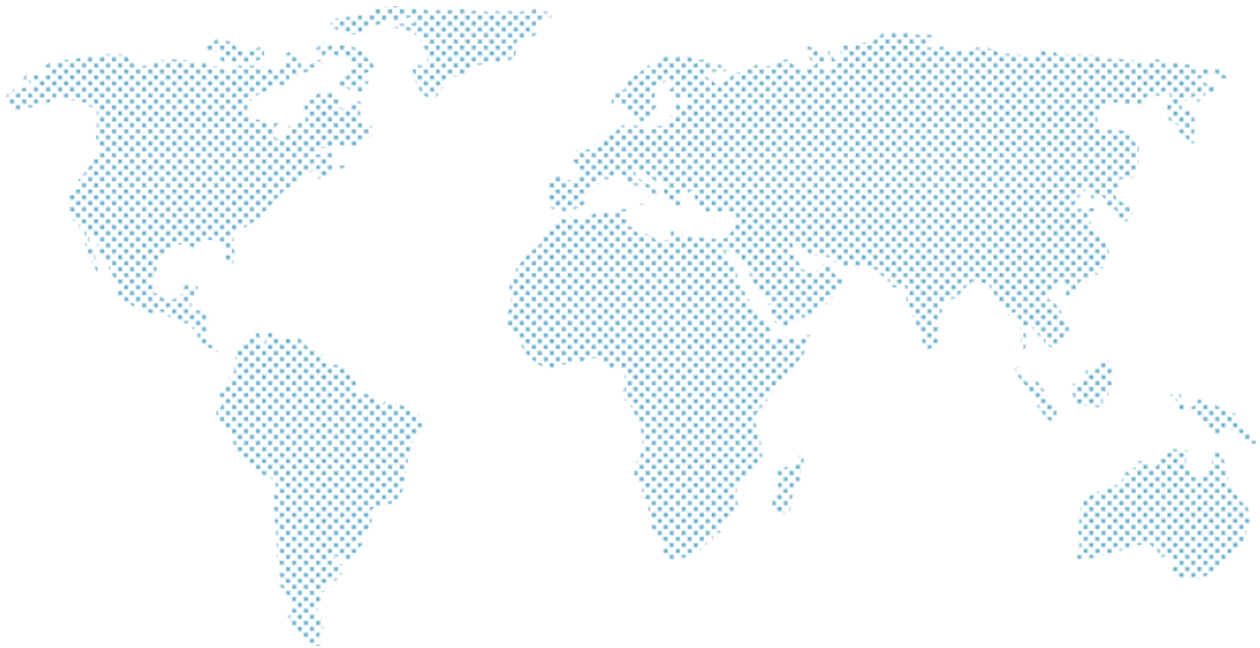


TAX FILING FROM ABROAD

RESEARCH ON NON-RESIDENT AMERICANS AND U.S. TAXATION

March 2019



The majority of us aren't making millions or trying to hide our money in secret Swiss bank accounts. We just want to live simple, ordinary lives. The amount of stress that comes along with the U.S. tax system is overwhelming. It is extremely complicated and expensive to navigate. We live with a real burden that Americans living in the U.S. simply don't understand. – Michigan voter living in the UK



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SUMMARY OF FINDINGS

Organizations representing Americans abroad have been working for decades to persuade Congress to enact remedies addressing the serious problems they face being subjected to U.S. taxation while living and working outside of the U.S. This research project was designed to describe the Americans abroad community and the genuine financial and personal challenges they face due to U.S. tax, financial account reporting, banking, securities and other laws, many of which were developed without due consideration for the impact they would have on non-resident citizens¹.

From Monday, January 21, 2019 through Sunday, February 2, 2019 Democrats Abroad invited Americans abroad to participate in research into their experience complying with a range of laws and regulations that impact them uniquely because they reside outside of the United States. This report results from the analysis of 9,885 submissions from Americans from all U.S. states living in 123 countries across six continents.

The findings suggest the following:

1. **Americans living outside the U.S. are not a lot different from Americans living in communities across the United States**

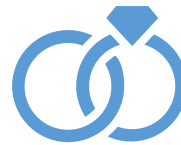
when it comes to age, marital status, employment and household income. They are ordinary, middle class Americans - 71% employed, 61% with household income of less than \$100k, 72% married (71% to non-U.S. spouses), 63% own their own home.

As 32% left the U.S. for marriage or a relationship, 25% left the U.S. to pursue employment/work and 64% say they have no plans to move back to the U.S., it is fair to conclude that the majority were motivated to move abroad by love or opportunity and then they decided to stay.

2. **Americans living outside the U.S. bear onerous tax compliance responsibilities**

comprised of income declarations to tax authorities in their country of residence as well as to the U.S. IRS, plus foreign financial account disclosures to the U.S. Financial Crimes Enforcement Network as well as, depending on account balances, to the IRS. More than 80% of respondents noted their concerns about the cost, stress and complexity of filing from abroad.

These factors drive 55% of non-resident tax filers to engage the support of a professional tax return preparer; 61% incur a tax filing preparation cost of over \$500 - *at least twice what U.S. based Americans spend on average.*



32% moved abroad for marriage or a relationship



25% moved abroad for work or employment



64% are living abroad indefinitely



97% have serious problems filing



55% hire tax return preparation help



61% pay over \$500 for tax filing services

¹ See Section 3.1 for the example of the “transition taxes” in the 2017 Tax Cuts and Jobs Act.

3. **Americans abroad face the potential for a higher overall tax burden** due to Internal Revenue Code provisions that discriminate against them by double taxing or punitively taxing the types of income and investments common to non-resident citizens. One in three Americans abroad say they suffer serious harm because of U.S. tax rules that discriminate against non-residents.



One in three are harmed by discriminatory tax rules

The 30% of Americans abroad who receive some sort of social welfare (aged, indigent, disability, unemployment, childcare) payment from their host government would be considered the most vulnerable. Their income is commonly untaxed locally, but often, depending upon tax treaties, fully taxed by the U.S.



30% get foreign social welfare payments (taxable by U.S.)

4. **Americans abroad endure on-going difficulty obtaining even ordinary financial products and services** from foreign financial institutions, especially products that help customers save for the future. These difficulties arose as a response by foreign financial institutions to the account disclosure mandate imposed upon them by the Foreign Account Tax Compliance Act. 30.7% of survey participants have been refused products or services from foreign financial institutions. 24.5% have been denied retirement savings or investment products.



31% have been refused essential foreign financial products

Further, some have challenges with U.S.-based financial institutions, certainly if they have no U.S. address, a de facto requirement for having a U.S. financial account under banking and securities rules. 27.6% have been refused U.S. investment/brokerage products and 15.2% have been denied U.S. retirement savings products.



28% have been denied U.S. investment /brokerage products

5. **Americans abroad who are majority shareholders in a foreign registered company, such as a family-run business, are subjected to two new taxes enacted as part of the 2017 Tax Cuts and Jobs Act. As a result, many of their businesses may no longer be viable.** This research indicates that these new taxes directly impact 1.9% of research participants (and may indirectly impact 2% more). Extrapolating this figure to the estimated 6.5 million voting age Americans living abroad suggests up to 130,000 individuals could be impacted; they may be forced to close their businesses or incur significant cost to re-structure them.
6. **Retired Americans abroad who have spent a part of their life working for employers outside the U.S. and the U.S. Social Security system will find that their Social Security benefits have been cut by up to 40%** because of a provision in the Social Security Act known as the Windfall Elimination Provision (WEP). More than 20% of survey participants receive U.S. Social Security benefits. One in six of these beneficiaries say the benefits they receive are reduced due to the WEP. Of those impacted by WEP reductions more than 56% say their payments are reduced by

more than 25% and more than 57% say this makes a modest to very big impact on their household budget.

7. **“Accidental Americans”, those either born in the U.S. to foreign parents and moved away as infants/young children (401 respondents) or born outside the U.S to at least one U.S. parent (268 respondents) and who have no legal or cultural connection to the U.S., also bear U.S. tax compliance obligations.** 38% of these 669 respondents self-identify as “Accidental Americans” (equal to 2.5% of all survey participants). Many Accidentals were unaware of these obligations before their banks started asking FATCA-related questions. More than 50% of the surveyed Accidentals said they were interested in renouncing their U.S citizenship, but most of them require a renunciation mechanism available at a reasonable cost and effort.

Included throughout this report are statements made by research participants in their survey submissions. The voices of the Americans abroad impacted so seriously by U.S. taxation adds context and feeling to the data produced by this research.

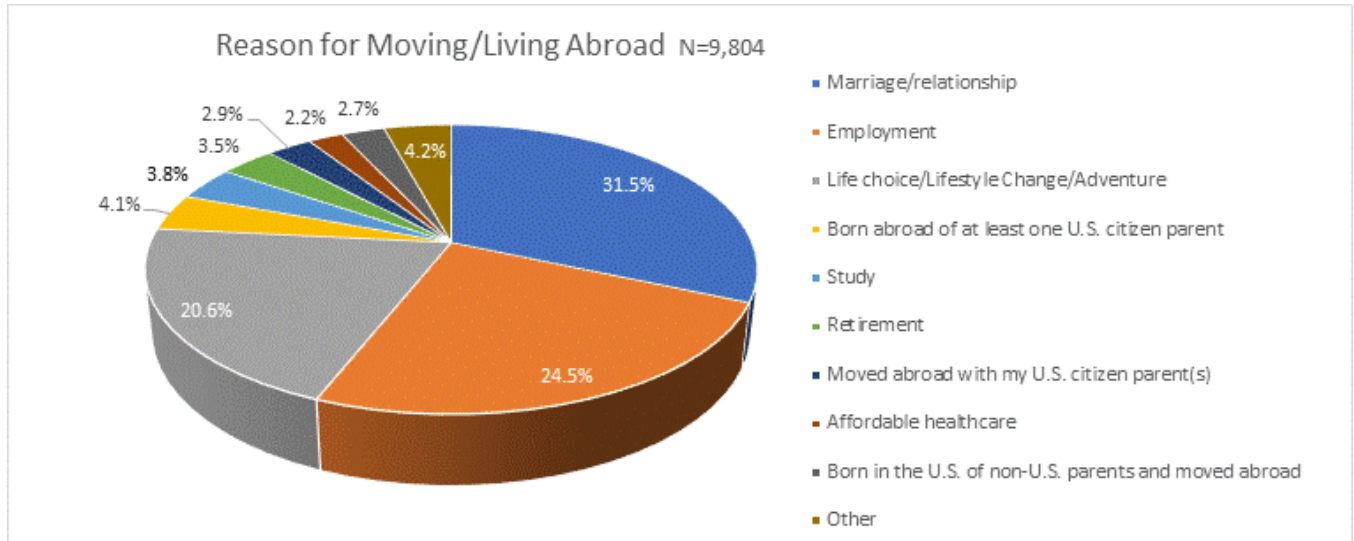
Minnesota voter living in Germany - There is not just a financial but a political and psychological aspect of this issue, which I would like to point out: Americans who live abroad are all ambassadors for our country and we help others understand us and our nation better. The double taxation declaration system as it stands is unique to the United States. Filing taxes from abroad is a serious financial burden and it feels like punishment.

Michigan voter living in the UK - Americans who live abroad are not obscenely wealthy people hiding money in off-shore accounts. We are regular people. The burden of being tax compliant is so unreasonably complicated that many of us can't do it without professional help, but also can't afford that help.

Texas voter living in Australia - Americans abroad should be huge advocates for America and American business. Instead the U.S. government makes it difficult to save for retirement, puts onerous reporting requirements on that mean that most foreign (and in some cases U.S.) entities won't hire you if signatory authority is required. I know of at least one large U.S. tech firm that has simply stopped hiring Americans abroad - too difficult and expensive for both the company and the employee. I'm watching two friends try to figure out how to comply with the GILTI tax without completely destroying their small businesses. How is any of that good for American business or employment of Americans?

