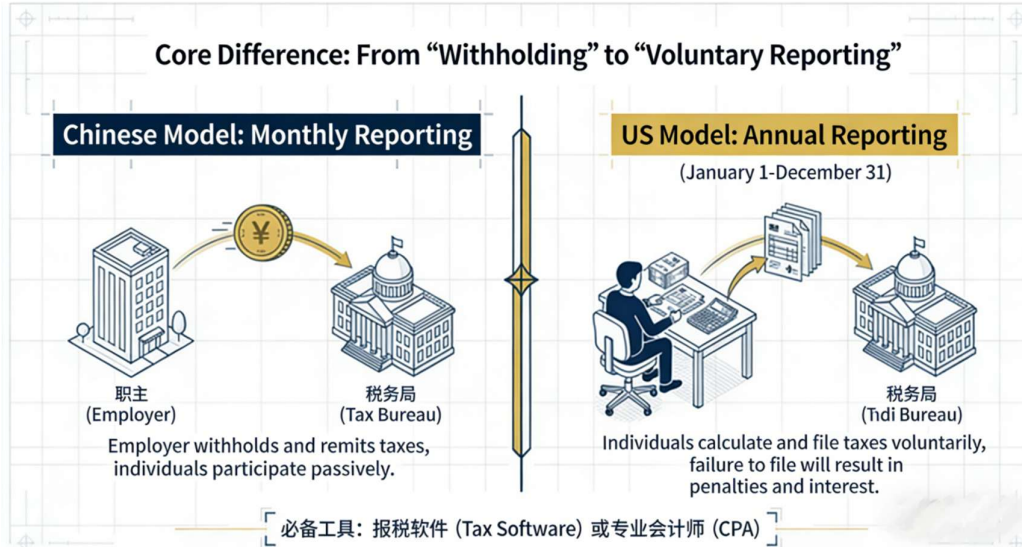


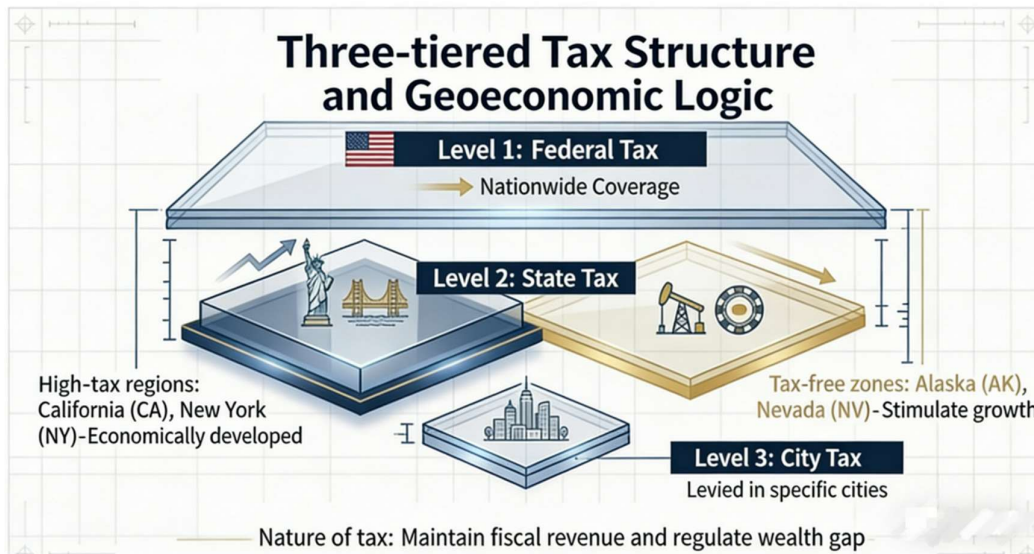
In-Depth Analysis: A Comprehensive Guide to the U.S. Tax System

1. Introduction: The Importance of Understanding U.S. Taxation

The US tax system is renowned for its meticulousness, complexity and strict enforcement. For every individual residing in the US or earning income there, understanding these rules is not only a legal obligation but also crucial for protecting personal assets. Tax compliance encompasses various aspects such as reporting frequency, identity determination, and optimization of deductions. Even the slightest oversight can result in hefty fines. As a seasoned tax advisor, I will deeply dissect the operational logic of US taxation from four core dimensions: **tax category structure, management institutions, determination of tax status, and the reporting process.**



