

# Table of Contents

<b>Foreign Income Exclusion and Form 2555 .....</b>	<b>1</b>
<b>Definitions .....</b>	<b>1</b>
U.S. citizen.....	1
Alien.....	2
Resident alien.....	2
United States .....	4
Translating foreign currency.....	4
Blocked income .....	6
Foreign tax treaties.....	6
<b>Foreign earned income exclusion .....</b>	<b>9</b>
Foreign earned income.....	9
U.S citizen or resident alien .....	13
Tax home in foreign country .....	13
Presence tests .....	16
Excludable amount .....	24
<b>Foreign housing exclusion or deduction.....</b>	<b>24</b>
Housing expenses.....	25
Excludable amount .....	26
<b>Social Security taxes .....</b>	<b>29</b>
<b>Self-employment tax.....</b>	<b>31</b>
<b>Claiming exclusion(s) .....</b>	<b>33</b>
Voluntary election.....	33
Revoking the exclusion.....	34
Extension of time to qualify.....	35
Part-year exclusion.....	35
Exemptions, deductions and credits.....	37
<b>Filing requirements .....</b>	<b>39</b>
Form 2555 .....	39

Unique circumstances.....	55
Comprehensive example .....	56
<b>ISO Plans, RSU Plans and ESPPs .....</b>	<b>69</b>
<b>ISO .....</b>	<b>69</b>
Funding the exercise price.....	71
Selling ISOs.....	71
<b>RSU.....</b>	<b>78</b>
<b>ESPP .....</b>	<b>80</b>
Qualifying disposition.....	82
Disqualifying disposition .....	83
<b>Section 83(i) election.....</b>	<b>85</b>
Making the election .....	86
<b>Installment Sales.....</b>	<b>91</b>
Calculating installment sale income .....	91
Interest income .....	92
Gross profit percentage.....	92
Fixed payment period.....	94
No stated maximum selling price or fixed payment period .....	94
Purchase price adjustments .....	95
Disposition of installment notes .....	96
Repossessions.....	97
Related party sales .....	100
Sale of depreciable property.....	100
Two-year disposition rule.....	101
Electing out.....	102
How to elect out.....	102
Preparing Form 6252 .....	103
Heading .....	103
Part I – Gross Profit and Contract Price.....	104
Part II – Installment Sale Income.....	106

Part III – Related Party Installment Sale Income .....	107
Comprehensive example .....	108
<b>Publicly Traded Partnerships (PTP) .....</b>	<b>119</b>
Master limited partnership .....	120
PTP package .....	120
Reporting PTP activity .....	121
Part I.....	121
Part II .....	121
Part III .....	122
Basis tracking .....	133
Loss limitations .....	133
Selling a PTP.....	134
Sales schedule.....	135
Consolidated 1099 package .....	137
<b>Claim of Right Adjustments.....</b>	<b>145</b>
Deduction or credit .....	145
Calculating the adjustment .....	146
Repaid wages subject to Social Security and Medicare taxes .....	147
<b>Life Estate .....</b>	<b>151</b>
Sale of life estate and remainder interest .....	152
Single life estate.....	153
Joint life estate.....	155
<b>Like-kind Exchanges .....</b>	<b>161</b>
Exchanger.....	161
Qualifying property .....	162
Property must be like-kind.....	163
Intent of property ownership.....	165
Safe harbor for mixed-use property.....	166
Holding period for property .....	168
Related party exchanges.....	169

Exchange terms .....	171
Exchange provisions .....	172
Basis and depreciation .....	188
Depreciation of replacement property.....	191
Additional considerations .....	194
Installment obligations.....	194
Depreciation recapture .....	197
The §121 exclusion.....	199
Reporting like-kind exchanges .....	200
Form 8824 .....	200
Comprehensive example .....	202
Appendix .....	215
Like-kind Exchange Worksheet .....	215
Index.....	217