US Taxes Abroad: How Spain, Mexico, Panama, Thailand and Vietnam Tax Americans

What you file in the US, what your new country taxes, and which US tool usually wins in each place. Rules and figures as of November 2026, for the 2026 tax year.

Moving abroad does not end your US tax return, but filed in the right order, most Americans abroad owe little or no US income tax on what they earn. This guide is the reference that goes with the last part of my money setup series on YouTube. It covers the US rules that apply wherever you live, then how each of five countries taxes a resident American.

> **Read this first.** This is a map of the rules, gathered in November 2026 from the IRS, official and government sources where available, and published guides from tax firms. Two of these countries changed their rules this year, and Thailand has a proposed change still pending. I am not a CPA or an enrolled agent, and this guide is not tax advice. Use it to know which questions to ask, then have your return done by someone who files expat returns every season, at least for your first year abroad.
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The order I set it up with clients

1. **Close the state before you leave.** Settle your domicile in a state with no income tax, so only the federal return follows you.
2. **Know how your new country taxes residents**, and when you become one. That decides everything below.
3. **Choose the exclusion or the credit**, by income type, and stick with the choice.
4. **Make sure you qualify** for the exclusion, if you use it.
5. **Plan for what the exclusion never touches:** self-employment tax, retirement income and investments.
6. **File the two reports**, FBAR and Form 8938, which are separate from the tax.
7. **File on both calendars**, foreign return first when you use the credit.

The US side, wherever you live

Item	2026 figure or rule
Who must file	Gross income at or above the standard deduction: **$16,100** single, **$32,200** married filing jointly, **$24,150** head of household. Self-employed: **$400** of net profit
Foreign Earned Income Exclusion (Form 2555)	Up to **$132,900** of foreign *earned* income per person. A married couple who both work can each claim it
Foreign housing exclusion	Housing costs above **$21,264**, generally capped at **$39,870**, with higher caps in listed expensive cities
Qualifying for the exclusion	Tax home abroad, plus either **physical presence** (330 full days outside the US in any 12 months) or **bona fide residence** (resident abroad for a full calendar year)
Foreign Tax Credit (Form 1116)	Subtract foreign income tax paid, up to the US tax on that income. Unused credit carries back one year and forward ten

Item	2026 figure or rule
Self-employment tax	**15.3%** on 92.35% of net self-employment income, up to the Social Security wage base. The exclusion does not reduce it
FBAR (FinCEN 114)	Required if your foreign accounts **together exceed $10,000** at any time in the year. Filed online with FinCEN, not with your return
Form 8938 (FATCA)	Living abroad: over **$200,000** at year end or **$300,000** at any time (single); **$400,000** / **$600,000** (married filing jointly). Filed with your return
Deadlines for the 2026 return	**April 15, 2027** due date and payment date. **June 15, 2027** automatic for citizens living abroad (interest runs from April 15). **October 15, 2027** with Form 4868. Form 2350 extends the deadline until you qualify for the exclusion. FBAR: April 15, automatic extension to October 15

Exclusion or credit, in one line: in a country that taxes you lightly or not at all, the exclusion usually wins, because there is no foreign tax to credit. In a country that taxes you as much as the US or more, the credit usually wins. It brings the US bill on that income to zero too, and it leaves you free to fund an IRA, keeps the refundable child tax credit available, and builds a stock of unused credits.

Three things to know before you choose the exclusion:

- Excluded income does not count as compensation for IRA or Roth contributions.
- Claiming it blocks the refundable portion of the child tax credit.
- Once you revoke it, you cannot claim it again for five tax years without IRS consent.

What the exclusion never covers: Social Security, pensions, IRA and 401(k) withdrawals, dividends, interest and capital gains. Tax treaties decide who taxes those. The 3.8% net investment income tax cannot be offset by the foreign tax credit, so it can still apply to a high-earning investor abroad.

Investments: mutual funds and ETFs bought through a foreign bank or broker are usually PFICs, and the US taxes them punitively. Keep long-term investing in a US brokerage. Your new country may also tax a Roth IRA's growth or withdrawals that the US treats as tax-free.

