284	79.3
Hong Kong	13,642	4,425,071	14,299	12,466,465	181.7
India	55,338	9,904,772	66,439	5,546,523	-44.0
Israel	30,479	2,317,614	30,773	4,454,201	92.2
Other Asia	106,025	14,127,761	163,396	18,830,342	33.3
Europe	390,451	42,687,801	443,767	87,379,219	104.7
Germany	56,698	6,983,052	60,350	7,766,204	11.2
Switzerland	38,466	4,038,399	63,045	9,901,497	145.2
United Kingdom	119,642	18,851,024	128,107	45,178,446	139.7
Other Europe	211,682	12,815,328	316,316	24,533,072	91.4
Latin/South America	34,782	4,228,715	50,463	6,285,152	48.6
Caribbean	9,857	1,034,970	17,398	2,411,704	133.0
Cayman Islands	1,123	118,441	8,444	957,840	708.7
Other Caribbean	9,861	916,530	15,685	1,453,865	58.6
Africa	9,550	1,788,385	11,828	3,834,549	114.4
Oceania and Antarctica	32,964	3,938,497	44,949	5,615,397	42.6
Australia	21,874	3,154,375	29,313	4,108,484	30.2
Other Oceania and Antarctica	11,846	784,123	18,116	1,506,912	92.2
U.S. Possessions	35,464	1,852,796	27,486	3,103,355	67.5
Country not stated [3]	3,793,325	130,816,253	4,195,091	164,438,415	25.7
Foreign taxes paid or accrued, total	4,179,809	30,526,842	4,800,405	37,575,449	23.1
North America	389,981	4,091,126	386,622	5,311,335	29.8
Canada	361,504	3,293,698	360,556	4,258,960	29.3
Mexico	29,307	797,427	27,870	1,052,376	32.0
Asia	202,268	7,435,987	239,545	8,578,736	15.4
China	33,287	1,785,711	36,678	2,399,233	34.4
Hong Kong	10,110	551,349	10,450	527,810	-4.3
India	51,249	1,561,504	61,916	1,101,070	-29.5
Israel	27,193	601,766	27,188	1,149,440	91.0
Other Asia	90,596	2,935,660	135,827	3,401,186	15.9
Europe	332,587	10,703,008	397,291	13,543,524	26.5
Germany	47,855	1,485,729	54,116	1,479,569	-0.4
Switzerland	33,615	918,812	58,131	1,073,266	16.8
United Kingdom	96,382	5,366,755	107,188	6,909,893	28.8
Other Europe	179,267	2,931,715	259,037	4,080,797	39.2
Latin/South America	29,094	627,335	42,351	882,287	40.6
Caribbean	5,582	64,368	7,530	120,395	87.0
Cayman Islands	62	230	2,190	5,645	2,350.9
Other Caribbean	5,521	64,138	5,536	114,751	78.9
Africa	7,428	350,700	9,726	265,143	-24.4
Oceania and Antarctica	30,514	997,430	39,789	1,101,412	10.4
Australia	19,742	820,128	24,320	827,665	0.9
Other Oceania and Antarctica	11,285	177,303	16,377	273,748	54.4
U.S. Possessions	31,188	182,377	27,181	334,452	83.4
Country not stated [4]	3,419,447	6,074,512	3,970,561	7,438,165	22.4

[1] For comparability, 2016 amounts have been adjusted for inflation to 2021 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
2021	270.970
2016	240.007

[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 2021 the \$164.4 billion of total foreign-source gross income reported without a specific country or region being stated includes \$0.3 billion for high-taxed income.

[4] For Tax Year 2021 the \$7.4 billion of total foreign taxes paid or accrued reported without a specific country or region being stated includes \$39.1 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, November 2024.

Figure G
Foreign Taxes, by Country, Tax Year 2021

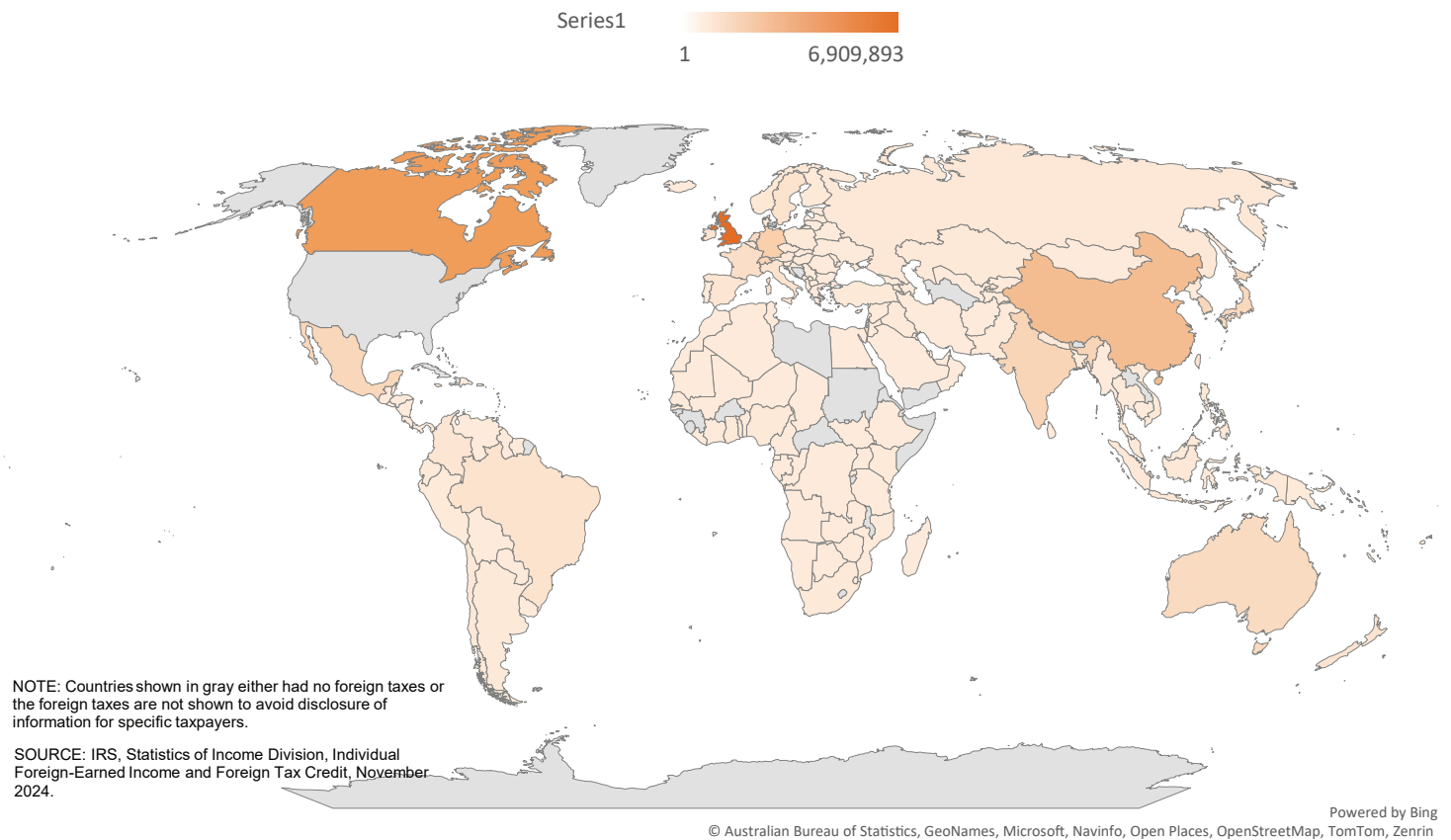
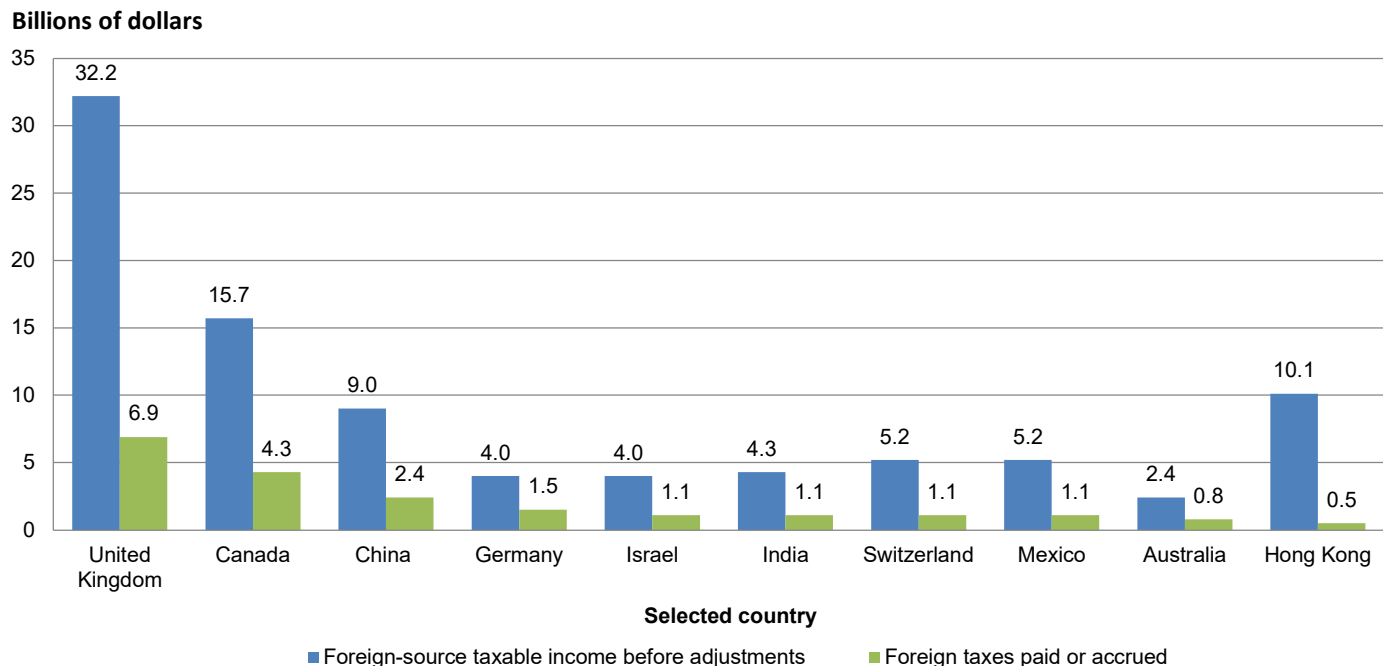