2. U.S. Tax Structure: Multi-Tier System and Core Tax Types



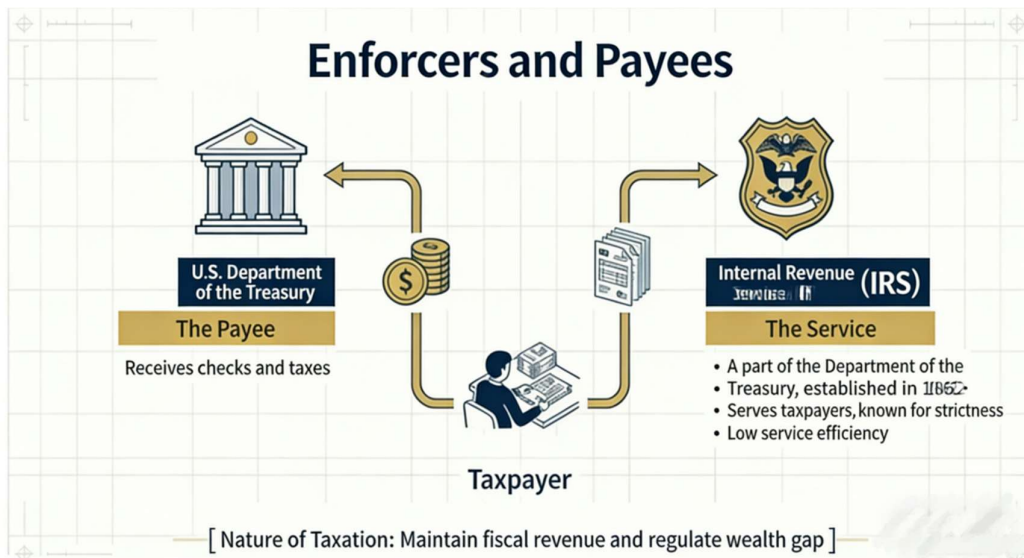
The tax system in the United States exhibits a typical **multi-level** characteristic, consisting of **federal taxes, state taxes, and city taxes**.

- **Inter-regional Relations and Economic Regulation:** Not all regions impose taxes at multiple levels. For instance, in some areas of **Alaska and Nevada**, personal state taxes are exempted. This differentiation is often a means of **economic regulation and stimulation** by the government - economically underdeveloped regions attract investment and talent through tax exemptions, while wealthy regions like California and New York maintain their public finances through higher state taxes.
- **Core Tax Items List:**
 - **Individual Income Tax**
 - **Corporate Income Tax**
 - **Social Security Tax**
 - **Medicare Tax**
 - **Sales Tax**
 - **Gift Tax and Estate Tax**

3. Tax Authorities: Treasury vs. IRS

When handling U.S. tax matters, it is essential to distinguish between governing bodies:

- Functional division:** Although the declaration form is sent to the tax authority, when paying taxes (such as by mailing a check), the payee (Pay to the Order) on the check must be clearly written as **"United States Treasury"** or **"U.S. Department of the Treasury"**.