Worked example: the same income in two countries

A single American earning **$90,000** in wages from a US employer, working remotely, 2026 rules.

	Panama	Vietnam (tax resident)
Local income tax	**$0** (foreign-source income)	**About $23,000** (5% to 35% scale)
US tax before relief	About $10,970	About $10,970
With the exclusion	**$0** US tax	$0 US tax, but no IRA contributions and no refundable child credit
With the credit	$10,970 (nothing to credit)	**$0** US tax, about $12,000 of credit carried forward
Usually better	**Exclusion**	**Credit**

If the same person were **self-employed**, about **$12,700** of US self-employment tax would be owed in both countries, because neither has a totalization agreement with the US.

The five countries at a glance

	How it taxes residents	Resident when	Top rate	US tax treaty	Totalization	US tool that usually wins
Spain	Worldwide income	183+ days, or main economic interests or family in Spain	About 45% to 50% depending on the region; 24% under the Beckham regime	Yes	**Yes**	Credit
Mexico	Worldwide income	Your home is in Mexico, or your centre of vital interests if you have homes in both	35%	Yes	No (signed 2004, never in force)	Credit, if Mexico taxes you
Panama	Panama-source income only	Residency status; foreign income is outside the system either way	25% on Panama income	No	No	Exclusion
Thailand	Foreign income only when brought into Thailand	180+ days in a calendar year	35%	Yes	No	Depends on how much you bring in
Vietnam	Worldwide income	183+ days, or a registered residence or fixed-term lease	35%	No (signed 2015, never in force)	No	Credit, for most residents

Spain

Becoming resident: more than 183 days in Spain in a calendar year, or your main economic interests in Spain, or a presumption of residence when your spouse and minor children live there.

What is taxed: worldwide income. Employment and business income runs on a combined state and regional scale that tops out around 45% to 50% depending on the region. Savings income (interest, dividends, gains) is taxed separately at 19% to 30%.

The Beckham regime: a qualifying new resident employee can pay a flat 24% on Spanish employment income up to €600,000 a year, for the year of arrival plus five more, instead of the normal scale. You must not have been resident in Spain in the previous five years, and you apply on Modelo 149 within six months of registering with Spanish social security. The digital nomad visa does not grant it automatically. Remote employees can qualify; access for the self-employed is restricted. Spain's tax agency named the regime an enforcement priority for 2026.

Filing: the annual return (Modelo 100) runs from early April to **June 30**. If your foreign assets in any one category (accounts, securities, property) exceed **€50,000**, you also file **Modelo 720** by **March 31**, and Modelo 721 for crypto held abroad.

Retirees: Spain taxes residents on US Social Security and pensions as well, so expect to work through the credit on both sides. The non-lucrative visa that most retirees use does not allow work in Spain.

US side: high Spanish rates usually make the **credit** the better tool. Spain is the only one of these five countries with a **totalization agreement**: a self-employed American pays into Spain's system instead and requests a certificate of coverage from the US Social Security Administration. Spain's June 30 deadline falls after the US automatic June 15 date, so file the US extension to October 15 and finish the Spanish return first.

Mexico

Becoming resident: Mexico looks at where your home is. If your only home is in Mexico, you are generally resident. If you have homes in both countries, it looks at your centre of vital interests, such as where most of your income comes from or where your main professional activity is. A rented apartment you live in can count as a home.

What is taxed: worldwide income for residents, on a progressive scale from 1.92% to 35%. You need an RFC (tax ID) and file an annual return due in **April**. Non-residents are taxed on Mexican-source income only.

Retirees: under the US–Mexico treaty, US Social Security paid to a Mexican resident is taxable only by the US. Private pensions and IRA withdrawals are treated differently, so check them with a Mexican adviser.

US side: if Mexico taxes you as a resident at its higher rates, the **credit** usually wins. A remote worker who is not a Mexican tax resident has little Mexican tax to credit, and the **exclusion** usually wins. There is no totalization agreement in force, so a self-employed American owes US self-employment tax. Mexico has stepped up enforcement on foreign residents, so assume your residency will be noticed.