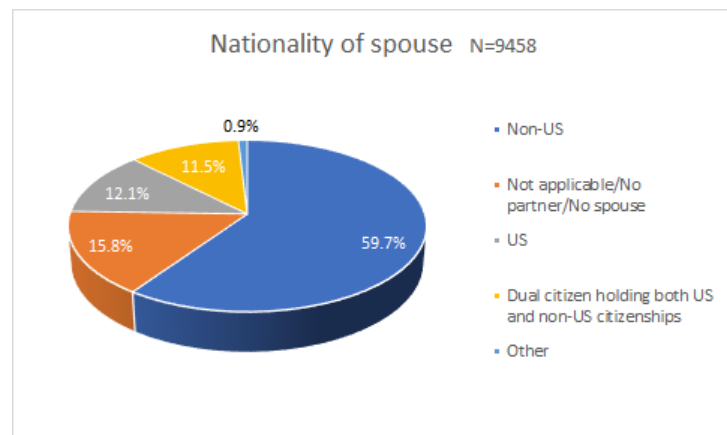
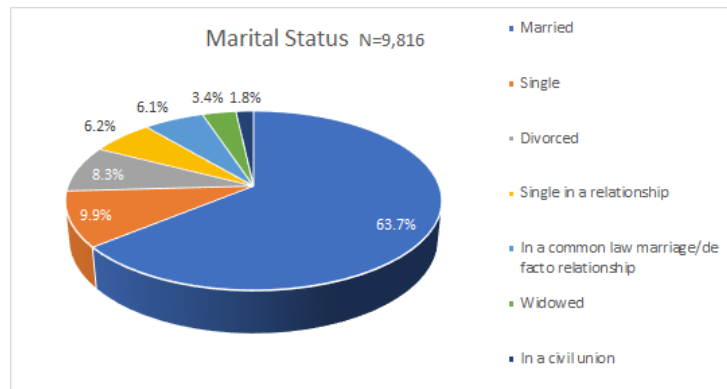
1. DEMOGRAPHIC ILLUSTRATION OF AMERICANS ABROAD

This research demonstrates that Americans abroad are much like Americans living all over the U.S., especially in their willingness to relocate for a relationship or for work.² The 2019 survey data shows that 31.5% of participants relocated abroad for marriage/a partner and 24.5% for employment.

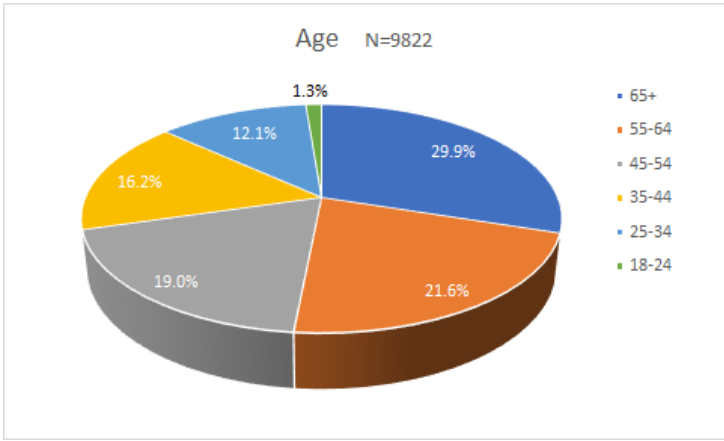


Marital Status

The survey data also shows us that 71.5% are married, common law married, in a de facto relationship or civil union, and that 71.2% have a spouse/partner who is a non-US citizen or dual citizen (holding both U.S and another citizenship).

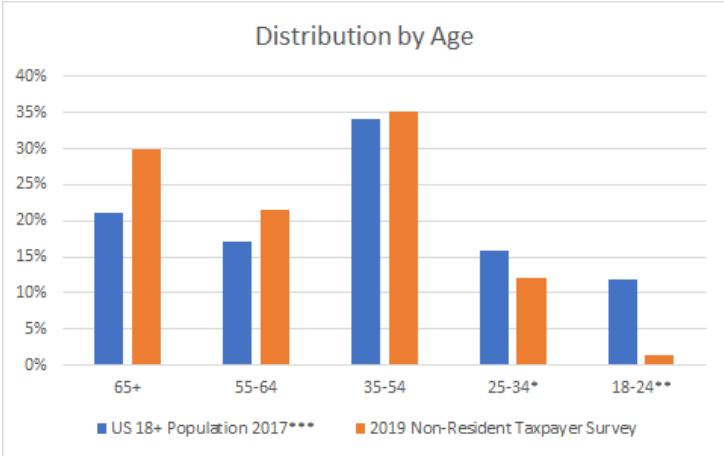


² This reporting by The Atlantic magazine on the mobility of Americans notes that marriage/partnership and work/employment are their top two reasons for the relocation. <https://www.theatlantic.com/business/archive/2016/10/us-geographic-mobility/504968/>



Age

The age distribution of survey participants compares very closely with the U.S. age 18+ population distribution. Because they are the phases when discriminatory U.S. tax policy has its biggest impact it is reasonable to surmise that the Americans abroad who responded to this taxation research project are those 1) who are of stable, working age (able to save and invest) and 2) into their retirement years.

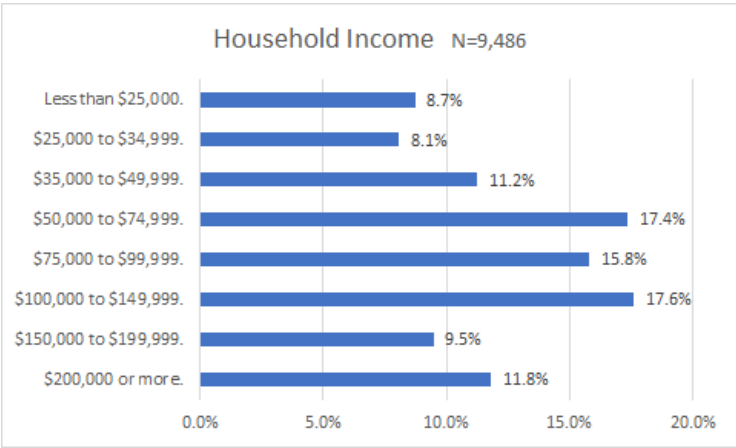


* U.S. Population data is published for ages 26-34
 ** U.S. Population data is published for ages 19-25

*** Source: Henry K. Kaiser Foundation³

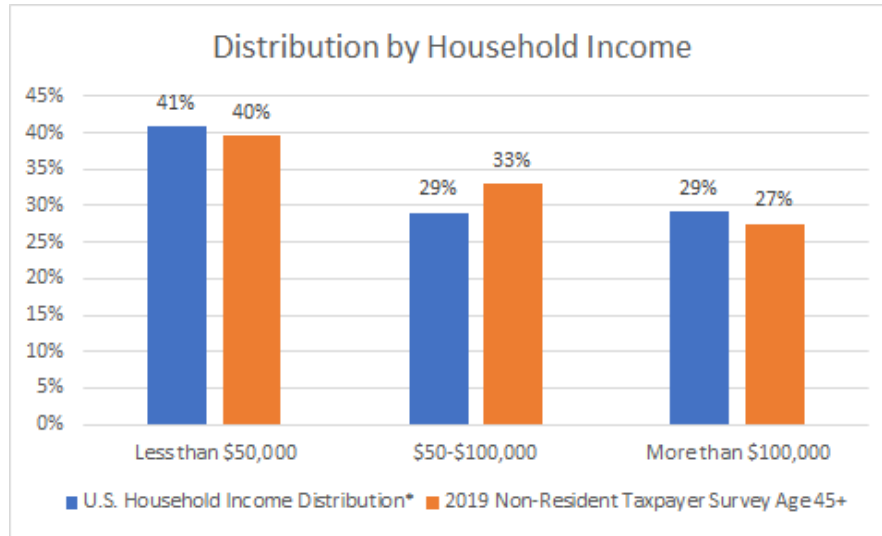
Household income

The household income of survey participants is distributed fairly evenly across income bands. And with about one in nine survey participants earning over \$200,000, these findings challenge the perception that Americans abroad are predominantly of high income and net worth.



³ <https://www.kff.org/other/state-indicator/distribution-by-age/?currentTimeframe=0&selectedRows=%7B%22wrapups%22:%7B%22united-states%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Adults%2019-25%22,%22sort%22:%22desc%22%7D>

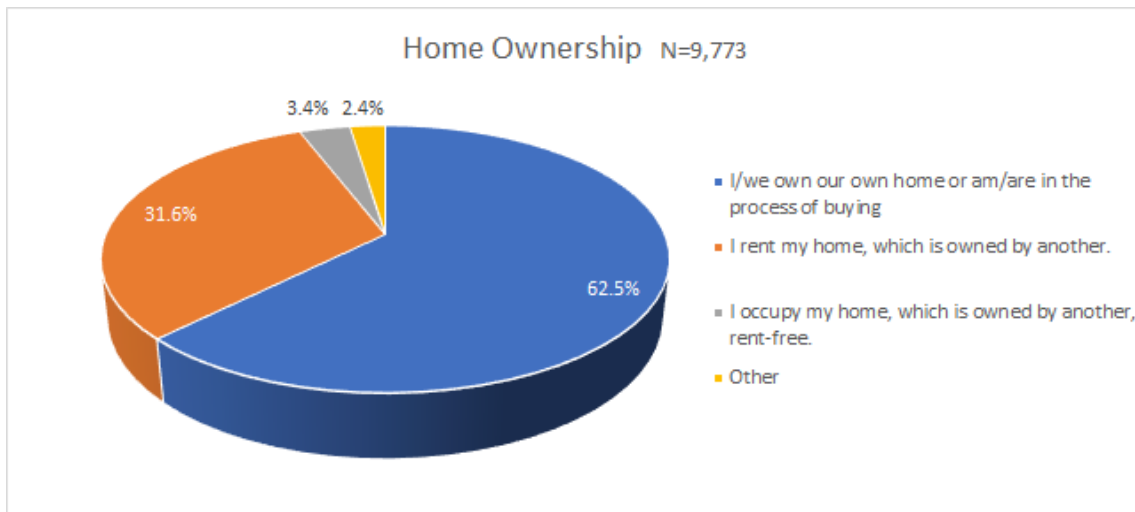
The comparison to U.S. household income further demonstrates that, although the survey participants skew slightly to those of working, saving and retirement age (70% of participants are aged 45+) who are more likely to be affected by the adverse tax, saving and investment consequences of offshore residence, the household income profile of Americans abroad is highly comparable to the household income profile of Americans in the U.S.



* Source: Statista⁴

Home Ownership

The survey indicates 63% of participants own their own home, which compares to 64.4% of U.S.-based Americans.⁵