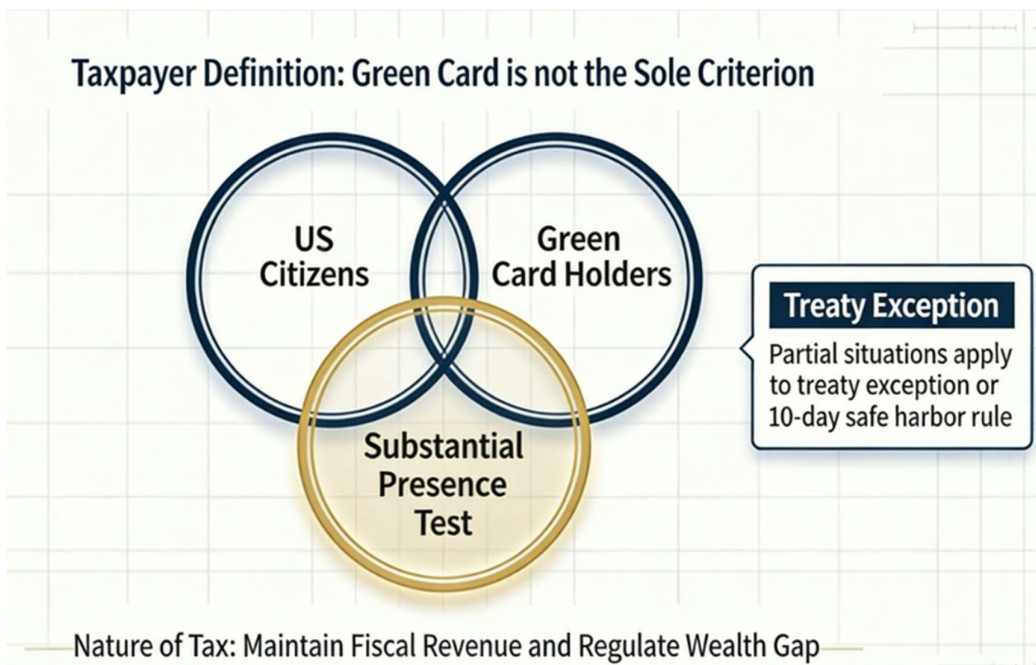


- What's the IRS:**

The Internal Revenue Service (IRS) is under the jurisdiction of the Department of the Treasury. Its history dates back to 1862 when it was

established to raise funds for the war. Although the IRS is legally defined as a "tax service agency" and is intended to assist taxpayers in making legal tax filings, its strong auditing powers and strict enforcement measures often make taxpayers "fearful of it". Moreover, due to the large amount of paperwork involved, its service efficiency is generally poorly rated by the public.

4. Identity verification: Are you an American taxpayer?




Determining the status of "tax resident" is the logical starting point for all tax-related work. In the United States, the classification of taxpayers follows the principle of "substance over form".

- **Composition of tax residents:**

1. **U.S. citizens**
2. **Green card holders** (lawful permanent residents)
3. Individuals meeting the Substantial Presence Test (SPT)

- **Substantial Presence Test (SPT)**

Substantial Presence Test: 183-Day Rule

1	Days in 2020 (Current Year) × 1	➔	
2	Days in 2019 (Last Year) × 1/3		
3	Days in 2018 (Two Years Ago) × 1/6		
Total > 183 Total > 183 Days AND Days in Current Year > 31		➔	<div style="border: 1px solid black; padding: 5px; background-color: #f0f0f0;"> 例外 (Exception) Closer Connection Exception Prove closer ties to another country </div>

Nature of Tax: Maintain Fiscal Revenue and Regulate Wealth Gap

- **Basic standard:** The number of days spent in the United States in the previous year was **183 days** or more.
- **Weighted standard:** The duration of stay was more than **31 days** in the current year, and the total weighted days over the past three years (including the current year) reached **183 days**.
- Calculation method: Current year days \times 1 + Previous year days \times 1/3 + Previous to previous year days \times 1/6.
- Exemptions and special claims:
- **10-day exemption rule:** Exemption for the transitional days when the resident status begins or ends.
- **Tax treaty exemption:** Based on bilateral tax treaties, aimed at preventing double taxation or providing exemptions for short-term residents meeting specific conditions.
- **Closer ties claim:** If a taxpayer meets the SPT requirements but can prove a closer economic and personal connection with another country (such as China), they can claim to be a non-U.S. tax resident.

5. Comparison of Tax Reporting Differences between China and the United States

There are significant differences in tax management concepts between China and the United States, mainly manifested in the different focuses of "withholding" and "annual tax return filing".