Panama

What is taxed: Panama taxes only income from Panamanian sources. Income from abroad is outside its system whether or not you bring it into the country. Panama-source income is taxed at 0% up to $11,000, 15% up to $50,000 and 25% above.

Remote work: most advisers treat work for foreign clients or a foreign employer as foreign-source. Panama's law sources income by where the work is done, though, and the question is not fully settled, so get it confirmed in writing for your situation before you rely on it.

Retirees: a foreign pension and US Social Security are foreign-source, so Panama does not tax them. The pensionado program brings discounts and some import benefits, not income tax relief.

US side: with no Panamanian tax to credit, the **exclusion** wins for earned income. Panama has no income tax treaty and no totalization agreement with the US, so a self-employed American owes the full US self-employment tax. Retirement income is not covered by the exclusion, so US tax on Social Security, pensions and IRA withdrawals is unchanged by the move.

Thailand

Becoming resident: 180 days or more in Thailand in a calendar year, whatever your visa.

What is taxed: Thai-source income, plus foreign income that a resident brings into Thailand. Since **January 1, 2024**, foreign income earned from 2024 onward is taxable when remitted, whatever year you bring it in. Income earned before 2024 is generally outside Thai tax even when remitted later. A proposal to exempt income remitted in the year it is earned or the following year was **still not law** as of the latest sources in mid-2026.

Rates: 0% up to ฿150,000, then 5%, 10%, 15%, 20%, 25% and 30% in steps, and 35% above ฿5 million of net income.

The LTR visa: Royal Decree 743 exempts remitted foreign income for three Long-Term Resident visa categories: Wealthy Global Citizen, Wealthy Pensioner and Work-from-Thailand Professional. The exemption depends on keeping the visa conditions each year, and holders may still need to file.

Filing: PND 90 (or PND 91 for employment income only), due **March 31** on paper, with online filing usually allowed into early April.

Retirees: US Social Security is generally taxable only by the US under the treaty. IRA withdrawals and private pensions brought into Thailand may be taxable there, so plan which money you remit and when.

US side: if you live on money you leave outside Thailand, there may be little Thai tax, and the **exclusion** usually wins for earned income. If you bring most of it in and pay Thai tax on it, the **credit** may win. No totalization agreement, so a self-employed American owes US self-employment tax.

Vietnam

Becoming resident: either 183 days or more in a calendar year or in any 12 consecutive months from your first arrival, or having a residence in Vietnam, which includes renting under a fixed-term lease. A long lease can make you resident before the days do.

What is taxed: residents pay tax on worldwide income. Under Law 109/2025/QH15, the scale has five brackets, measured monthly: 5% up to VND 10 million, 15% up to 30 million, 25% up to 60 million, 30% up to 100 million and 35% above. The personal deduction is VND 15.5 million a month, plus VND 6.2 million for each dependant. Non-residents pay a flat 20% on Vietnam-source income only, and work done while physically in Vietnam counts as Vietnam-source even when a US company pays into a US account.

Filing: if your income comes from abroad, nobody withholds for you. You declare quarterly on form 02/KK-TNCN and file the annual finalisation, form 02/QTT-TNCN, by **April 30**.

Retirees: there is no treaty to settle who taxes US Social Security or pensions, so get Vietnamese advice before assuming they are untouched.

US side: for a resident with meaningful income, Vietnam's rates make the **credit** the usual choice. Vietnam also allows its residents a credit for foreign tax, capped at what Vietnam would charge. There is no treaty in force and no totalization agreement, so a self-employed American owes US self-employment tax.

If you are already behind

If you have missed years of US returns or FBARs, the IRS Streamlined Foreign Offshore Procedures let most people catch up with three years of returns and six years of FBARs, and no penalty, as long as the failure was not willful. It only works before the IRS contacts you. The full walkthrough is on my blog.

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~Mr. Shadow

Sources

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