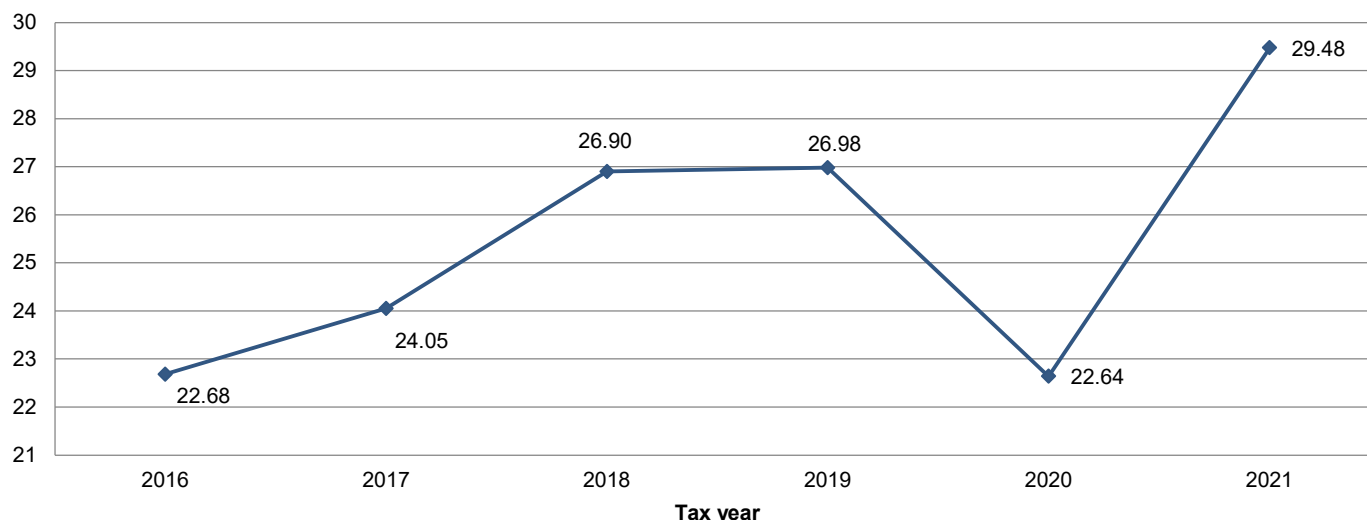
Figure H
Foreign-Source Taxable Income and Foreign Taxes, by Selected Country, Tax Year 2021



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, November 2024.

Figure I
Foreign Tax Credit, Tax Years 2016–2021

Billions of dollars



NOTES: For comparability, all amounts have been adjusted for inflation to 2021 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	Year	CPI-U
2021	270.970	2018	251.107
2020	258.811	2017	245.120
2019	255.657	2016	240.007

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, November 2024.

sizable losses. The number of filed returns reporting the exclusion for 2021 decreased 9.3% to over 437,000 returns.

Taxpayers with a tax home in the United Kingdom reported the most foreign-earned income (over \$4.4 billion), while taxpayers based in China reported the second highest amount of foreign-earned income (at over \$2.9 billion). Taxpayers reporting foreign-earned income from Canada rose from the fourth largest source of foreign-earned income in 2016 to the third largest source in 2021, with just under \$2.9 billion reported. Conversely, taxpayers from Hong Kong fell from third highest source of foreign-earned income in 2016, to fourth highest in 2021, decreasing 30.8% to \$2.5 billion. The total amount of housing exclusion claimed decreased by 35.3%, from \$1.5 billion reported for 2016 to just under \$1.0 billion for 2021.

Foreign-source gross income reported by U.S. taxpayers reached \$365.5 billion for 2021, and the total foreign tax credit claimed was just under \$29.5 billion. In real terms, this represents a 49.4% growth in foreign-source gross income and a 30.0% growth in the foreign tax credit from 2016, the last year a study was prepared on these data. As the source of nearly \$87.4 billion in foreign-source gross income and the recipient of \$13.5 billion in foreign taxes paid, European countries were the largest component of these measures. And the stated country with the largest of these measures was the United Kingdom, the source of \$45.2 billion in foreign-source gross income and the recipient of \$6.9 billion in foreign taxes paid. As for growth in foreign-source gross income and foreign taxes paid, the

largest percentage growth for both measures were reported for Caribbean countries. Foreign-source gross income grew 133.0% and foreign taxes paid grew 87.0%. Additionally, taxpayers claimed a foreign tax credit on 10.8 million returns, an increase of 38.8% from 2016.

Data Sources and Limitations

The IRS Statistics of Income Division (SOI) based the 2021 data presented in this article on a sample of individual income tax returns, Forms 1040, processed during Calendar Year 2022. 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. SOI understated the foreign-source income and taxes in this article to the extent that they either were not, or did not need 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 60.0% 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 \$67. Foreign-source income and losses are also understated to the extent that taxpayers who were not eligible for a credit may not have filed 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. The sampled returns used for the statistics do not reflect adjustments made during audit examination, which determines the acceptability of the reported data.

About 2.1% of the returns with a foreign tax credit or an attached Form 1116, and 13.8% of the returns with an attached Form 2555, were for tax years prior to 2021, reported on delinquent returns. For comparison, about 1.9% with a foreign tax credit or a Form 1116, and 12.2% with a Form 2555 were for prior-year returns in the 2016 study. Because these prior-year returns were processed during the 2021 filing period, SOI included them as a representation of 2021 returns filed after December 31, 2022.

SOI stratified the sample based on the: (1) presence or absence of Form 2555, Foreign Earned Income, 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 2021 from Form 2555 and Form 1116 are based on a sample of 190,097 returns drawn from a total population of 15,423,787 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 2021 (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 Foreign Earned Income and Foreign Tax Credit section of the Tax Stats webpage 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, 2011, and 2016.

Explanation of Selected Terms

Definitions used in this article are generally the same as those in Statistics of Income, Individual Income Tax Returns 2021 (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 kickout. High tax kickout is an adjustment to the foreign taxes paid or accrued when they relate to passive income that is treated as other category income due to being high taxed.