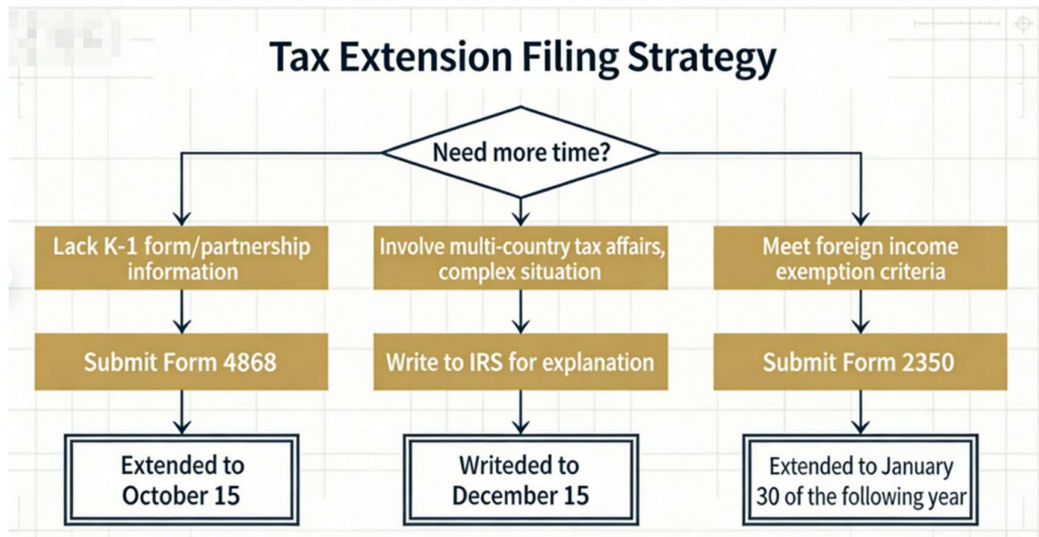
Comparison dimension	Chinese individual income tax	U.S. individual income tax
application unit	Usually, it is submitted on a monthly basis.	File tax returns on a self-selected basis by tax year
Tax calculation period	The employer makes monthly deductions and remittances, and conducts annual settlement and accounting.	Strictly follow the "calendar year" (from January 1st to December 31st)
Tax arrears handling	The key point lies in the real-time deduction by the employer.	Taxpayers are required to attach a cheque when making the declaration. Failure to do so by the deadline will result in penalties and interest charges.

6. Submission timeline and extension regulations

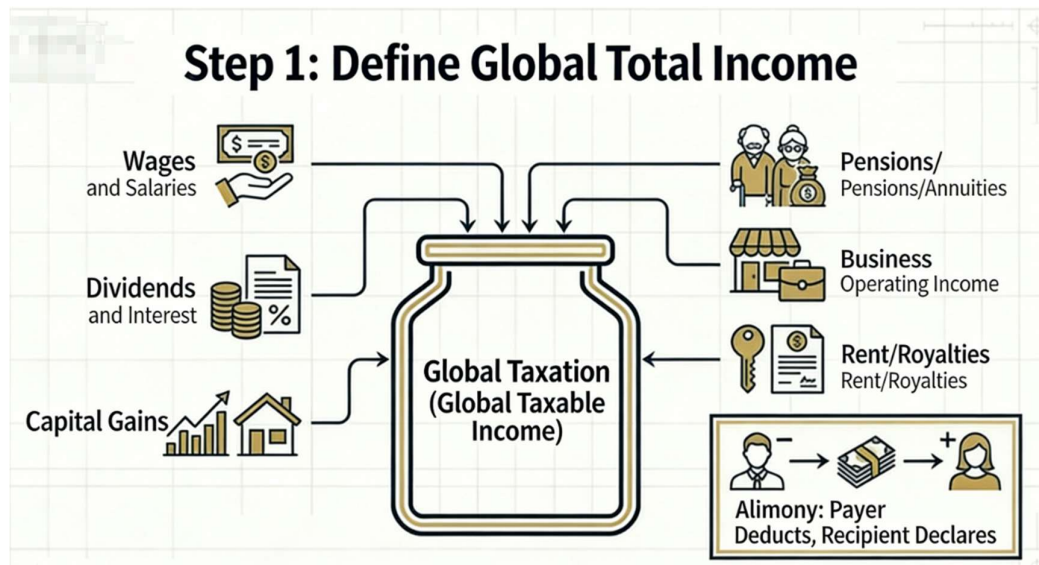
Mastering the timeframes is the first step towards tax compliance.

- **April 15th:** The statutory deadline for filing federal tax returns (such as FORM 1040). Mail-in submissions are subject to the **postmark date on that day**.

