

## Considerations when moving to the U.S. on a work assignment

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Moving to the U.S. on a short-term work assignment can be exciting, rewarding, challenging and a great professional and personal growth opportunity. However, it is a big decision and there are lots of very important things to consider including maintaining your financial accounts (bank, brokerage, etc.) in Switzerland and registering in the U.S. (taxpayer identification number, driver's license, bank account, tax filing status).

### **Maintaining Swiss Financial Accounts**

Unfortunately, very few banks want anything to do with someone whom is domiciled in the U.S. regardless of if they are a U.S. citizen or not. Bank accounts which are used only as deposit or savings accounts are much more likely to be maintained by the bank while an individual is working in the U.S. than an investment account.

It's likely that the bank could require a minimum deposit amount (CHF 50,000 or CHF 100,000) in order to make it worth their while since U.S. taxpayers are much more expensive to Swiss banks due to the cost of U.S. offshore account compliance. It should also be expected that any investment accounts (brokerage accounts, funds, bonds, etc.) based in Switzerland will likely be terminated when an individual makes the decision to move to the U.S. due to liability reasons on the financial institutions behalf. Also, when a Swiss individual moves back to Switzerland their original bank (or prospective Swiss banks) may not allow the individual to open a new account for up to one year after returning from the U.S.

When considering moving to the U.S. make sure you discuss the situation with your local banker to ensure that your Swiss financial needs will still be met while you are based in the U.S. If you encounter problems make sure to contact your local H.R. department to see if they can offer a solution or have a financial business partner whom can help.

## **Registering in the U.S.**

Once the decision is made to move to the U.S. it's important to get prepared for the big move and make sure all important U.S. applications (visa, taxpayer identification number) have been made prior to departure and that you know what to expect from a U.S. tax perspective and a Swiss tax perspective.

Prior to arrival it's important to apply for an ITIN (Individual Taxpayer Identification Number) several months in advance since it takes this long to process the application and receive the number. Without this number its difficult, if not impossible, to get a driver's license, register for a U.S. bank account and get a place to live. Once this is take care of you will need to go to the local DMV (Department of Motor Vehicles) in the local city where you are living and get a driver's license as your foreign license may not be valid or may only be valid for a short period of time. Also, this will serve as your primary local registration point.

## **Steps for immigrating to the U.S.**

1. Discuss banking implications with local Swiss bank
2. Obtain proper Visa from U.S. authorities
3. Apply for taxpayer identification number
4. Apply for driver's license
5. Apply for U.S. bank account (if needed)
6. Complete appropriate U.S. tax declaration (1040, 1040NR, Dual-Status, etc)

## **U.S. Tax Considerations**

Your employer may put you on a local U.S. contract and U.S. payroll and will withhold taxes from your paycheck. However, they may also structure your employment so that you are paid in Switzerland with your Swiss bank account and U.S. taxes will not be withheld. In this case you will need to make sure you are paying quarterly estimated taxes in the U.S. to avoid penalties and interest for failing to pay. It's also important to know that in your year of arrival and departure you will be considered to have "dual-resident status" which will allow you to make a special tax filing so that you are only taxed on income coming from the U.S. and not on worldwide income. It's important to discuss your U.S. tax implications with a qualified professional since the tax provisions are extremely complicated and a mistake could cost you big money and even being detained in the airport on your flight back home.

## **Key Tax Forms**

- Form W-7 – Application for IRS Individual Taxpayer Identification Number
- Form 1040 – U.S. Individual Income Tax Return
- Form 1040NR – U.S. Nonresident Alien Income Tax Return
- FinCEN Form 114 – Foreign Bank Account Report



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