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, a prorated share of other deductions that don't relate to any specific type of income, and a prorated share of interest expenses.

Gross-Foreign-Tax Credit—This is the foreign tax credit 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 Jeff Curry and Maureen Keenan Kahr, economists with the Individual Data Processing and Perfection Section, under the direction of Scott Hollenbeck, Chief, Individual Returns Processing and Data Perfection, and Mike Strudler, Technical Project 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 2021

[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 2555					
		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	437,655	41,114,486	70,675,452	407,746	50,914,513	430,205	28,104,316
No adjusted gross income (includes deficits)	109,801	-969,968	4,383,184	100,536	4,920,512	108,700	5,250,749
\$1 under \$10,000	124,561	290,797	7,200,460	117,048	6,616,312	123,654	6,813,847
\$10,000 under \$25,000	45,602	756,635	4,012,602	42,150	3,364,049	45,206	3,154,215
\$25,000 under \$50,000	42,482	1,534,757	4,720,331	39,329	3,807,685	41,995	3,057,917
\$50,000 under \$75,000	25,506	1,562,002	3,651,113	23,533	2,884,396	24,607	1,971,627
\$75,000 under \$100,000	15,115	1,311,847	2,635,942	14,356	2,101,780	14,930	1,240,789
\$100,000 under \$200,000	35,638	5,026,496	8,202,493	34,041	6,474,897	33,813	2,958,505
\$200,000 under \$500,000	25,795	7,895,339	10,490,593	24,305	7,861,375	24,492	2,322,823
\$500,000 under \$1,000,000	7,779	5,365,551	6,303,605	7,499	4,525,363	7,589	797,076
\$1,000,000 under \$1,500,000	2,226	2,687,705	2,966,479	2,077	1,937,668	2,186	223,180
\$1,500,000 under \$2,000,000	1,000	1,712,334	1,876,423	936	1,120,774	960	98,725
\$2,000,000 under \$5,000,000	1,552	4,665,792	4,876,910	1,405	2,637,258	1,495	155,691
\$5,000,000 under \$10,000,000	363	2,483,211	2,533,098	316	1,024,411	356	35,572
\$10,000,000 or more	236	6,791,987	6,822,218	216	1,638,033	221	23,601

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 2021—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 2555—continued							
	Total adjustments		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	68,769	476,655	178,411	37,001,857	101,137	4,981,434	139,356	5,372,309
No adjusted gross income (includes deficits)	15,513	47,908	0	0	50	[4]	265	4,976
\$1 under \$10,000	12,419	26,747	140	172	**	**	796	1,447
\$10,000 under \$25,000	8,330	31,249	22,039	114,566	** 8,730	** 8,211	13,177	12,629
\$25,000 under \$50,000	8,317	37,125	41,409	736,849	17,165	49,277	27,157	73,087
\$50,000 under \$75,000	4,746	32,301	25,268	1,049,314	13,154	84,188	17,179	105,507
\$75,000 under \$100,000	2,790	22,542	15,016	983,387	8,063	76,309	12,741	111,870
\$100,000 under \$200,000	7,427	66,376	35,595	4,193,874	21,900	374,985	31,191	536,840
\$200,000 under \$500,000	5,889	67,360	25,790	7,225,807	20,077	919,832	24,184	940,120
\$500,000 under \$1,000,000	1,788	33,318	7,779	5,120,404	7,056	859,016	7,418	699,239
\$1,000,000 under \$1,500,000	608	19,435	2,226	2,585,694	2,007	436,791	2,155	388,195
\$1,500,000 under \$2,000,000	246	50,638	1,000	1,658,886	924	284,827	980	253,205
\$2,000,000 under \$5,000,000	493	29,294	1,552	4,553,430	1,451	763,278	1,522	746,610
\$5,000,000 under \$10,000,000	128	8,681	363	2,429,899	342	353,694	359	430,545
\$10,000,000 or more	75	3,682	235	6,349,574	220	771,026	232	1,068,036

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 2021—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 2555—continued							
	Number of Forms 2555 filed by primary taxpayer	Number of Forms 2555 filed by secondary taxpayer	Total foreign-earned income		Salaries and wages		Business or professional income (less loss)	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
All returns	421,915	54,795	436,643	48,195,214	404,374	40,160,335	42,736	2,789,821
No adjusted gross income (includes deficits)	108,673	7,550	109,486	5,532,380	101,251	4,970,789	11,247	409,368
\$1 under \$10,000	122,917	10,687	124,620	7,051,376	116,915	6,542,979	10,726	387,598
\$10,000 under \$25,000	44,323	5,172	45,630	3,567,397	42,218	3,227,160	4,744	210,741
\$25,000 under \$50,000	40,548	6,645	42,534	3,829,306	38,947	3,424,207	4,739	283,966
\$50,000 under \$75,000	24,256	4,011	25,438	2,830,279	23,548	2,477,947	2,740	205,223
\$75,000 under \$100,000	13,714	3,006	15,169	1,992,710	14,241	1,760,171	1,357	116,314
\$100,000 under \$200,000	31,797	8,319	35,371	5,586,049	32,537	4,871,393	3,542	310,553
\$200,000 under \$500,000	23,253	6,477	25,302	6,790,978	23,197	5,464,623	2,473	337,322
\$500,000 under \$1,000,000	7,363	1,844	7,751	3,873,379	6,887	2,741,242	634	173,375
\$1,000,000 under \$1,500,000	2,081	481	2,218	1,620,128	1,911	1,105,020	220	95,182
\$1,500,000 under \$2,000,000	934	217	997	944,804	906	654,031	97	50,371
\$2,000,000 under \$5,000,000	1,481	297	1,543	2,303,646	1,329	1,550,141	164	128,836
\$5,000,000 under \$10,000,000	349	48	360	886,642	287	541,337	30	36,756
\$10,000,000 or more	227	41	225	1,386,141	198	829,294	23	44,215

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 2021—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 2555—continued							
	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
	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
All returns	1,872	827,152	9,862	126,123	28,771	3,759,199	4,161	47,464
No adjusted gross income (includes deficits)	277	22,328	2,721	26,331	2,487	24,874	993	11,441
\$1 under \$10,000	183	11,468	3,644	29,980	3,782	32,902	1,330	13,917
\$10,000 under \$25,000	309	18,812	1,518	18,702	2,470	70,146	401	2,863
\$25,000 under \$50,000	99	10,035	568	10,530	2,689	91,570	192	3,658
\$50,000 under \$75,000	137	17,523	445	8,963	2,053	100,176	142	2,988
\$75,000 under \$100,000	42	9,291	240	7,192	1,448	73,609	* 124	* 1,942
\$100,000 under \$200,000	135	13,336	383	7,430	4,250	343,353	413	4,581
\$200,000 under \$500,000	192	59,987	241	11,343	5,206	827,950	511	4,685
\$500,000 under \$1,000,000	187	101,724	43	2,386	2,716	815,178	* 36	* 677
\$1,000,000 under \$1,500,000	72	51,963	26	656	756	334,519	** 12	** 639
\$1,500,000 under \$2,000,000	46	47,922	* 16	* 401	319	171,430	**	**
\$2,000,000 under \$5,000,000	131	217,720	** 17	** 2,209	443	362,247	**	**
\$5,000,000 under \$10,000,000	47	157,520	**	**	101	136,198	0	0
\$10,000,000 or more	15	87,523	**	**	53	375,046	* 4	* 73

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 2021—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 2555—continued							
	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
	(32)	(33)	(34)	(35)	(36)	(37)	(40)	(41)
All returns	13,088	596,285	432,286	28,527,396	51,655	979,995	2,630	47,758
No adjusted gross income (includes deficits)	4,379	90,131	109,127	5,334,852	4,743	54,495	196	4,262
\$1 under \$10,000	3,739	60,366	124,146	6,897,486	6,055	69,069	* 193	* 650
\$10,000 under \$25,000	1,187	24,749	45,342	3,205,176	5,288	70,504	132	1,717
\$25,000 under \$50,000	656	16,833	42,329	3,129,998	6,258	90,532	205	2,794
\$50,000 under \$75,000	348	24,669	24,694	1,993,644	4,781	85,184	274	4,076
\$75,000 under \$100,000	406	28,132	14,987	1,264,036	3,130	60,764	254	4,370
\$100,000 under \$200,000	805	44,901	34,075	2,993,799	7,998	151,116	429	6,913
\$200,000 under \$500,000	1,012	98,070	24,680	2,357,469	8,127	205,072	556	7,408
\$500,000 under \$1,000,000	306	42,153	7,643	803,883	3,280	107,660	161	5,313
\$1,000,000 under \$1,500,000	101	37,974	2,199	226,811	917	36,159	50	1,841
\$1,500,000 under \$2,000,000	56	20,664	973	100,360	354	14,726	40	2,114
\$2,000,000 under \$5,000,000	58	43,854	1,512	159,522	551	26,134	93	3,920
\$5,000,000 under \$10,000,000	19	13,667	358	36,504	116	5,633	30	1,717
\$10,000,000 or more	17	50,123	221	23,855	58	2,947	15	664

* 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.