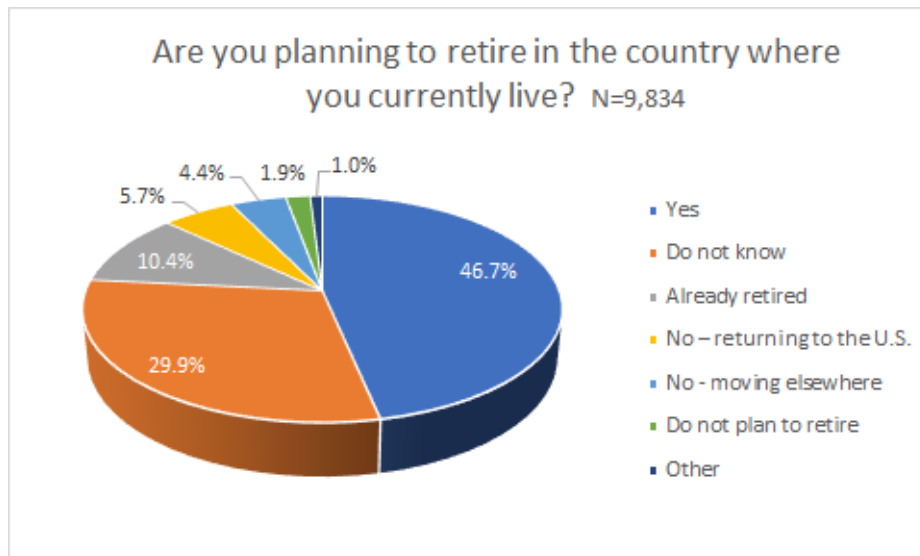
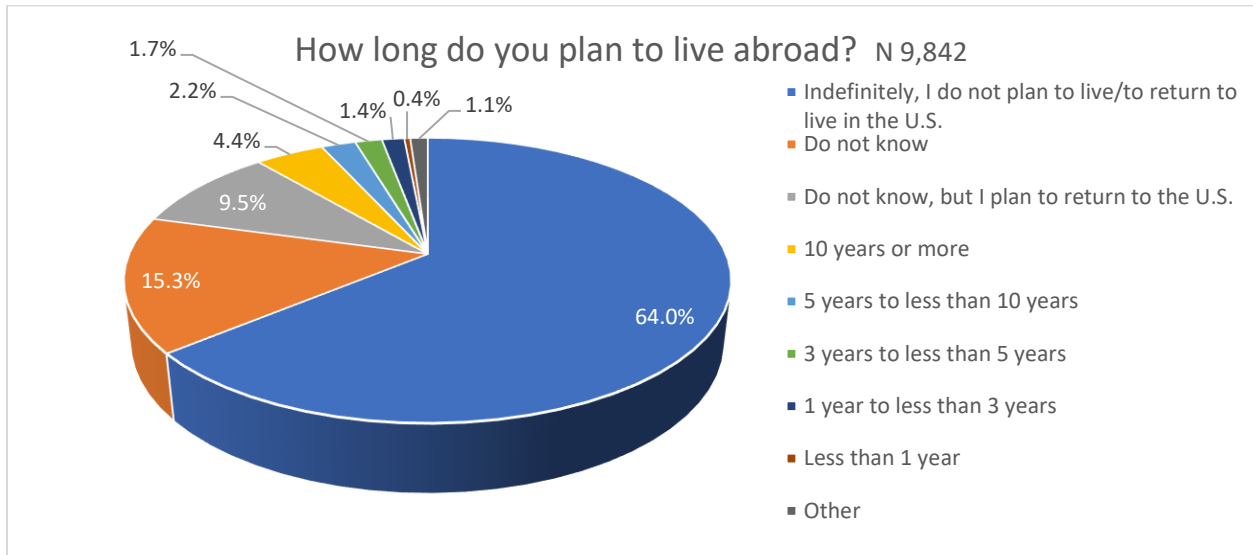


⁴ <https://www.statista.com/statistics/203183/percentage-distribution-of-household-income-in-the-us/>

⁵ <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>

Offshore residency

Given this high home ownership rate and the fact that more than 60% are already retired or intend to retire abroad, it is perhaps no surprise that 64% of research participants state they are living abroad indefinitely and are not planning to return to the U.S. In fact, only 10% have a plan to return to the U.S. within the next 10 years.



Despite this level of commitment to offshore residency, in response to questions related to voting from abroad 77% of participants tell us they are registered to vote and cast ballots from abroad in U.S. elections. (See Appendix.)

“Accidental Americans”

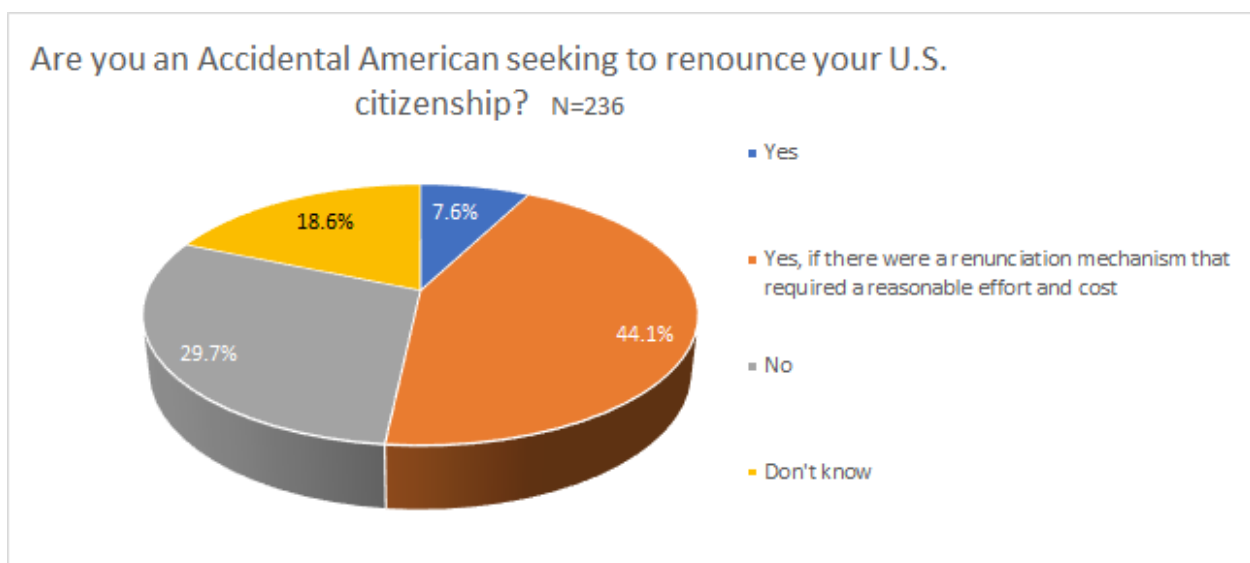
This survey of Americans abroad also sought to identify non-resident U.S. citizens who self-identify as “Accidental Americans,” defined as either:

- Individuals living abroad who have U.S. citizenship by virtue of their birth in the U.S. to non-U.S. parents, although they likely departed the U.S. as a child and they retain no legal, or cultural connection to the U.S. or
- Individuals living abroad who have U.S. citizenship by virtue of their birth abroad to at least one U.S. citizen parent and who retain no legal or cultural connection to the U.S.⁶

As U.S. citizens, Accidentals have tax filing and financial account reporting obligations. As the U.S. is the only major country taxing its citizens on a worldwide basis, Accidentals and other U.S. citizens living abroad may have no idea they have a U.S. tax filing obligation. Anecdotal evidence and responses to this survey suggest many of them were unaware of U.S. tax compliance before their banks started asking FATCA-related questions about it. They were breaking the law and subjecting themselves to significant penalties without even knowing it. (Comments suggest that some have become seriously alarmed by this survey, it having revealed the extent and complexity of U.S. tax filing.)

Survey participants who answered that their primary reason for moving or living abroad was either “Born abroad of at least one U.S. parent” (401 respondents or 4.1% of research participants) or “Born in the U.S. of non-U.S. parents and moved abroad with them” (268 respondents or 2.9% of research participants) were asked if they identified as Accidental Americans as defined above. 38% said Yes, 52% said No, 9% said Don’t know.

Those that identified as Accidentals were asked about their interest in citizenship renunciation. Their responses are in the chart below. U.S. citizenship renunciation also requires tax and financial account reporting compliance (and a world-shattering citizenship renunciation application cost of \$2,350).



Accidental American living in Canada - I was born in the U.S. to my German born parents and I only lived there for 2 years before moving to Canada where I have now lived for 54 years. When I was 18 I chose to become a Canadian citizen and assumed that I had lost my US citizenship. It has come as a shock that I had not and must still comply with US tax laws.

⁶ This is in contrast this to Americans born abroad who do retain ties to the U.S., visit often, etc. and so do not self-identify as an “Accidental American.”

Accidental American living in France - I discovered I was considered a U.S. person around 4 years ago and since then my life, and that of my entire family, has been tipped upside down. I cannot buy a house as I cannot get a mortgage in my home country. I cannot get life insurance. I am constantly fighting with my banks to retain access to my accounts. Renouncing would be financially crippling, hugely time consuming and generally an invasion of my privacy from the U.S., a foreign state as far as I am concerned. This frustration is compounded by the fact that my ties to the U.S. were severed when I was 5 as a direct consequence of the U.S. deporting my mother. I ask nothing more than to be left in peace by the U.S. I owe the country nothing and expect nothing in return.

Accidental American living in Germany - I was born in the U.S. to Canadian parents during a 1-year study abroad. I left at age 8 months. I have never lived there since. Starting even before the age of 18, I had to learn about all kinds of U.S. laws and regulations - in my second language. If I want to invest the U.S. citizenship is a big hurdle. I don't get any services in return. Except the right to vote in elections that do not affect me, for politicians that do not care for me and don't even realize people like me exist at all.

Accidental American living in France - I was born in the States and went back to France when I was 6 months old. I have to pay taxes in a country I do not belong. It's not fair. We're not avoiding taxes payment but just pay it only in the country where we really belong.

Accidental American living in Canada - I was NOT born in the U.S., have never worked or lived in the U.S., so do not even have a vote that counts. I spend \$1000 USD/yr filing U.S. taxes, am double taxed on certain income and disclose ALL my financial information via FATCA, all to remain compliant to a tax system from a country where I don't belong.

Kansas voter living in Germany - My children were born abroad, have always lived abroad, yet are subject to U.S. tax. They don't earn enough to have to pay any tax (yet) but have to pay fees to a tax advisor and go through the administrative pain every year of filing and remaining compliant. A colossal waste of time and money for no gain.

Accidental American living in Canada - Since I have no connections whatsoever with the U.S., except for my place of birth, I urge the U.S. government to let go free Accidental Americans like me who want to renounce this burdensome citizenship. Besides, hardly any of us would be accepted, should we want to apply for U.S. citizenship: we know so little about the American history or/and its Geography, legal and political system that we'd never pass the exam!

Accidental American - How should I have known about U.S. taxation when you leave the U.S. as a child of 7 years old with your non-U.S. parents? I'm baffled by the fact that the U.S. can impose its laws on Accidental Americans without ever (really never) informing them.

Florida voter living in Canada It should be cheap and easy for accidental Americans and children of foreign nationals born in U.S. that have moved back to their home country to drop their U.S. citizenship.

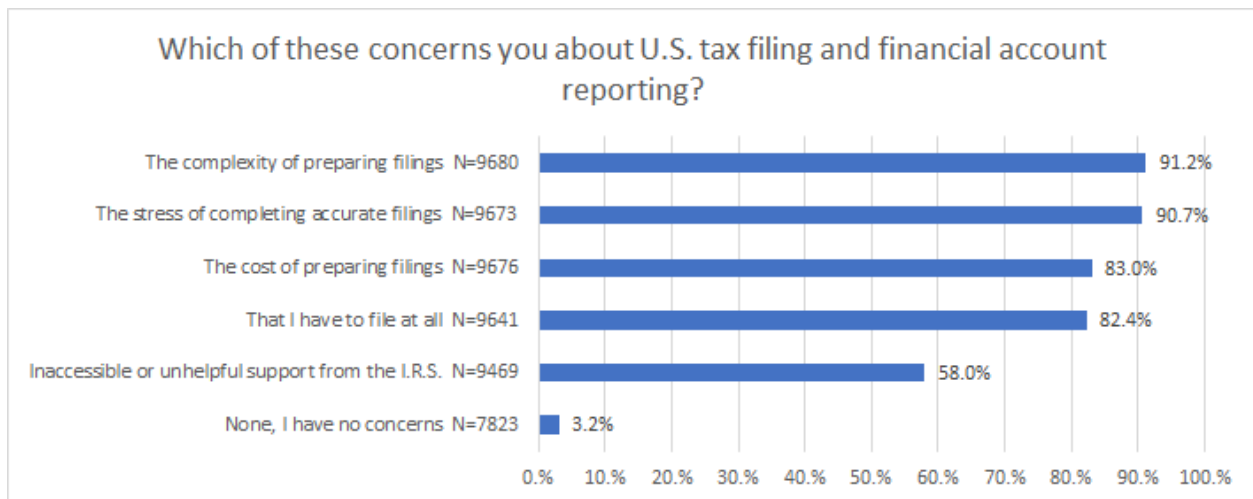
2. TAX COMPLIANCE OBLIGATIONS OF AMERICANS ABROAD

Americans abroad bear onerous tax compliance responsibilities. They face taxation in at least two jurisdictions - **their country of residence and the U.S.** which, unlike all other countries bar one (Eritrea), requires its non-resident citizens to:

1. declare their income generated outside the U.S. to the IRS;
2. contend with a range of complex, discriminatory U.S. taxation rules, some of which were established exclusively to ensure they are not living abroad [for the purpose of] evading U.S. taxation;
3. navigate punitive taxation provisions developed to discourage U.S. citizens, including those living outside the U.S., from procuring foreign savings, retirement and investment products which might compete with those available from U.S. providers;
4. disclose their accounts (and account balances) in foreign financial institutions in at least one⁷ and possibly two⁸ different, duplicative financial account disclosure programs.