- **June 15th:** Taxpayers residing **outside the United States** automatically receive a two-month extension for filing.
- **October 15th:** If there is a delay in submitting the K-1 statement for trusts or partnerships, or for other reasons preventing timely filing, Form 4868 can be submitted to request an extension until this date.
- **December 15th:** For multi-national tax matters or extremely complex filings, a special extension can be requested by writing to the IRS.
- **January 30th of the following year:** For specific groups, if more time is needed to meet the "Good Faith Residence Test" or "Physical Presence Test" in order to qualify for the exemption of foreign income, Form 2350 can be submitted to request an extension.

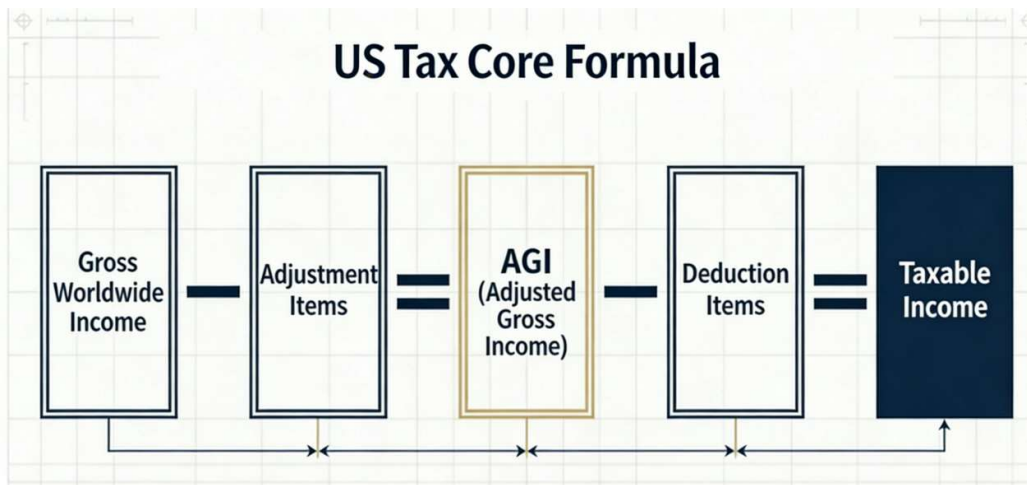


7. Taxable income range and the calculation of AGI



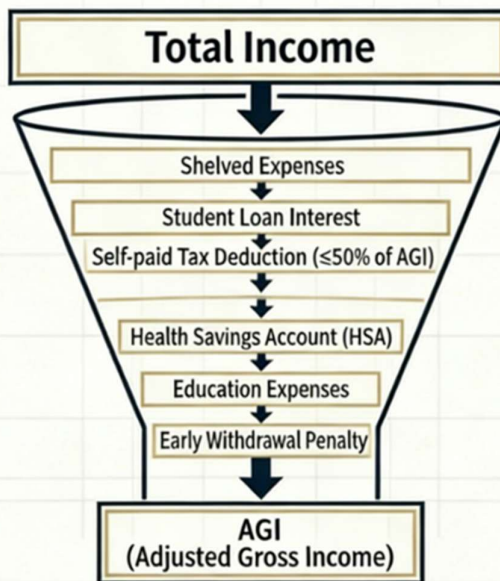
The United States adheres to the "global income" principle, which means that regardless of where the income comes from, it must be included in the reporting scope.

- **Income composition:** Includes wages, interest, dividends, capital gains, state tax refunds, divorce compensation (received party's income), business operating income, pensions, annuities, rent, and unemployment compensation, etc.



- **Core calculation formula:** Total Income - Adjustments = AGI

Step 2: Adjust Items with AGI



Calculation Basis for Many Deduction Items

Nature of Taxation: Maintain Fiscal Revenue and Regulate Wealth Gap

- **In-depth Analysis of Adjustments:** This is the core area of tax planning, covering educator expenses, reserve force personnel expenditures, health savings account (HSA) deductions, moving expenses (for specific groups), approximately 50% of self-employment tax deductions, self-employed individuals' SEP/SIMPLE retirement plans, self-employed medical insurance premiums, penalty for early withdrawal of savings, student loan

interest, and domestic production work income deductions capped at 9% of the relevant income.