[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.

[4] Less than \$500.

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, November 2024.

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 2021

[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)
	(1)	(2)	(3)	(4)	(5)
All geographic areas	437,655	48,195,214	40,160,335	2,789,821	827,152
North America, total	38,606	3,343,499	2,874,801	343,048	17,838
Canada	34,884	2,897,563	2,546,306	283,945	11,123
Greenland	0	0	0	0	0
Mexico	3,722	445,936	328,495	59,103	6,715
Latin and South America, total	13,839	1,181,641	912,151	136,901	39,668
Argentina	1,066	88,725	54,746	22,990	**
Brazil	2,542	204,552	140,976	19,982	** 34,239
Chile	838	107,683	92,208	* 8,519	0
Colombia	2,590	205,485	186,993	* 5,969	**
Costa Rica	2,308	182,303	130,615	36,159	**
Panama	836	91,731	69,620	* 9,974	0
Peru	749	68,845	49,079	** 11,040	**
Venezuela	* 115	* 11,561	* 8,678	**	0
Other Latin and South American countries	2,795	220,756	179,236	22,268	* 5,429
Caribbean, total	5,981	812,462	682,947	45,323	12,556
Bahamas	667	76,415	70,966	**	0
Bermuda	1,219	336,478	280,557	** 27,322	** 12,556
Cayman Islands	1,334	140,912	130,762	**	**
Dominican Republic	632	60,000	42,366	* 8,110	**
Jamaica	507	34,920	34,821	**	0
Other Caribbean countries	1,622	163,737	123,475	* 9,891	0
Europe, total	125,135	13,224,097	10,638,015	997,286	352,336
Austria	1,578	138,939	114,057	16,125	0
Belgium	2,053	231,869	179,413	* 4,828	** 9,985
Czech Republic	1,512	107,196	79,994	* 13,954	**
Denmark	1,686	205,594	194,890	* 4,967	0
Finland	955	79,431	68,837	**	0
France	11,719	1,066,012	855,058	** 96,159	41,612
Germany	22,683	1,975,011	1,629,698	185,202	** 47,020
Greece	1,084	63,175	59,777	* 2,147	0
Hungary	614	57,140	43,918	* 5,004	0
Ireland	3,468	272,322	230,908	25,952	0
Italy	5,079	471,997	330,978	93,841	**
Luxembourg	591	85,111	78,813	* 269	0
Netherlands	7,273	704,814	577,983	50,135	* 1,708
Norway	2,681	228,709	203,290	* 18,326	0
Poland	748	85,333	67,069	* 6,828	**
Portugal	602	48,501	26,229	* 15,714	**
Russia	1,286	176,246	130,642	10,524	** 14,266
Spain	4,123	353,046	263,295	59,763	** 19,001
Sweden	3,436	266,989	251,602	13,249	0
Switzerland	11,067	1,634,493	1,396,834	64,459	**
Turkey	1,528	171,646	131,284	* 21,318	**
United Kingdom	34,885	4,447,520	3,433,626	256,375	211,199
Other European countries	4,484	353,003	289,820	32,147	7,545

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 2021—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)
	(1)	(2)	(3)	(4)	(5)
Africa, total	10,079	1,081,086	885,366	50,514	11,428
Angola	115	32,864	11,872	0	0
Egypt	850	106,161	89,187	* 127	** 10,343
Kenya	1,028	109,912	78,696	15,846	**
Morocco	678	23,692	19,848	**	**
Nigeria	567	88,240	66,616	**	**
South Africa	1,006	111,638	75,104	** 17,380	0
Other African countries	5,835	608,579	544,043	17,161	* 1,085
Asia, total	145,083	19,299,700	15,775,382	715,389	331,211
Afghanistan	3,495	334,636	323,680	**	0
China	16,949	2,952,677	2,510,395	** 57,153	36,656
Hong Kong	8,989	2,529,488	1,816,964	69,493	133,654
India	4,449	623,109	505,362	35,872	* 19,992
Indonesia	1,372	117,163	95,543	* 14,071	0
Iraq	4,374	530,194	516,993	**	0
Israel	17,750	1,324,606	1,201,916	** 93,498	* 3,487
Japan	21,227	1,864,128	1,451,985	** 101,992	** 57,252
Kuwait	4,331	472,076	435,614	**	0
Lebanon	1,522	144,113	131,934	* 5,076	**
Malaysia	1,209	154,894	111,199	17,104	**
Philippines	2,114	212,373	184,053	3,222	0
Qatar	2,928	408,662	270,727	* 7,122	**
Saudi Arabia	5,968	1,026,672	905,140	24,084	* 6,086
Singapore	6,723	1,823,478	1,412,757	21,044	** 32,942
South Korea	13,072	1,416,034	1,144,220	110,479	**
Taiwan	7,506	772,302	675,896	24,000	* 8,980
Thailand	3,936	377,545	305,097	27,802	**
United Arab Emirates	8,596	1,392,247	1,120,636	54,617	** 32,037
Other Asian countries	8,573	823,303	655,271	48,760	125
Oceania, total	15,394	1,532,925	1,374,020	61,385	2,381
Australia	10,842	** 1,532,925	** 1,374,020	46,191	1,993
New Zealand	3,924	**	**	15,171	388
Other Oceania countries	628	**	**	22	0
All other countries [3]	83,538	7,719,804	7,017,653	439,975	59,734

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 2021—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Foreign-earned income—continued					
	Total noncash income		Total allowances, reimbursements, or expenses paid by employers			
	Total [2]	Home (lodging)	Total	Total cost of living and overseas differential, family, education and home leave	Quarters	Other
	(6)	(7)	(8)	(9)	(10)	(11)
All geographic areas	126,123	98,774	3,759,199	177,165	213,709	3,368,325
North America, total	* 2,877	* 2,399	84,465	1,022	* 1,403	82,038
Canada	** 2,877	** 2,399	35,855	11	378	35,465
Greenland	0	0	0	0	0	0
Mexico	**	**	48,610	1,011	1,025	46,573
Latin and South America, total	4,745	* 4,263	71,884	2,271	** 2,383	67,229
Argentina	0	0	* 7,219	**	** 2,383	* 6,069
Brazil	** 4,160	** 4,049	* 11,094	**	**	* 10,700
Chile	0	0	* 6,927	** 1,501	**	* 6,834
Colombia	**	**	9,701	**	**	* 8,884
Costa Rica	0	0	* 15,400	0	0	* 15,400
Panama	**	**	* 7,741	0	0	* 7,741
Peru	0	0	* 4,494	**	0	** 6,512
Venezuela	**	**	**	**	0	**
Other Latin and South American countries	* 585	* 214	** 9,308	* 770	**	* 5,089
Caribbean, total	* 145	** 74	53,330	* 2,524	7,197	43,609
Bahamas	0	0	**	0	0	**
Bermuda	** 145	0	** 34,237	** 2,524	** 6,011	** 24,160
Cayman Islands	0	0	* 2,992	0	0	* 2,992
Dominican Republic	0	0	**	**	**	**
Jamaica	**	** 74	0	0	0	0
Other Caribbean countries	**	**	16,101	0	* 1,186	** 16,457
Europe, total	12,987	6,474	1,119,043	44,113	25,929	1,049,002
Austria	**	**	* 7,408	**	**	* 6,933
Belgium	** 3,640	0	35,502	** 2,228	** 2,238	31,559
Czech Republic	0	0	6,859	* 2,965	* 1,879	2,015
Denmark	**	**	* 3,135	**	**	* 3,029
Finland	**	0	* 6,047	**	0	* 6,040
France	**	**	68,667	** 1,640	* 1,832	65,262
Germany	** 2,517	0	** 96,387	** 5,357	** 5,734	** 85,623
Greece	**	0	**	**	**	**
Hungary	0	0	* 8,218	**	**	* 8,000
Ireland	0	0	14,769	**	0	14,753
Italy	** 1,480	**	40,753	* 1,638	* 389	38,727
Luxembourg	**	**	5,433	**	**	* 5,197
Netherlands	**	0	72,107	** 6,989	* 245	65,283
Norway	0	0	* 2,852	**	**	* 2,211
Poland	0	0	10,237	560	** 1,236	9,349
Portugal	0	0	**	0	**	**
Russia	**	**	** 26,358	* 2,832	* 882	** 22,105
Spain	** 705	**	16,379	* 1,521	* 935	13,922
Sweden	**	0	* 486	0	0	* 486
Switzerland	* 467	**	146,782	6,721	2,932	137,128
Turkey	0	0	18,905	0	**	17,651
United Kingdom	2,439	** 4,750	511,181	6,231	** 6,336	499,868
Other European countries	* 1,739	* 1,724	20,578	5,431	1,291	13,861