Filing Concerns

Only 3.2% of research participants report that they have “no concerns” with U.S. tax compliance. This chart indicates the high level of concern that exists.



Pennsylvania voter living abroad - Filing U.S. taxes impacts my life greatly. It prevents me from saving and investing for my future, and due to the lack of filing support and the complexity of the numerous regulations, there is always anxiety that one has unwittingly made a mistake.

New York voter living in France – U.S. tax system is punitive and stressful for Americans who live abroad. Really unfair that some rich people cheating and skirting taxes prompted these laws that only hurt the little people in the end.

⁷ The Foreign Bank and Financial Accounts Report or FBAR: Accounts in Foreign Financial Institutions over the aggregate reporting threshold of \$US10,000 (a threshold which has not been upwardly adjusted since 1970) are reported annually on FinCEN Form 114.

⁸ The Foreign Accounts Tax Compliance Act Report of FATCA Report: Accounts in Foreign Financial Institutions over the aggregate reporting threshold of \$200,000 at year end (\$300,000 at any time during the year) for individual filers and \$400,000 at year end (\$600,000 at any time during the year) for married couples filing jointly are reported annually on IRS Form 8938 despite the duplication on FinCEN Form 114.

Virginia voter living in Israel - [Filing] is extremely complex and I have even seen professionals make mistakes. There is a great burden in time preparation and \$\$\$ expense to be compliant.

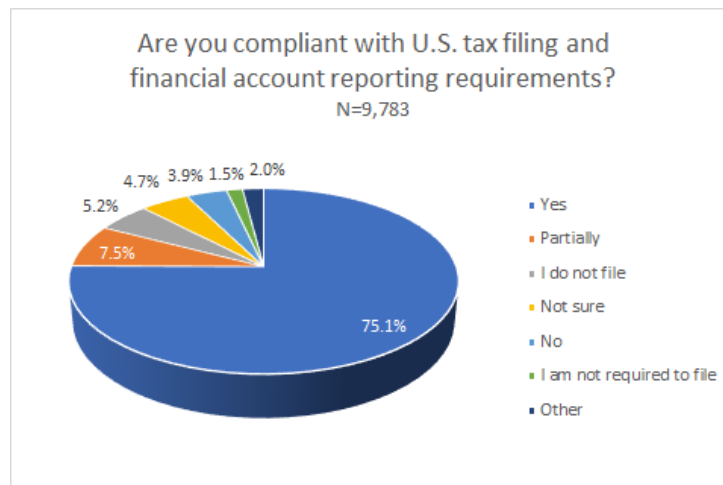
Washington voter living in the UK - The stress and expense of U.S. filing is significant. I am also concerned that my daughter who has "accidental" American citizenship will face a potential lifetime of filing US taxes when she is of age when she probably will never live in the U.S.

New York voter living in The Netherlands - I get that the IRS is looking for ways to address tax fraud and tax evasion, but this is not the way to do it. The current system puts a burden on people who are not smart enough to evade taxes or do not earn enough money to hire tax lawyers, set up trust funds etc.

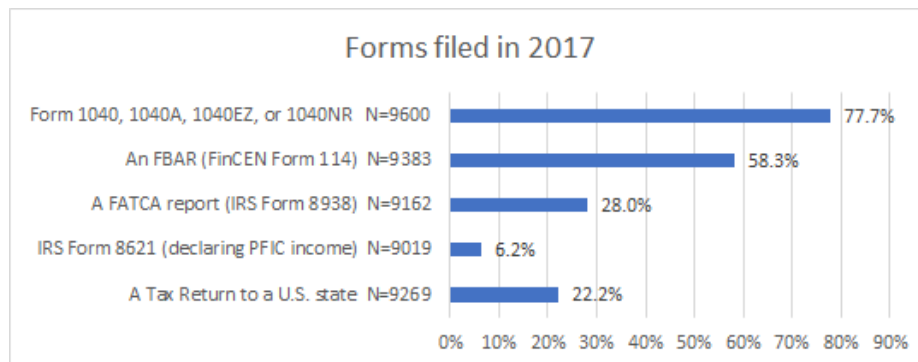
Tax Compliance

Despite these responses, research participants demonstrate a level of tax compliance consistent with the 83% U.S. rate of tax compliance (2012 figure)⁹.

The survey data shows only about 9% are non-filers with another 7-12% partially compliant or unsure.¹⁰



Filing earned and unearned income generated offshore requires an understanding of the interaction between the U.S. Internal Revenue Code and the taxation rules of the taxpayer's country of residence, normally set out in the tax treaty negotiated between the two countries.



⁹ <https://reason.com/blog/2012/04/17/globally-speaking-american-taxpayers-are>

¹⁰ Applying our survey data on marital status to IRS data on 2017 filings and the estimate of 6.5 million voting age Americans living abroad suggests a compliance rate for non-residents in the range of 30%. <https://www.irs.gov/pub/irs-soi/17databk.pdf>

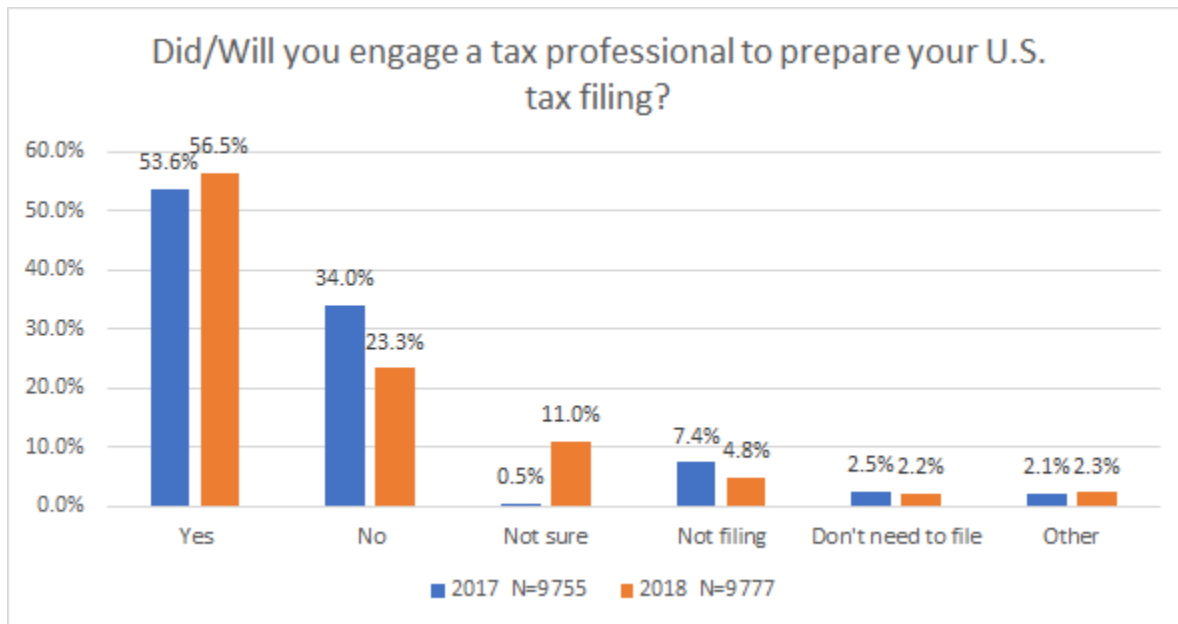
California voter living in New Zealand - The FATCA, FBAR & PFIC requirements are having a material negative impact on me and my family and are just so very unfair. I can understand why the U.S. wants to suppress tax avoidance, but the legislative framework has delivered a blunt instrument that treats the wealthiest and poorest alike as far as reporting requirements are concerned. The results are absurd, costly and unimaginably stressful.

Missouri voter living in Singapore - Every year, I spend a few days preparing my U.S. tax returns files, yet I owe \$0 and am returned \$0. Because I owe \$0, I refuse to pay an accountant hundreds of dollars to help me file my taxes. However, I am scared every year that I am reporting something wrongly and that I would somehow be penalized for it.

Pennsylvania voter living in Switzerland - Most frustrating was the inability to complete taxes online because of my foreign address. I do not understand why we do not have a simple, free, and easy way to file taxes- it is a requirement by law, so then why should it be so difficult and frustrating.

Tax Filing Preparation

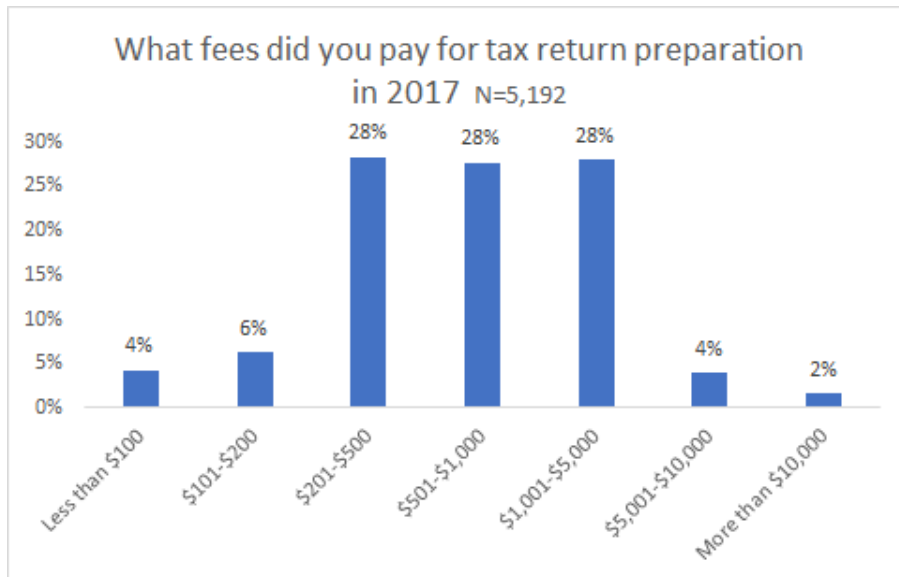
Many - probably most - Americans abroad do not possess the working knowledge of all the rules, laws and treaty provisions required to prepare an accurate U.S. tax filing. Those who engaged a professional tax return preparer in 2017 was 53.4%. Those who plan to do so for 2018 is 56.5%.



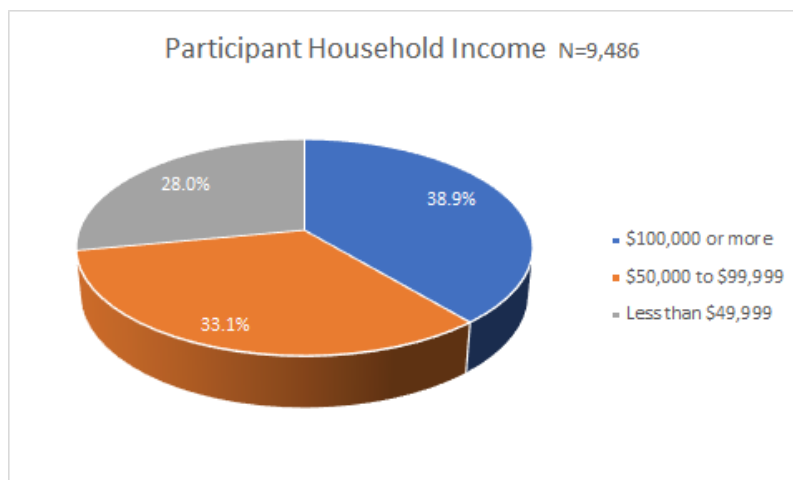
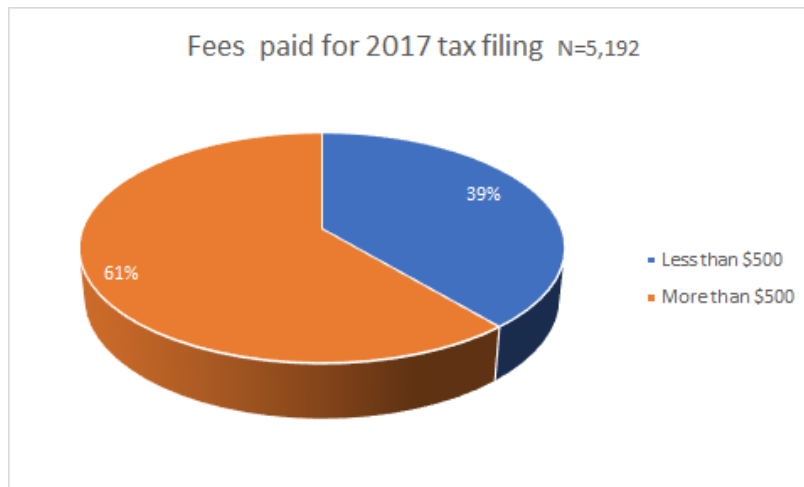
This compares to 8% in the U.S. 92% of U.S. taxpayers self-prepared and efiled their own 2017 returns in 2018¹¹.