- **Special Example:** Taking alimony (divorce compensation) as an example, in the agreement, the payer can exclude it as an income item, while the recipient must treat it as taxable income and report it accordingly.

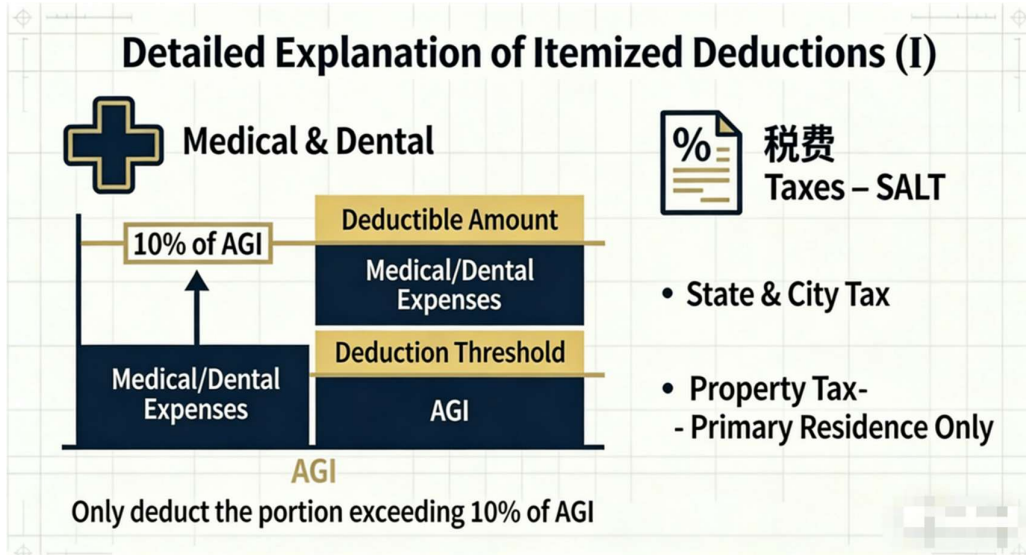
8. Debiting method selection: Standard deduction vs. Itemized deduction

Taxpayers can choose either of the following two methods to minimize their taxable income to the greatest extent.

Standard Deduction

Fixed amount direct deduction. Taking the 2020 tax year as an example, the standard deduction amount for joint filing by **a couple** is **\$24,800**.

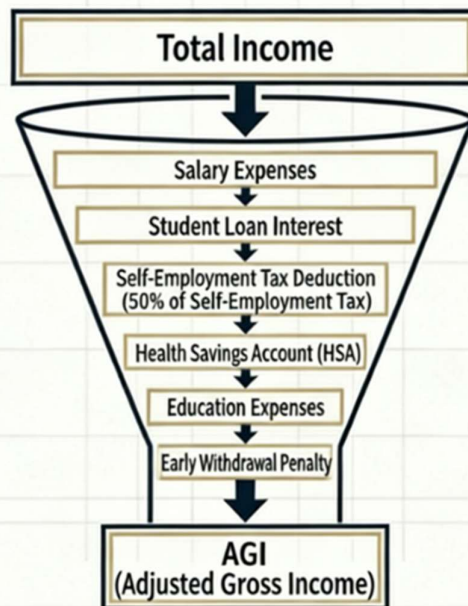
This method does not require the retention of consumption vouchers.