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 2021—Continued

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

Country or region	Foreign-earned income—continued					
	Total noncash income		Total allowances, reimbursements, or expenses paid by employers			
	Total [2]	Home (lodging)	Total	Total cost of living and overseas differential, family, education and home leave	Quarters	Other
	(6)	(7)	(8)	(9)	(10)	(11)
Africa, total	4,722	3,138	110,426	6,071	9,024	95,331
Angola	0	0	20,992	* 83	**	20,872
Egypt	0	0	13,081	* 429	** 1,448	* 11,241
Kenya	**	**	** 11,893	* 2,145	** 4,217	* 5,989
Morocco	**	**	**	* 0	0	**
Nigeria	** 1,159	** 935	15,826	* 704	**	** 14,664
South Africa	* 184	* 143	* 9,874	* 175	* 922	* 8,777
Other African countries	* 3,379	* 2,060	38,760	* 2,535	* 2,437	33,788
Asia, total	68,851	58,463	2,169,757	95,068	153,773	1,920,917
Afghanistan	0	0	**	0	0	**
China	10,261	9,777	** 287,313	11,059	16,629	** 259,625
Hong Kong	2,723	2,692	444,561	11,783	30,543	402,234
India	* 26	* 18	53,516	* 343	* 562	52,611
Indonesia	0	0	* 7,449	0	0	* 7,449
Iraq	0	0	* 11,941	**	**	* 10,032
Israel	* 35	0	10,417	**	**	9,987
Japan	* 2,807	* 2,752	234,824	** 7,450	** 9,266	221,244
Kuwait	* 4,624	* 2,283	30,887	* 1,307	* 772	28,808
Lebanon	0	0	* 1,632	**	0	**
Malaysia	**	**	25,045	* 592	* 803	** 24,485
Philippines	0	0	25,033	* 1,045	* 644	23,345
Qatar	** 5,755	** 5,755	128,035	* 9,425	23,474	95,136
Saudi Arabia	* 5,256	* 4,301	91,177	9,650	5,325	76,202
Singapore	4,560	3,814	321,723	12,984	21,552	287,187
South Korea	7,505	7,429	127,418	* 1,921	6,303	119,194
Taiwan	* 232	**	50,911	* 2,084	1,622	47,205
Thailand	* 606	**	37,392	* 6,788	* 2,477	28,128
United Arab Emirates	14,305	** 12,271	170,856	13,281	31,230	126,346
Other Asian countries	10,156	7,371	109,627	5,356	2,571	101,699
Oceania, total	* 2,429	* 1,842	69,102	** 1,219	* 1,055	66,830
Australia	** 2,429	** 1,842	** 69,102	** 1,219	** 1,055	** 66,830
New Zealand	**	**	**	**	**	**
Other Oceania countries	**	0	**	**	0	**
All other countries [3]	29,367	22,195	81,192	24,877	12,945	43,369

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 2021

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

Country or region	Foreign-earned income—continued		Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(12)	(13)	(14)	(15)	(16)
All geographic areas	47,464	596,285	28,527,396	979,995	47,758
North America, total	2,452	22,921	2,324,977	15,357	828
Canada	** 2,452	19,941	2,081,880	10,009	768
Greenland	0	0	0	0	0
Mexico	**	2,980	243,097	5,348	60
Latin and South America, total	* 1,390	17,682	763,879	19,950	1,873
Argentina	0	* 1,509	52,093	* 857	**
Brazil	** 1,390	** 3,039	113,605	3,060	** 892
Chile	0	**	53,066	1,813	**
Colombia	0	0	151,431	3,179	0
Costa Rica	0	0	128,953	3,363	**
Panama	0	**	57,570	2,860	**
Peru	0	** 13,134	55,029	** 833	0
Venezuela	0	0	* 7,731	**	0
Other Latin and South American countries	**	**	144,401	3,985	* 981
Caribbean, total	* 638	18,800	465,171	32,608	1,714
Bahamas	0	0	48,748	* 769	**
Bermuda	**	** 18,800	122,973	24,567	** 1,714
Cayman Islands	0	**	110,970	5,134	**
Dominican Republic	** 638	0	36,549	** 540	0
Jamaica	0	0	23,647	**	0
Other Caribbean countries	0	**	122,284	1,598	0
Europe, total	1,749	108,970	8,079,346	211,109	11,531
Austria	**	**	105,637	2,603	* 246
Belgium	0	** 6,261	145,141	2,606	* 110
Czech Republic	0	**	86,150	* 733	**
Denmark	0	* 2,447	137,700	3,143	**
Finland	0	**	67,428	* 729	0
France	0	** 8,106	676,641	17,184	** 736
Germany	0	** 21,351	1,424,783	31,745	1,775
Greece	0	**	51,548	* 769	0
Hungary	0	0	40,122	* 271	0
Ireland	0	* 751	207,539	2,781	**
Italy	** 1,749	* 2,399	320,194	3,812	** 569
Luxembourg	0	**	55,897	2,719	**
Netherlands	0	** 8,906	479,714	7,015	* 177
Norway	0	**	182,155	1,197	0
Poland	0	**	42,217	867	0
Portugal	0	0	26,353	**	**
Russia	**	**	75,360	** 5,307	** 178
Spain	**	** 2,788	224,017	3,687	2,937
Sweden	0	**	228,173	1,116	**
Switzerland	0	** 20,741	944,417	50,698	** 928
Turkey	**	0	111,622	* 510	0
United Kingdom	0	34,042	2,201,442	66,708	** 3,875
Other European countries	0	* 1,178	245,096	4,909	**

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 2021—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Country or region	Foreign-earned income—continued		Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(12)	(13)	(14)	(15)	(16)
Africa, total	* 709	19,339	697,711	14,122	1,022
Angola	0	0	10,051	* 247	0
Egypt	0	**	63,175	2,139	* 37
Kenya	0	** 2,425	71,734	** 1,783	0
Morocco	0	**	23,213	**	0
Nigeria	** 92	**	45,193	* 1,111	0
South Africa	**	* 12,144	64,017	551	**
Other African countries	* 617	* 4,770	420,328	8,291	** 985
Asia, total	29,701	268,968	9,968,647	572,737	25,384
Afghanistan	0	0	236,058	**	0
China	** 4,736	66,510	1,234,576	** 59,258	2,228
Hong Kong	* 239	62,333	768,531	145,734	11,051
India	**	** 8,454	301,909	4,479	* 331
Indonesia	0	**	77,858	* 143	0
Iraq	0	0	388,548	* 709	0
Israel	**	16,582	1,013,413	3,090	* 296
Japan	**	24,783	1,193,300	43,158	** 2,814
Kuwait	0	0	368,618	13,738	**
Lebanon	0	0	107,157	* 1,103	**
Malaysia	0	0	77,619	1,613	0
Philippines	**	* 91	108,227	2,664	* 402
Qatar	**	**	238,344	25,144	* 237
Saudi Arabia	** 13,980	**	527,603	17,080	* 505
Singapore	**	** 36,789	635,178	122,531	2,859
South Korea	** 4,437	26,930	756,644	22,624	* 324
Taiwan	0	* 12,282	446,482	10,157	* 503
Thailand	**	6,703	240,070	8,982	**
United Arab Emirates	* 4,544	6,382	738,439	80,431	** 3,834
Other Asian countries	* 1,765	1,129	510,073	10,099	**
Oceania, total	* 1,552	25,161	1,021,492	26,564	449
Australia	** 1,552	** 25,161	** 1,021,492	** 26,564	** 449
New Zealand	**	**	**	**	**
Other Oceania countries	0	0	**	**	0
All other countries [3]	9,273	114,444	5,206,173	87,548	4,957

* 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, November 2024.