Our research data indicate tax return professionals proficient in the preparation of returns for U.S. non-residents come at a much higher cost.

¹¹ <https://www.efile.com/efile-tax-return-direct-deposit-statistics/>



61% of respondents paid more than \$500 for tax return preparation services in 2017; this compares to the U.S. average of \$175-\$275¹².



¹² <https://www.thebalance.com/tax-preparation-prices-and-fees-3193048>

Ohio voter living in Luxembourg - We are still in our twenties and do not have large assets. We are young professional millenials struggling to pay back student loans like the rest of our generation. We are not the demographic of expats targeted by U.S. tax law. There is absolutely no danger of us taking advantage of the system because we are not wealthy. Due to the higher taxation we experience in Europe, we will not owe U.S. taxes because of either the credit or exemption. Yet we are still subject to onerous tax regulations that require us to spend precious money and time to be compliant. It is a significant expenditure for us that generates no revenue for the US in the end.

Massachusetts voter living in Italy - I don't earn enough to have to pay U.S. taxes, I pay a lot already in Italian taxes, and I have to dish out 600 euro a year for an American tax consultant out of fear that, alone, I would not be able to do it and may make mistakes. I have a small private practice and teach part time in a university, I haven't filled out a US tax form since I worked as an employee [in the U.S.] in the 1970s and have no idea what the terms even mean anymore, so I go to a consultant here. But it's like paying a tax in itself!

New York voter living in the UK - The U.S. tax system causes me an enormous amount of unnecessary stress every year as well as being a large drain on my personal finances. Due to the complexity of filing and the regular changes to legislation, I employ an accountant to complete my returns. This costs me between £1500 and £2500 every year (on top of my personal expenses and tax bills in the UK). The cost of this alone is more than I pay in self-assessed tax in my country of residence. I moved to the UK as a child, I have not lived in the U.S. for nearly 25 years and have no intention of returning; it is absurd that my life should continue to be plagued by the stress and financial pressures created by U.S. taxation regulation.

Illinois voter living in the UK - The tax situation is so complicated I have to employ an accountant (£750 per year) to file on my behalf. My financial situation is not complicated. I earn dividends, have some equities, and still I need to pay someone to complete my taxes because it's too complicated to do on my own.

New York voter living in Switzerland - My understanding of the rules on investment is very poor and I haven't taken the time to educate myself. I am probably doing somethings wrong. But I am afraid to ask or learn about it. I don't want to know! I also organise many investments through my spouse to avoid declaration - but this is risky in itself if the relationship ever ended.

California voter living in Switzerland - In order to avoid the great expense of pro help in preparing my US tax return, I do it myself using TurboTax. I'm told this tool is not adequate to handle international situations, but I do it anyway because it's affordable. I do worry that I'm leaving out important tax reporting, either in my favor or to my detriment.

New Jersey voter living in Canada - I have a very simple financial situation, which I have kept it simple because of the requirements of the US tax system, but we are not rich people and me having to pay \$1000 a year to have an accountant prepare a tax return to the US, for which I owe no taxes, is an extreme burden for a retiree. I am also concerned about the difficulty of filing the FBAR information online as I age. I am concerned that at some point as a senior citizen this will become a burden that I am unable to bear.

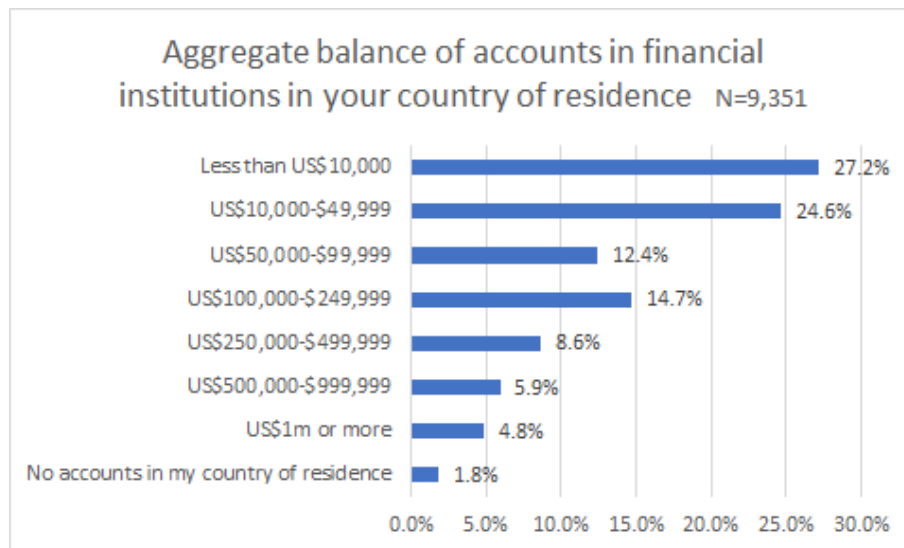
New York Voter living in France - I file every year but do not have enough money to have to pay US taxes. I don't dare try to fill out the tax forms alone, so I do have to pay about \$700 a year to my tax accountant who, I suspect, can easily and quickly fill out my forms. This is what I resent the most.

Foreign Financial Account Reporting

Tax compliance includes the submission of reports disclosing accounts held in foreign financial institutions, including usually the Report of Foreign Bank and Financial Accounts, known as FBAR, and sometimes Form 8938, the report associated with the Foreign Account Tax Compliance Act, known as FATCA.

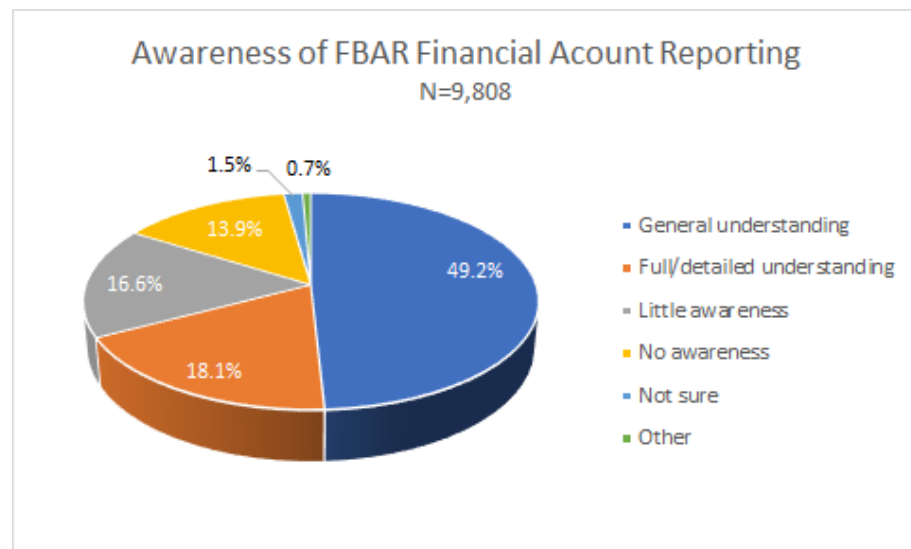
FBAR

FBARs are required to be filed annually, via an electronic submission to the Financial Crimes Enforcement Network (FinCEN) by those with accounts in foreign financial institutions with an aggregate balance of \$10,000 or more. This filing threshold has not been adjusted since 1970. The FinCEN system for making a FBAR submission (also known as FinCEN Form 114) requires access to and working knowledge of a computer and of English. Fines for “non-willful” FBAR filing lapses can be assessed at up to \$10,000 per violation. Willful violations can carry a penalty from \$100,000 up to half the balance of the accounts.¹³



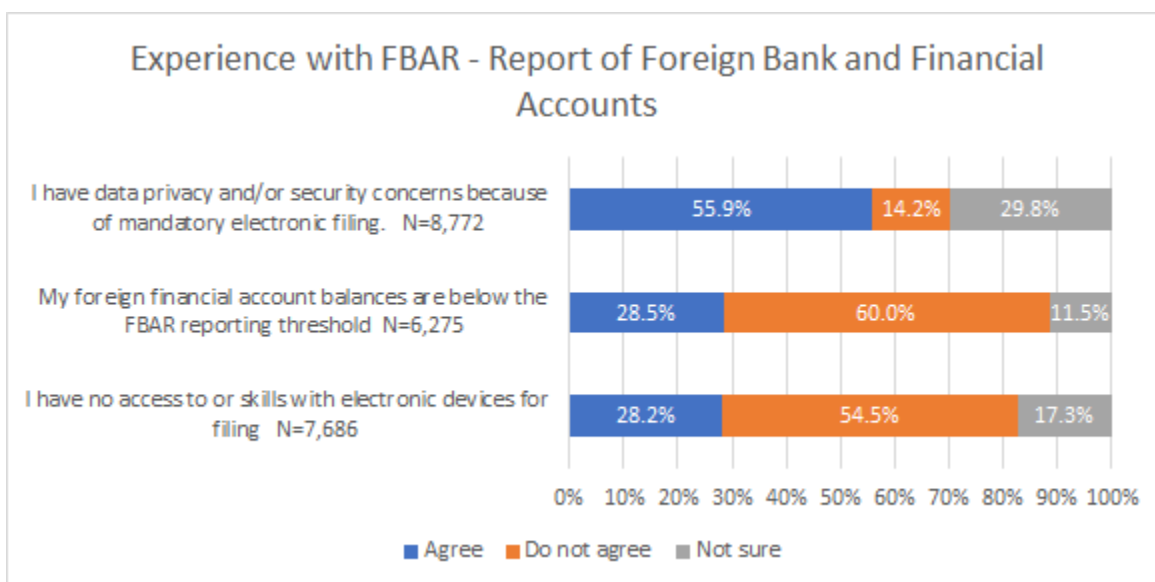
More than 70% of research participants have aggregate foreign financial account balances greater than \$US10,000, making them accountable for a FBAR filing.

67% have a general to full/detailed understanding of FBAR financial account reporting requirements.



¹³ <https://www.forbes.com/sites/robertwood/2012/06/04/fbar-penalties-when-will-irs-let-you-off-with-a-warning/#4f104abf363c>

Research participants also registered these views about the FBAR.



American living in the Czech Republic - I am not against the FBAR entirely, but the bar of \$10,000 in aggregate is far too low. It puts an undue burden on people with very little at times. I do think that we should be targeting tax shelters, but this lower amount catches a lot of small fish up in regulations meant to catch big fish.

New Jersey voter living in Greece - I find the FBAR site unnecessarily difficult to maneuver. It was much less a burden when we could fill out paperwork forms, but now the all-electronic reporting is a real pain.

Minnesota voter living in Norway - I resent the punitive and almost "threatening" tone of having to report my holdings to the U.S. Treasury, as if I'm a criminal trying to avoid taxes by moving to the Cayman Islands or something. I live in a country with higher taxes than the US, and I didn't move here to escape anything.