Itemized Deduction

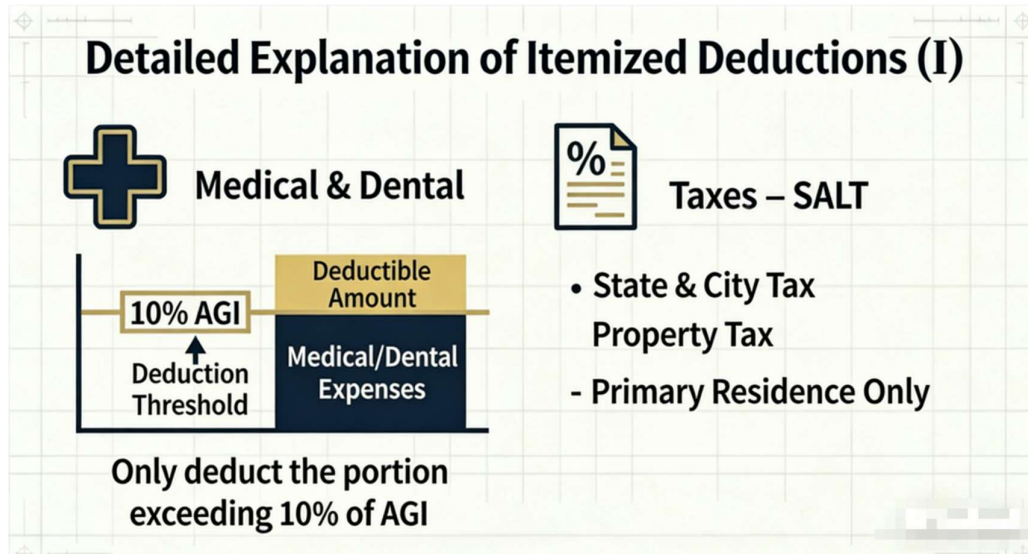
This method is used when the actual expenses exceed the standard deduction amount.

Step 2: Adjust Items with AGI



Tax Essence: Maintain Household Income and Regulate Wealth Gap

Core deductible items:



Medical and dental expenses: Only for the portion exceeding 10% of AGI.

State and city tax payments, property taxes for the owner-occupied home.

Mortgage interest: A limit calculation is required when the loan amount exceeds \$1 million.

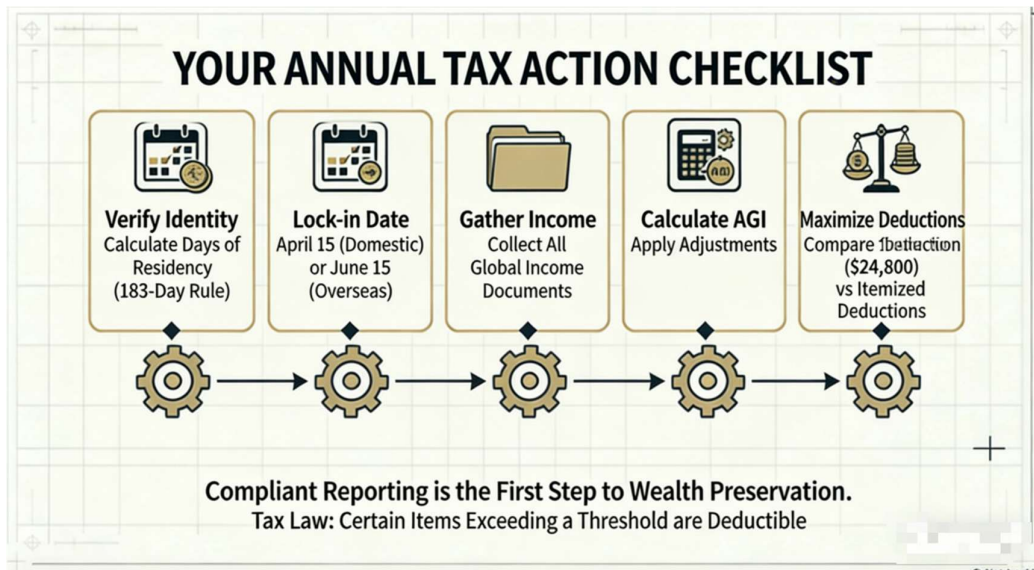
Charitable donations (must be donated to compliant organizations).

Loss and theft losses (Casualty and theft losses).

Work-related expenses (Unreimbursed job expenses).

Advanced Limitation: If the taxpayer's Adjusted Gross Income (AGI) exceeds **\$150,000**, the itemized deductions require complex limit reduction calculations, and all items must retain **original receipts** for IRS audits.

9. Conclusion: Suggestions for Compliance Reporting



The US tax law is vast and is revised every year. For new immigrants to the US or white-collar workers with simple income structures, mainstream tax filing software is sufficient to handle the situation. However, for high-net-worth individuals or families involving cross-border asset management, seeking professional accountants for in-depth planning is not only to avoid the risk of IRS audits, but also to achieve the most optimized tax planning for family wealth through legal rule combinations.

Remember, in the complex US tax world, "filing" does not equal "paying taxes", but "compliance" is always the top priority.