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 2021

[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	11,956,638	4,673,714,427	4,732,273,392	7,796,332	1,730,553,601	165,903	13,251,401
No adjusted gross income (includes deficits)	109,518	-57,686,244	-56,670,774	40,249	3,695,238	11,084	573,124
\$1 under \$10,000	222,721	1,061,651	3,164,015	87,005	2,296,388	34,247	2,052,631
\$10,000 under \$25,000	364,474	6,614,475	8,217,538	171,190	3,680,232	18,095	1,325,866
\$25,000 under \$50,000	1,022,522	38,894,317	41,520,464	526,796	16,749,135	22,382	1,776,960
\$50,000 under \$75,000	1,291,592	80,979,328	83,597,579	721,386	36,525,453	14,222	1,201,881
\$75,000 under \$100,000	1,246,553	108,979,513	111,263,138	701,387	44,567,055	9,455	849,256
\$100,000 under \$200,000	3,439,433	493,169,279	501,881,192	2,223,032	235,771,667	23,566	2,191,839
\$200,000 under \$500,000	2,848,010	867,123,188	881,056,372	2,179,897	472,134,842	20,724	2,008,692
\$500,000 under \$1,000,000	831,329	569,821,065	579,519,453	680,472	292,593,146	7,165	756,209
\$1,000,000 under \$1,500,000	230,096	278,117,562	282,494,953	187,879	122,666,941	2,060	212,457
\$1,500,000 under \$2,000,000	101,067	173,999,924	176,256,469	80,325	67,097,379	898	93,365
\$2,000,000 under \$5,000,000	163,372	492,427,613	496,588,638	129,109	156,884,108	1,446	151,281
\$5,000,000 under \$10,000,000	48,416	333,357,547	334,788,256	37,972	85,101,589	345	34,705
\$10,000,000 or more	37,536	1,286,855,208	1,288,596,098	29,633	190,790,429	216	23,134

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 2021—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—continued							
	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	1,670	35,319	11,575,979	4,205,945,751	10,826,959	29,482,592	10,940,747	1,008,453,341
No adjusted gross income (includes deficits)	** 72	** 995	0	0	151	222	1,155	99,103
\$1 under \$10,000	**	**	79,160	244,251	57,714	1,803	51,055	17,733
\$10,000 under \$25,000	* 4	* 27	272,357	1,933,851	218,265	28,513	151,711	120,689
\$25,000 under \$50,000	138	2,277	1,002,343	21,032,830	872,650	150,228	794,640	1,425,505
\$50,000 under \$75,000	186	3,442	1,286,119	56,137,316	1,204,584	295,813	1,161,686	5,208,482
\$75,000 under \$100,000	143	3,132	1,243,065	82,008,681	1,170,020	356,658	1,178,506	8,978,115
\$100,000 under \$200,000	344	5,079	3,436,387	403,510,959	3,266,669	1,786,079	3,356,933	54,799,224
\$200,000 under \$500,000	407	5,028	2,845,761	770,630,172	2,712,345	4,134,956	2,834,968	144,495,771
\$500,000 under \$1,000,000	152	5,106	830,968	527,556,048	781,743	4,050,339	830,150	128,510,382
\$1,000,000 under \$1,500,000	50	1,841	229,943	258,564,343	216,247	1,970,533	229,817	71,945,488
\$1,500,000 under \$2,000,000	39	2,108	100,946	161,340,862	94,495	1,391,902	100,939	46,573,251
\$2,000,000 under \$5,000,000	91	3,920	163,179	455,525,277	152,483	4,053,776	163,272	134,563,955
\$5,000,000 under \$10,000,000	29	1,701	48,325	307,845,181	44,942	2,677,983	48,398	90,553,260
\$10,000,000 or more	15	664	37,426	1,159,615,980	34,652	8,583,787	37,517	321,162,383

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 2021—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 (or loss) before adjustments [5]	
		Number of returns [4]	Amount	Number of returns [4]	Amount	Number of returns [4]	Amount
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
All returns	5,464,310	5,016,807	365,546,809	4,888,288	176,137,448	5,036,117	189,409,362
No adjusted gross income (includes deficits)	109,452	72,195	6,046,914	71,950	7,763,680	76,343	-1,716,767
\$1 under \$10,000	189,620	147,968	614,238	154,790	774,654	155,425	-160,417
\$10,000 under \$25,000	213,892	179,009	1,498,525	178,863	973,199	177,776	525,327
\$25,000 under \$50,000	407,597	347,766	3,309,054	335,745	1,275,095	345,371	2,033,958
\$50,000 under \$75,000	451,267	416,095	4,499,754	399,734	1,291,302	416,467	3,208,452
\$75,000 under \$100,000	462,861	428,744	4,253,115	426,104	1,152,812	432,678	3,100,303
\$100,000 under \$200,000	1,326,340	1,232,868	17,641,715	1,199,920	3,606,645	1,234,787	14,035,070
\$200,000 under \$500,000	1,345,719	1,271,683	32,289,991	1,238,997	5,693,422	1,275,025	26,596,569
\$500,000 under \$1,000,000	511,708	488,423	29,062,815	469,965	6,775,984	489,106	22,286,831
\$1,000,000 under \$1,500,000	159,561	154,080	17,696,538	148,217	6,397,137	154,298	11,299,400
\$1,500,000 under \$2,000,000	77,128	74,512	12,249,285	71,056	4,775,034	74,722	7,474,251
\$2,000,000 under \$5,000,000	132,432	128,557	38,402,928	122,089	15,220,762	128,966	23,182,166
\$5,000,000 under \$10,000,000	42,242	41,162	29,040,399	39,031	14,508,533	41,313	14,531,866
\$10,000,000 or more	34,490	33,744	168,941,540	31,827	105,929,189	33,840	63,012,351

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 2021—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—continued							
	Foreign income, taxes and credit reported on Form 1116—continued							
	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	Amount
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
All returns	4,800,405	37,575,449	4,199,425	3,738,076	41,375	417,683	95,639	156,975
No adjusted gross income (includes deficits)	70,734	261,888	55,963	30,501	427	2,027	1,380	775
\$1 under \$10,000	138,530	240,140	102,821	7,796	435	478	6,725	6,000
\$10,000 under \$25,000	168,999	283,173	126,722	15,003	3,650	3,364	6,590	7,544
\$25,000 under \$50,000	333,360	727,742	272,400	77,249	1,795	4,672	3,064	3,085
\$50,000 under \$75,000	391,204	638,808	335,682	56,587	1,524	1,607	4,229	1,463
\$75,000 under \$100,000	401,505	665,476	344,112	60,335	5,548	4,241	9,638	2,221
\$100,000 under \$200,000	1,175,991	2,886,090	1,049,069	272,065	3,957	44,812	23,000	56,709
\$200,000 under \$500,000	1,227,258	5,897,499	1,113,780	597,597	13,655	138,973	23,130	19,438
\$500,000 under \$1,000,000	472,317	5,167,520	426,507	666,864	5,710	103,380	9,716	12,246
\$1,000,000 under \$1,500,000	149,131	2,319,566	133,182	254,505	1,760	21,953	2,634	7,104
\$1,500,000 under \$2,000,000	72,621	1,615,642	64,434	146,913	661	11,434	1,450	5,327
\$2,000,000 under \$5,000,000	125,430	4,609,194	111,263	478,067	1,395	32,752	2,582	13,426
\$5,000,000 under \$10,000,000	40,194	2,989,236	35,344	279,763	476	13,392	820	10,232
\$10,000,000 or more	33,133	9,273,473	28,145	794,832	382	34,599	682	11,405