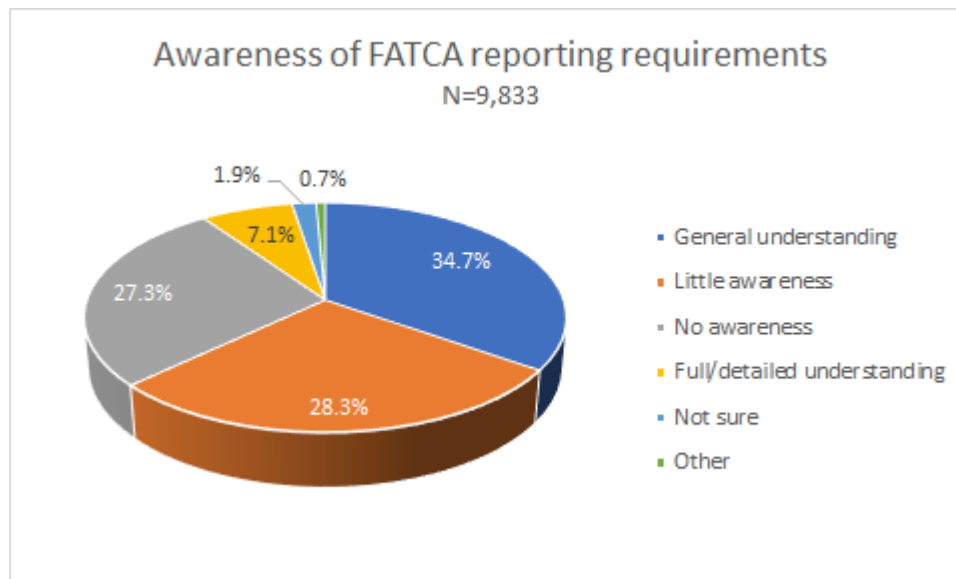
Ohio voter living in Germany - My non-U.S.-citizen husband will not allow me access to a joint account nor be on the title to our house or car because of FBAR and FATCA reporting requirements. I'm lucky to not be in an abusive relationship

FATCA

FATCA is a double disclosure foreign financial account reporting regime which was passed into law in 2010, introduced for taxpayers in 2012 and came into effect for foreign financial institutions in 2014.

1. Non-resident U.S. taxpayers with aggregate account balances in foreign financial institutions of \$200,000 at the end of the year or \$300,000 at any point during the year (thresholds are \$400,000 and \$600,000 for married taxpayers filing jointly) must disclose these accounts on IRS Form 8938 with the rest of their tax filing.
2. Foreign Financial Institutions, under the threat of considerable penalty for FATCA compliance failures, also make disclosures to the IRS on the accounts of U.S. Persons.

The data in the table of account balances on the previous page suggest 30% or more of research participants could be liable for FATCA filings. Five years into FATCA implementation more than 56% of survey respondents have little to no understanding of it.



FATCA has, however, generated greatly expanded awareness of U.S. tax compliance obligations. Anecdotal evidence and data produced by this survey indicate some banks building FATCA compliance frameworks have asked customers about U.S. tax filing, others have demanded evidence of U.S. tax compliance, many have stopped servicing those they suspect would require them to make FATCA disclosures and some have simply closed their doors to U.S. citizens entirely. (See Section 4.)

North Carolina voter living in Singapore - FBAR and FATCA reporting overlap, are difficult and time-consuming and expensive to complete. If it is necessary to provide this information to ensure tax compliance, then there should be a single report. (I essentially have to pay twice to prepare two reports, each of which require slightly different information).

DC voter living abroad - FATCA has made my life a lot harder. I've been denied the opportunity to open accounts with financial institutions in my country of jurisdiction. I've been evicted as a client from other banks, because they don't want to deal with U.S. compliance. I've lost business opportunities in my country of jurisdiction because my U.S. accountant has advised me against owning shares in a local Inc/LLC, because if we make any little tax filing mistake, I will be severely punished by the U.S.

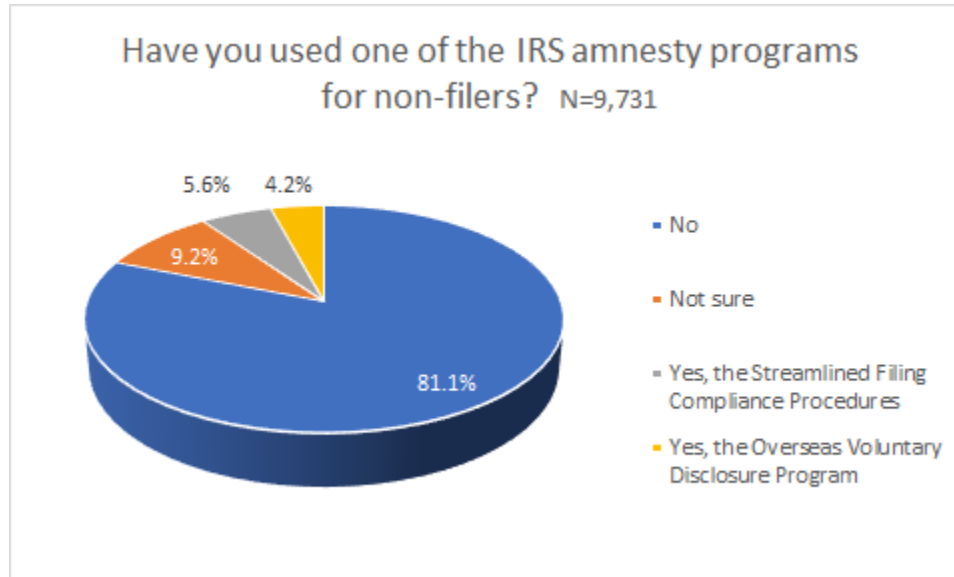
Georgia voter living in Germany - The FATCA requirements imply significant complications for Americans living abroad that are burdensome and pointless. My non-U.S. wife and I have placed assets in her name so that foreign banks are willing to deal with us. Moreover, several banks have refused to provide me with investment accounts and other financial products because of my U.S. citizenship.

Tennessee voter living in the UK - It is a terrible, intrusive and frightening system that makes us all out to have criminal intent!

Maine voter living in the UK - I declined to be a signatory on a bank account for a UK charity where I was serving as a trustee to avoid the FATCA related reporting that would have been required. With several other U.S. ex-pats on the board of trustees, we had trouble finding someone able to be a signatory on the account(s).

Tax Amnesty Programs

FATCA-generated awareness of U.S. tax compliance obligations has driven an increase in awareness of and, likely, Americans abroad entering one of the two “tax amnesty” programs set up by the IRS to become tax compliant: the Overseas Voluntary Disclosure Program (which closed in September 2018) and the Streamlined Filing Compliance Procedures, set up specifically for those non-filers whose compliance failures “did not result from willful conduct on their part”¹⁴.



Florida voter living in The Netherlands - I only discovered very recently when I switched from my long-term bank to a new one that I have been legally required to file in the U.S. for the past 35+ years. It was a huge shock. Since then I have read up on and become aware of the different tax requirements and acts that apply to expats. Am now working with Dutch-based U.S. tax experts to become compliant through Streamlined Procedure.

Massachusetts voter living in Australia - I became aware of this within the past few years and have completed the streamlined filing process for 3 tax years and then the current tax year. I had thought that I simply had to pay tax where I was earning my income and have always done this promptly. I have not had to pay U.S. tax, but I have had to pay a significant amount of money to accountants to complete the necessary paperwork. This double filing feels extremely unnecessary.

Michigan voter living in the UK - I need to file under streamlined procedures this year and I've received quotes for professional help in the range of £1,000 to £2,000. I literally owe no tax (I would be covered under the foreign earned income exclusion) but proving that to the IRS will cost me thousands of dollars.

California voter living in Canada - I am at present filing for the first time since 1969 through the Streamlined program. Before a few months ago I had never heard of FBAR, and now I am paying a fortune to accountants and lawyers in Buffalo to make these filings for me, starting with the 2012-2017 years.

¹⁴ <https://www.irs.gov/individuals/international-taxpayers/streamlined-filing-compliance-procedures>

3. TAX BURDENS BORNE BY AMERICANS ABROAD

Declaring income in two taxation jurisdictions Americans abroad face the potential for a higher overall tax burden. For taxpayers who demonstrate their non-resident status, the Internal Revenue Code provides a Foreign Earned Income Exclusion and Foreign Housing Exclusion to mitigate assessable *earned* income and a Foreign Tax Credit that enables the taxpayer to reduce the amount of tax owed to the IRS by the amount of tax paid to the tax authority of their country of residence. These provisions do not, in many instances, erase the non-resident taxpayer's U.S. tax liability because there are many areas of the tax code with provisions that discriminate against Americans abroad.

The following provisions likely resulted from the long-time practice of U.S. lawmakers creating legislation *without taking into consideration the impact it might have on Americans living abroad*:

- Unearned income (e.g. interest, dividends, social welfare payments) receives no exclusion and so is subjected to taxation both in the U.S. and in the foreign jurisdiction where it is generated/ received from the first dollar.
- There is no capital gains treatment of foreign assets, including the non-resident taxpayer's home.
- Capital gains on the sale of foreign assets arising from currency fluctuations are taxable at the full marginal tax rate - even when no currency has been exchanged.
- Non-U.S. long-term savings plans which are tax-advantaged in the country where they exist attract the full U.S. marginal tax rate.
- Punitive tax treatment of investment, retirement savings and other vehicles designated "Passive Foreign Investment Companies".
- Distributions taken by retirees from non-U.S. pension plans are double-taxed.
- Undistributed profits from incorporated foreign businesses owned by non-resident taxpayers are taxed by the U.S. (See Section 3.1)
- Net Investment Income Tax is calculated without the benefit of credits for foreign tax paid.

The chart on the following page has the responses of survey participants to their experience of these tax provisions that discriminate against Americans living and working abroad.

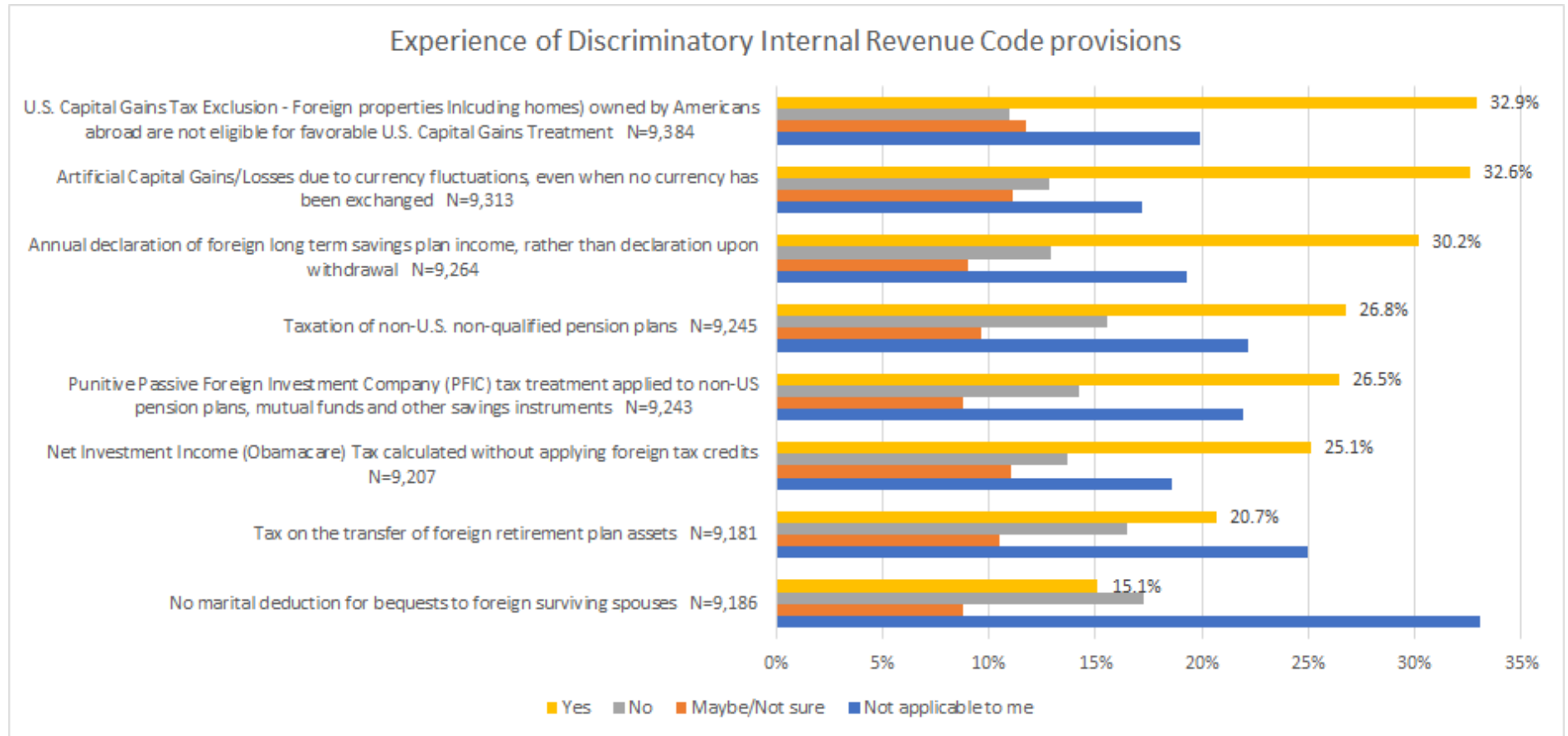
Virginia voter living in New Zealand - While I earn a solidly middle-class income and live a modest lifestyle within my means, I lose roughly 60% of any unearned income immediately due to double taxation.

New Mexico voter living abroad - Due to the impact of U.S. capital gains tax I will be unable to sell my home, which can only be accessed by steep stairs and is larger than what I will need as I get older. My retirement savings are double taxed, and the sorts of investments I can access are limited. I am not entitled to a government pension in my country of residence due to the value of my retirement savings, nor am I entitled to Social Security benefits from the U.S.

New York voter living in Germany - I have now filed taxes for 25 years of living abroad. Consistently there have been challenges: having to pay a large amount of capital gain on a primary residence where we had lived for 17 years (but no deductions for foreign mortgages), a number of overcalculations for tax owed which required expensive and time-consuming support to reverse (the largest refund was over \$10,000).

New York voter living in France – U.S. PFIC rules mean I cannot invest in funds outside of the U.S.. EU PRIIP/KIID prevent investment in funds in the U.S. (not KIID compliant). My employer does not allow me to invest in direct equities (their insider trading rules). This means that I am no longer able to invest.

About one in three say they are impacted by the loss of capital gains treatment for foreign assets, punitive treatment of artificial capital gains from currency fluctuations, punitive treatment of long-term savings plans, non-U.S. pension plans and funds subjected to PFIC treatment. These discriminatory provisions make saving and investing for the future much harder for Americans living abroad.

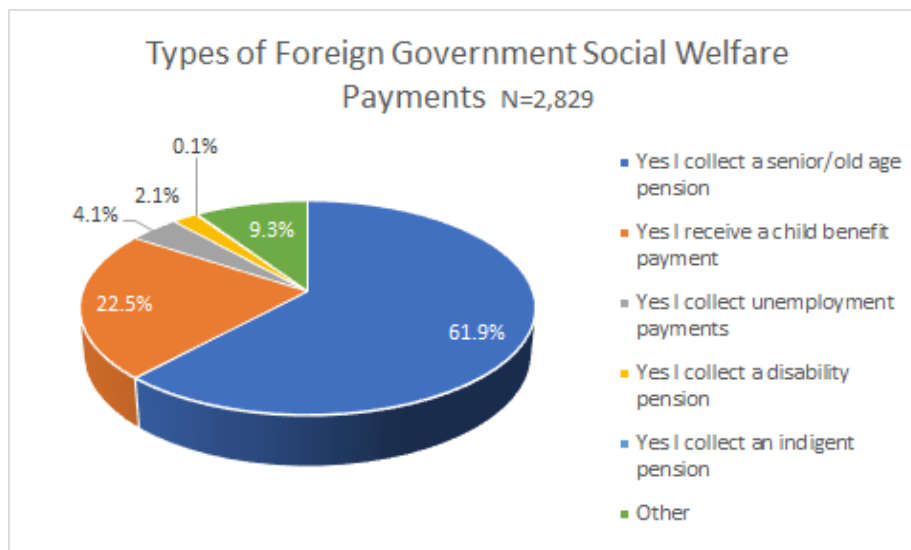
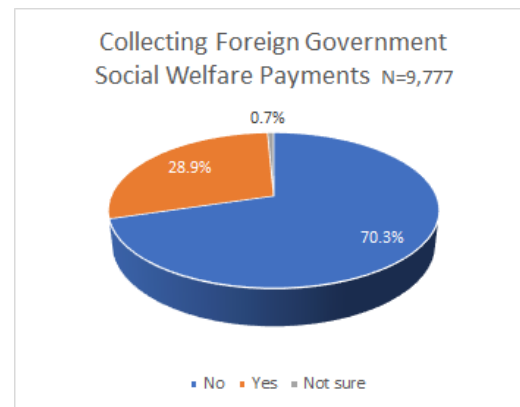


New York voter living in the UK - All of the above are regressive and punitive, but the treatment of foreign exchange artificial gain on mortgage repayment is particularly egregious. This isn't real money - my mortgage is in pounds, I make payments from my local earnings in pounds and will pay the principal in pounds. No USD have been relevant in these transactions.

DC Voter living in the UK - I am furious that the US doesn't treat my UK Individual Saving Account the same way as it does my US IRA. It's costing me huge fees for my US accountant to prepare the PFIC reports needed for my annual tax return. I am probably going to have to liquidate my ISA, resulting in a large tax hit in the US, and find some other way to invest and save here.

Taxation and the most vulnerable Americans abroad

30% of Americans abroad receive some type of social welfare payment (aged, indigent, disability, unemployment, childcare) from their local government. These non-resident U.S. citizens would be the most vulnerable amongst us. Their income is usually (but not always) untaxed locally and it is set at a level at which it is deemed “liveable.” It is not likely to be so, however, after it is taxed by the U.S.



American living in the UK - [U.S. taxation] impacts my ability to obtain disability support for my profoundly disabled son, who is not a U.S. citizen and has never entered the U.S. It would be normal here for our local government to make payments to me that I would use to privately purchase support and therapies for him, but these payments are not covered by any international tax treaties and are liable for U.S. income tax as my income if I received them. To add insult to injury, I am nonetheless unable to claim my son as my dependent on my U.S. tax return.

Rhode Island voter living in The Netherlands - I am on a government assistance program due to a long-term illness. I pay taxes on the money that I receive, in the country where I receive it. So, every Euro that I can spend has already been taxed twice.

Indiana voter living in Canada - I have a child with a disability. Canada has a Registered Disability Savings Plan (RDSP) program that allows you to save money for your child's future if they have been officially. It also includes income-based grants. I haven't applied because the tax implications for us are incredibly unclear.

American abroad - I was injured on the job and received workman's compensation (60% of salary) which do not qualify for foreign earned income exclusion. My U.S. taxes due were higher even though I had less income.

3.1 THE 2017 TAX CUTS AND JOBS ACT (TCJA)

The 2017 tax writing process exceeded all previous experience in ultra-fast and ill-considered lawmaking. The law includes two new taxes to transition the U.S. to a system of territorial taxation for corporations. The provisions have an exceedingly favorable impact on U.S. corporations that own foreign registered companies. They are having a grave impact, however, on Americans abroad who are majority shareholders in companies registered abroad, such as family-run businesses, who were clearly not considered during policy-making. They are now subjected to -

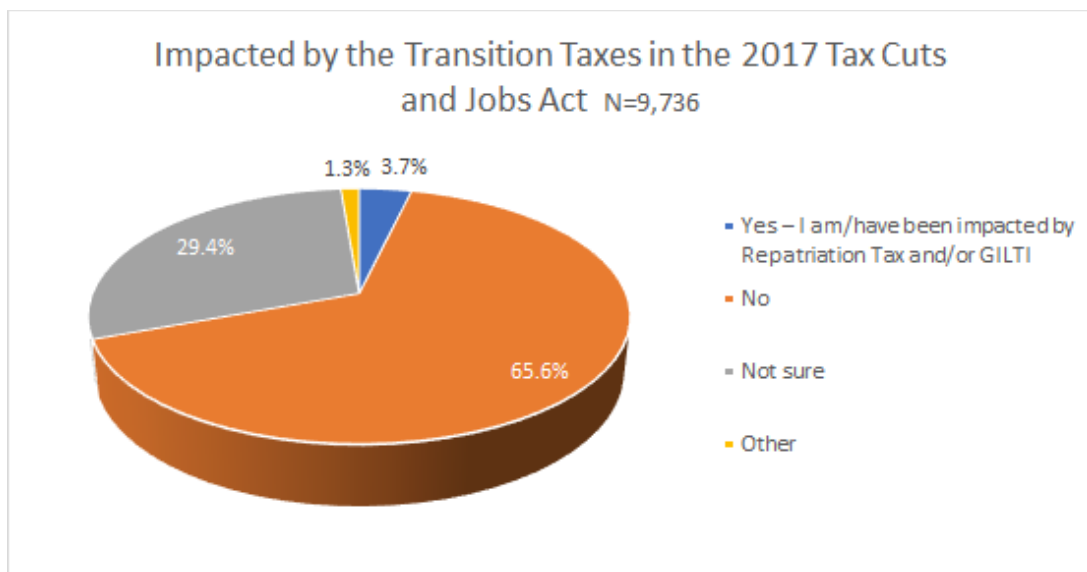
1. **Repatriation Tax**, forcing them to declare on their personal U.S. tax filing all unrecognized profits generated by the business from 1986 to 2017, and
2. **Global Intangible Low Tax Income Tax**, forcing them to declare on their personal U.S. tax filing the profits of the business, declared or undeclared, to be taxed at 10.5% with no credit available for taxes already paid to the tax authority where the business is registered.

Because of these two new taxes many Americans abroad who own companies are finding those businesses may no longer be viable and they will be forced to close them or incur the cost to re-structure them.

From questions related to employment, the research indicates that these new taxes impact ca 1.9% of respondents, i.e. those who responded to a question about employment by indicating that they are “employed by a company of which I am a majority shareholder”. (See Appendix.)

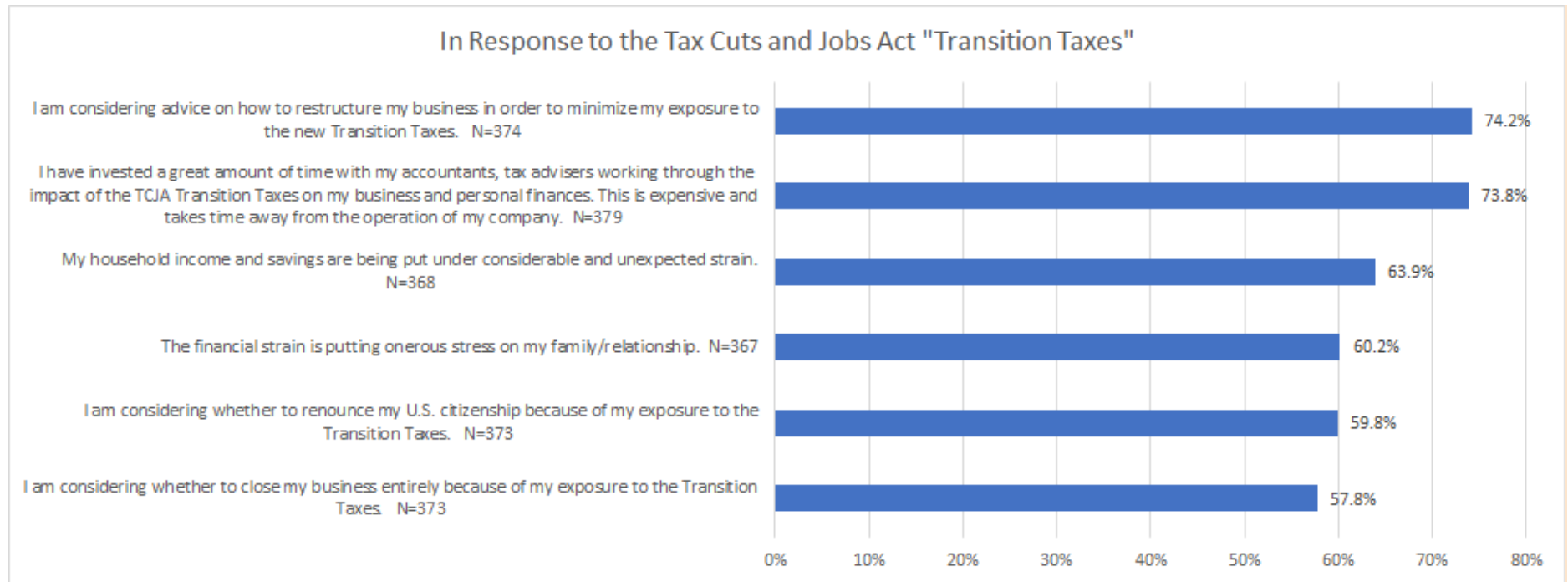
Extrapolating this to the estimated 6.5 million American adults living abroad suggests up to 130,000 individuals could be impacted as owners of companies registered abroad.