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 2021—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—continued							
	Foreign income, taxes and credit reported on Form 1116—continued							
	Foreign taxes paid or accrued on:		Foreign taxes available for credit		Foreign tax carryover		Reduction in foreign taxes	
	Other income							
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
All returns	892,012	33,262,715	5,242,859	68,944,537	2,014,604	33,515,952	96,851	2,188,355
No adjusted gross income (includes deficits)	17,802	228,585	103,577	2,998,695	82,694	2,813,407	5,699	77,132
\$1 under \$10,000	34,823	225,867	173,386	479,735	120,255	425,659	17,619	186,070
\$10,000 under \$25,000	44,765	257,262	203,560	605,889	121,902	485,488	10,767	162,801
\$25,000 under \$50,000	73,879	642,736	393,388	1,238,135	215,397	757,037	11,364	246,549
\$50,000 under \$75,000	70,298	579,151	430,568	1,363,972	211,773	906,922	7,952	182,710
\$75,000 under \$100,000	59,787	598,679	432,509	1,448,415	162,194	908,952	5,350	126,091
\$100,000 under \$200,000	149,041	2,512,504	1,271,307	6,152,051	444,131	3,619,310	13,564	357,160
\$200,000 under \$500,000	184,685	5,141,490	1,304,814	12,644,765	391,541	7,154,526	13,615	409,798
\$500,000 under \$1,000,000	103,211	4,385,031	495,561	9,366,229	148,442	4,413,269	5,827	215,420
\$1,000,000 under \$1,500,000	42,756	2,036,004	154,997	4,550,426	42,075	2,289,805	1,685	60,343
\$1,500,000 under \$2,000,000	23,521	1,451,968	75,044	2,778,221	20,204	1,191,884	900	29,293
\$2,000,000 under \$5,000,000	49,019	4,084,949	129,077	7,560,639	33,675	2,995,205	1,517	58,354
\$5,000,000 under \$10,000,000	19,289	2,685,849	41,227	4,552,554	10,927	1,575,713	469	20,736
\$10,000,000 or more	19,138	8,432,638	33,843	13,204,811	9,393	3,978,775	524	55,899

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 2021—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—continued			
	Foreign income, taxes and credit reported on Form 1116—continued			
	Gross foreign tax credit		Foreign tax credit after adjustments [6]	
	Number of returns	Amount	Number of returns	Amount
	(39)	(40)	(41)	(42)
All returns	4,334,947	29,072,615	4,334,628	29,030,012
No adjusted gross income (includes deficits)	* 85	* 219	* 85	* 219
\$1 under \$10,000	24,612	1,306	24,612	1,231
\$10,000 under \$25,000	67,684	25,563	67,684	25,378
\$25,000 under \$50,000	257,725	134,200	257,725	131,490
\$50,000 under \$75,000	364,259	267,601	364,259	266,299
\$75,000 under \$100,000	386,327	320,584	386,327	319,828
\$100,000 under \$200,000	1,153,576	1,650,692	1,153,576	1,646,445
\$200,000 under \$500,000	1,210,363	4,009,018	1,210,055	3,999,540
\$500,000 under \$1,000,000	462,122	4,012,303	462,122	4,008,563
\$1,000,000 under \$1,500,000	145,721	1,963,146	145,712	1,959,907
\$1,500,000 under \$2,000,000	70,556	1,390,141	70,556	1,387,906
\$2,000,000 under \$5,000,000	121,542	4,044,436	121,542	4,040,225
\$5,000,000 under \$10,000,000	38,768	2,672,810	38,767	2,669,296
\$10,000,000 or more	31,605	8,580,596	31,604	8,573,685

* 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] All returns number of returns is less than the corresponding number of returns from Table 5, because taxpayers may report foreign-source gross income, foreign-source deductions and losses, and foreign-source table income (or loss) before adjustments for more than one income type that when summed can net to zero.

[5] Adjustments include disallowed business losses under Section 461(l), allocation of foreign and U.S. losses, recapture of prior-year foreign losses, and recharacterization of income.

[6] 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, November 2024.

Table 4. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region, Tax Year 2021

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

Country or region	Number of returns [1]	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income (or loss) before adjustments [2]	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	5,464,310	365,546,809	176,137,448	189,409,362	37,575,449	3,738,076	417,683	156,975	33,262,715
North America, total	556,028	39,444,205	18,555,884	20,888,320	5,311,335	301,325	130,014	13,927	4,866,069
Canada	502,846	27,990,882	12,295,466	15,695,415	4,258,960	272,254	27,470	8,623	3,950,612
Mexico	52,146	11,453,321	6,260,369	5,192,951	1,052,376	29,071	102,544	5,304	915,457
Other North American countries	1,036	2	* 49	-47	* [3]	0	0	0	* [3]
Latin and South America, total	74,544	6,285,152	2,129,578	4,155,573	882,287	73,932	17,770	6,886	783,698
Argentina	5,431	327,697	115,566	212,131	49,494	**	9,287	**	39,827
Brazil	31,391	2,998,547	1,038,270	1,960,277	388,777	5,058	5,667	5,027	373,025
Chile	3,824	408,804	77,941	330,863	89,923	35,008	* 272	* 61	54,582
Colombia	12,959	1,226,289	445,753	780,536	226,610	2,120	286	575	223,629
Costa Rica	2,736	337,737	156,869	180,868	19,347	* 166	1,420	* 807	16,954
Panama	2,789	137,809	56,555	81,254	14,925	* 13	**	**	14,905
Peru	2,043	166,048	51,334	114,714	18,450	6,043	* 329	* 37	12,040
Venezuela	3,144	59,036	31,140	27,896	7,107	* 1,617	**	**	5,477
Other Latin and South American countries	10,229	623,184	156,151	467,032	67,655	** 23,908	** 508	** 380	43,257
Caribbean, total	27,315	2,411,704	534,709	1,876,995	120,395	2,197	* 4,499	444	113,255
Bahamas	711	119,862	37,407	82,454	68	* 7	0	0	* 61
Bermuda	7,960	377,582	85,651	291,931	9,366	337	**	**	9,028
Cayman Islands	9,098	957,840	140,143	817,697	5,645	607	**	**	5,034
Dominican Republic	1,963	198,431	68,832	129,599	15,522	* 568	**	**	14,349
Jamaica	1,390	110,915	59,373	51,543	10,174	**	* 4,326	**	5,837
Other Caribbean countries	6,192	647,075	143,305	503,771	79,621	** 677	** 172	** 444	78,946
Europe, total	726,840	87,379,219	30,505,742	56,873,477	13,543,524	695,253	165,165	21,756	12,661,351
Austria	8,873	563,631	228,329	335,302	97,800	4,821	* 92	1,154	91,734
Belgium	20,831	1,436,912	358,894	1,078,017	277,883	8,343	* 694	781	268,064
Czech Republic	2,498	196,955	65,828	131,128	20,862	2,949	**	**	17,906
Denmark	16,798	667,970	132,283	535,687	158,221	7,715	**	**	149,699
Finland	9,858	231,320	44,603	186,717	67,783	1,411	* 38	* 2,435	63,900
France	72,600	3,940,834	1,547,224	2,393,610	639,817	91,009	10,541	1,521	536,746
Germany	77,753	7,766,204	3,811,271	3,954,933	1,479,569	89,343	13,579	929	1,375,719
Greece	5,740	316,400	135,432	180,968	40,836	642	4,333	69	35,791
Hungary	984	317,343	150,462	166,881	29,120	* 9,740	**	**	19,379
Ireland	48,248	1,980,152	353,625	1,626,527	254,006	7,285	1,486	27	245,209
Italy	18,003	2,234,637	1,619,638	614,999	370,504	32,115	63,274	1,218	273,897
Luxembourg	12,042	1,251,621	134,808	1,116,813	264,560	68,510	* 1,176	197	194,677
Netherlands	72,581	4,456,814	1,482,995	2,973,818	801,175	48,773	1,099	188	751,114
Norway	11,940	691,926	274,654	417,272	116,629	1,388	**	**	115,171
Poland	4,607	446,592	223,785	222,807	58,762	2,848	73	60	55,780
Portugal	5,688	297,477	73,716	223,762	28,802	378	1,596	* 38	26,790
Russia	9,994	903,435	459,570	443,865	94,553	8,688	* 949	* 466	84,450
Spain	23,629	1,436,970	536,094	900,876	230,098	13,284	1,260	346	215,208
Sweden	23,661	1,990,589	891,530	1,099,059	392,874	27,002	* 7,589	2,200	356,083
Switzerland	74,351	9,901,497	4,675,389	5,226,108	1,073,266	84,825	38,288	1,687	948,466
Turkey	2,899	212,699	42,100	170,600	47,970	5,713	2,123	3,004	37,130
United Kingdom	182,513	45,178,446	12,934,943	32,243,503	6,909,893	170,458	15,401	5,314	6,718,720
Other European countries	20,749	958,795	328,569	630,222	88,542	8,013	** 1,575	** 121	79,718
Africa, total	20,923	3,834,549	2,739,124	1,095,425	265,143	5,527	1,240	149	258,227
Angola	391	89,662	3,567	86,095	10,532	**	**	0	10,475
Egypt	1,263	63,344	15,781	47,563	11,517	* 52	**	**	11,312
Kenya	924	133,922	53,081	80,841	24,212	* 13	**	**	24,140
Morocco	194	1,699	287	1,412	204	* 15	**	**	187
Nigeria	1,352	203,865	10,662	193,204	39,220	* 1	0	0	39,219
South Africa	7,116	367,444	126,140	241,304	66,291	5,059	* 102	* 40	61,091
Other African countries	9,683	2,974,611	2,529,605	445,005	113,169	** 386	** 1,138	** 108	111,802

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 2021—Continued

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

Country or region	Number of returns [1]	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income (or loss) before adjustments [2]	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	406,904	53,034,814	13,059,930	39,974,883	8,578,736	351,947	57,710	94,867	8,074,211
Afghanistan	1,607	80,621	33,193	47,428	8,409	75	0	0	8,335
China	50,355	11,737,284	2,749,019	8,988,265	2,399,233	65,672	3,874	1,240	2,328,447
Hong Kong	17,874	12,466,465	2,386,049	10,080,415	527,810	7,134	**	**	519,973
India	85,478	5,546,523	1,293,804	4,252,718	1,101,070	38,293	18,869	78,758	965,149
Indonesia	6,395	487,124	56,562	430,562	93,532	1,450	* 3	167	91,912
Iraq	2,305	426,118	203,743	222,375	37,899	**	**	0	37,897
Israel	43,078	4,454,201	483,096	3,971,104	1,149,440	66,835	4,217	6,859	1,071,529
Japan	72,935	4,721,214	1,309,650	3,411,564	989,639	31,977	3,222	688	953,751
Kuwait	548	36,485	3,459	33,026	122	0	0	0	122
Lebanon	809	38,090	4,586	33,504	5,949	**	**	124	5,142
Malaysia	3,102	274,316	71,838	202,478	36,207	* 15	* 82	0	36,109
Philippines	3,552	306,651	77,873	228,777	66,634	15,685	* 557	66	50,327
Qatar	1,535	115,804	13,591	102,213	635	0	0	0	635
Saudi Arabia	3,596	492,404	87,814	404,590	13,015	* 8	0	0	13,007
Singapore	16,750	3,983,056	1,449,827	2,533,229	563,735	664	765	490	561,816
South Korea	39,631	3,802,178	632,873	3,169,305	1,054,965	38,826	21,036	2,869	992,233
Taiwan	33,378	1,799,208	1,686,532	112,677	292,900	78,401	2,619	3,233	208,647
Thailand	3,697	310,792	91,315	219,476	71,619	1,550	* 46	42	69,981
United Arab Emirates	4,872	572,580	148,460	424,120	1,539	* 15	0	0	1,523
Other Asian countries	15,408	1,383,701	276,644	1,107,056	164,387	** 5,345	** 2,421	** 331	157,678
Oceania and Antarctica, total	67,823	5,615,397	2,255,809	3,359,588	1,101,412	8,520	5,057	7,272	1,080,564
Australia	44,429	4,108,484	1,698,932	2,409,552	827,665	4,809	4,455	5,178	813,223
New Zealand	17,184	1,378,343	512,590	865,753	269,511	2,514	602	2,094	264,301
Other Oceania countries and Antarctica	6,211	128,569	44,289	84,281	4,237	1,198	0	0	3,041
U.S. Possessions, total	32,682	3,103,355	1,269,085	1,834,270	334,452	15,282	* 702	* 55	318,412
Puerto Rico	30,998	2,745,255	1,158,196	1,587,059	296,090	9,069	** 702	** 55	286,416
Other U.S. Possessions	1,685	358,100	110,890	247,210	38,361	6,213	**	**	31,995
Country not stated	5,061,744	164,170,923	104,993,997	59,176,926	7,399,083	2,280,052	27,805	11,610	5,079,616
High taxed [4]	154,443	267,492	93,588	173,904	39,082	4,042	* 7,721	* 8	27,311

* 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 data from more than one region on a return. Consequently, the number of returns by region do not add to total for all geographic areas.

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

[3] Less than \$500.

[4] 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, November 2024.

Table 5. Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Type of Income, Tax Year 2021

[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 (or loss) before adjustments [2]	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	5,464,310	5,022,973	365,546,809	4,896,080	176,137,448	5,042,178	189,409,362
Section 951A income [4]	9,149	8,601	969,191	7,779	198,348	8,602	770,843
Foreign branch income [5]	67,258	62,751	89,651,787	62,430	74,781,540	63,158	14,870,247
Passive income [6]	4,644,940	4,298,822	130,116,625	4,181,731	42,681,267	4,300,350	87,435,358
General limitation income [7]	1,326,440	1,039,463	141,830,458	1,030,330	58,086,317	1,071,715	83,744,141
Section 901(j) income [8]	4,857	3,699	367,077	3,326	53,679	3,742	313,398
Certain income re-sourced by treaty [9]	22,414	19,208	2,605,111	18,344	335,383	19,220	2,269,728
Lump-sum distributions [10]	1,189	* 1,017	* 6,561	* 1,005	* 914	* 1,017	* 5,647

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	4,800,405	37,575,449	4,199,425	3,738,076	41,375	417,683	95,639
Section 951A income [4]	7,779	121,775	4,792	10,331	**	**	**
Foreign branch income [5]	51,004	3,901,544	7,866	36,887	** 417	** 5,417	** 90
Passive income [6]	4,070,511	9,367,183	3,779,090	3,252,118	31,812	331,673	93,100
General limitation income [7]	914,600	23,605,540	434,714	418,042	9,250	80,573	2,174
Section 901(j) income [8]	3,444	50,030	** 489	** 423	0	0	**
Certain income re-sourced by treaty [9]	17,678	528,838	3,574	20,275	* 6	* 20	1,290
Lump-sum distributions [10]	* 17	* 537	**	**	0	0	0

Type of income	Foreign taxes paid or accrued on:			Foreign taxes available for credit		Gross foreign tax credit [3]	
	Interest—continued	Other income					
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
All returns	156,975	892,012	33,262,715	5,242,859	68,944,537	4,334,947	29,072,615
Section 951A income [4]	**	3,977	111,400	7,916	114,255	6,759	93,940
Foreign branch income [5]	** 2,835	42,945	3,856,450	57,610	5,590,546	40,693	3,423,761
Passive income [6]	141,491	447,695	5,641,902	4,384,939	15,657,909	3,644,727	7,424,106
General limitation income [7]	6,175	489,331	23,100,750	1,227,455	46,712,438	850,306	17,706,167
Section 901(j) income [8]	**	** 2,976	** 50,144	4,516	52,056	3,228	23,482
Certain income re-sourced by treaty [9]	6,474	14,565	502,069	21,599	816,376	17,916	400,961
Lump-sum distributions [10]	0	**	**	185	956	* 8	* 198

* 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 disallowed business losses under Section 461(1), 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] Section 951A income is global intangible low-taxed income a U.S. shareholder of a controlled foreign corporation must include in income, excluding passive income.

[5] Foreign branch income is business profits of qualified business units from foreign corporations.

[6] Passive income generally includes dividends, interest, rents, royalties, annuities, excess gains over losses from the sale of property that produces the income or of non-income-producing investment property, and excess gains over losses from foreign currency or commodities transactions.

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

[8] 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, unless the tax is paid or accrued to a country other than the sanctioned country, which for 2021 were Iran, North Korea, Sudan, and Syria.

[9] 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.

[10] 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, November 2024.