All research participants were asked about whether they would be impacted by the “transition taxes” in the TCJA and responded as follows:



These results suggest that the impact of the TCJA extends beyond the individual taxpayer who is majority owner of the foreign registered company, perhaps to their spouse.

Those who responded that they were impacted by the TCJA “transition taxes” were asked to comment further about how they were managing them. This chart indicates the proportion of them that responded Yes to these statements listed.



California voter living in the UK - After paying substantial taxes in the UK, I now have to pay \$156,000 in repatriation tax which I do not have and I am not sure where I am going to get. I run a small consultancy and this could ruin my finances permanently.

South Carolina voter living in the UK - The [transition taxes] lump Americans who own small businesses abroad into the same group as larger American organisations, like Apple, Amazon, etc. 2017 saw my tax rate jump to greater than 70%

California voter living in the UK - FATCA and other rules have restricted my ability to invest for retirement, so using family-owned business to save is one of few investing options available. Repat tax was applied to all funds saved this way. GILTI prevents saving and also investing in business to grow - all business profits passed through to individual tax filing - crippling my ability to expand or invest.

American living in Canada - Those exposed to these retroactive and new taxes going forward are those who've been U.S. tax compliant. The punitive and unfair treatment of those who have been filing will discourage U.S. tax compliance. Many of those affected by the Repatriation Tax and GILTI will not be able to pay the tax and will no longer be able to continue filing.

California voter living in Israel - I opted to take more salary instead of leaving a large profit in my company and as a result paid onerously high taxes in my country of residence. Overall, I lost about 4% from the gross profits purely to minimize the impact of the GILTI tax.

American living in Guatemala -. I have 3 Sociedad Anonimas (corporations) and among all three have about 60 employees receiving a livelihood and maintaining their families. I am being penalized for not having paid myself maximum salaries every year since the first business started (1993). Big corporations will find loopholes and those of us with small businesses may be driven out of business completely.

Florida voter living in Canada - We have chosen not to purchase a business due to exposure to repatriation tax and GILTI.

American living in Canada - As part of my retirement plan, I saved money in my business to be distributed as dividends. This was allowed in Canada and is now causing a hardship.

American living in the UK - I did (Internal Revenue Code Sec) 965 transition tax computations for 10 clients, one of whom owed \$300K.

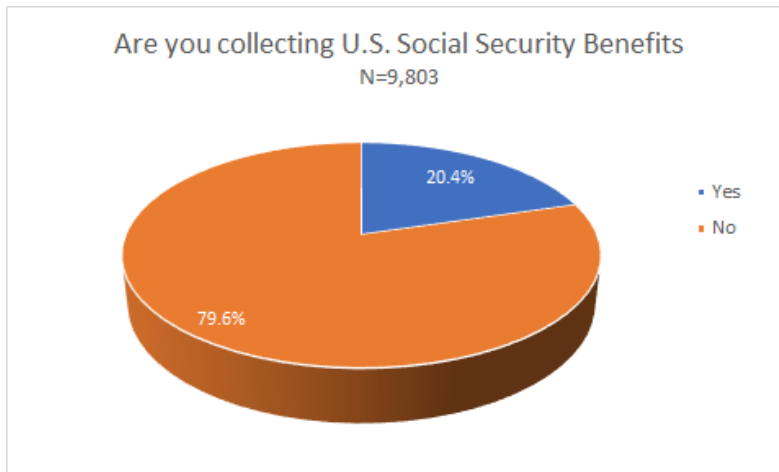
Pennsylvania voter living abroad - I worked very hard to form my own company, an LLC, many years ago. I faced an uphill battle as a single, female business owner in a male-oriented business in a chauvinist country. I got no help from my local government. I got --and get-- no help from U.S. institutions. I fail to see why the USG suddenly thinks it is entitled to a bigger slice of my income solely on the basis of my citizenship. I do not benefit in any way from USG services nor does my company. The back-tax aspect of this legislation is particularly unfair and, where I live, would be considered unconstitutional!

Massachusetts voter living in Singapore - it is absolutely despicable that the government wants to receive cash tax payment against non-cash entries. We invest sweat and time in building up a business to support our family, leaving cash in the business to make it stronger, instead of taking money out, and we have to pay income tax on this "phantom" income - reprehensible.

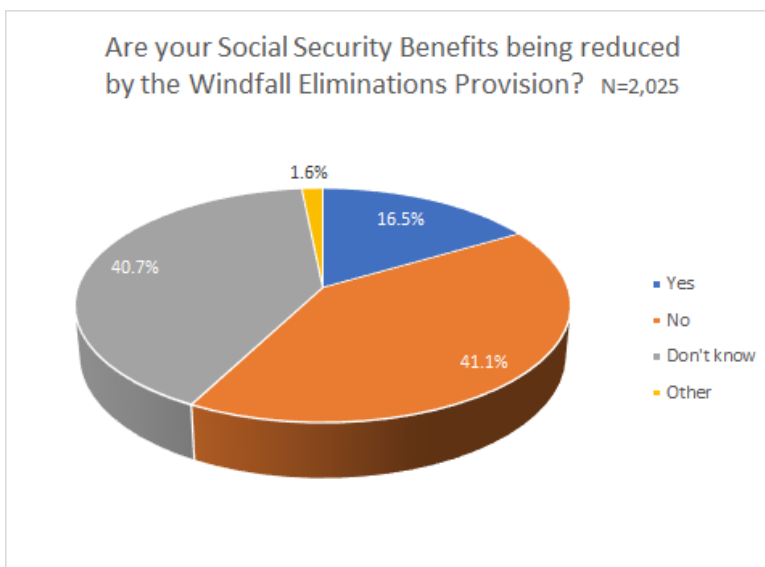
3.2 WEP – CUTTING THE SOCIAL SECURITY BENEFITS EARNED BY AMERICAN RETIREES ABROAD

Retired Americans abroad who have spent a part of their life working for employers outside the U.S. and the U.S. Social Security system will find that their Social Security benefits have been cut by up to 40% because of a provision in the Social Security Act known as the Windfall Elimination Provision (WEP).

More than 20% of survey participants receive U.S. Social Security benefits.



One in six of these say the benefits they receive are reduced due to the WEP.

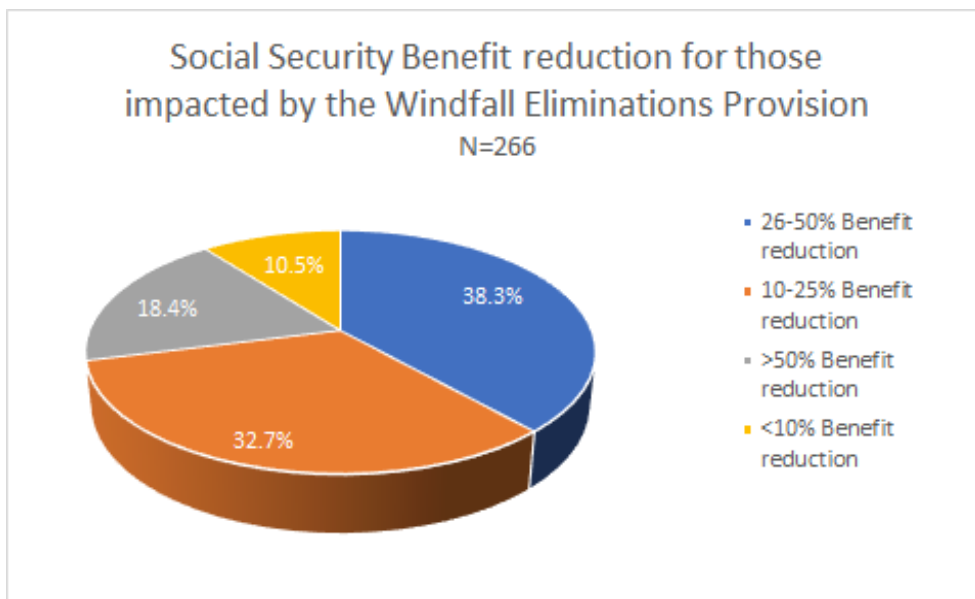


New York voter living in the UK - I find it extremely unfair that as an individual who paid into Social Security for 17 years prior to moving abroad that I am penalized approximately 1/3 of my SS benefits because I have worked abroad and am collecting a state pension from my country of residence.

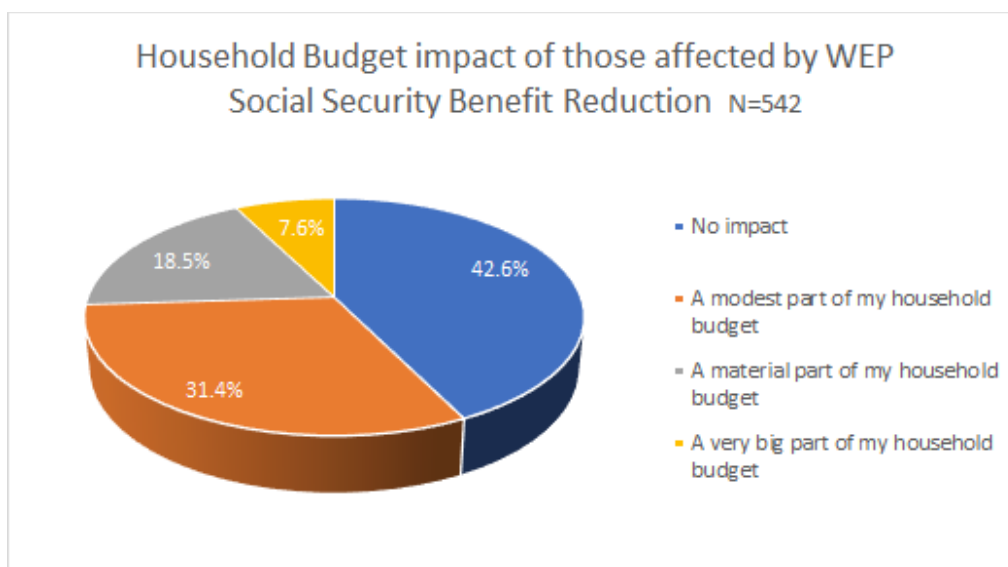
The Windfall Elimination Provision

The Windfall Elimination Provision was designed in the 1980's to prevent the so-called "windfall" that federal employees would reap when they transferred into the Social Security retirement system, from which they had long been exempt. In 1984 Congress mandated that all government workers belong to the Social Security system. But Congress realized that many of these civil servants would retire having paid in only the minimum of 40 quarters or a little more and reap benefits out of proportion with their contributions. "Double dipping" was a concern, particularly for those with a federal pension who would, in effect, get that pension in full plus social security retirement benefits - a far greater overall benefit when compared to people who had contributed to the social security system for many more years but who had no federal pension.

To adjust this inequity, Congress included in the 1983 Social Security Act amendment an offset known as the "Windfall Elimination Provision". This has the effect of removing up to 40% of the benefit to workers who at any time worked for an employer who was not required to pay into the Social Security system. The Provisions 113-WEP went into effect in January 1986 and affects anyone drawing Social Security benefits after that date.



Of those impacted by WEP reductions more than 56% say their payments are reduced by more than 25% and more than 57% say this makes a modest to very big impact on their household budget.



Ohio voter living in Germany - You can imagine my shock of going from approx. \$700 to \$400 because of WEP!

New Jersey voter living in France - I based my retirement date on the basis of calculations the U.S. embassy in Paris did for me on how much I would receive in the U.S. Social Security. I did not know about the WEP and the embassy never calculated that in their estimate (this estimate was made in about 2015). When the U.S. Soc Sec payment came, it was half what the U.S. embassy told me I'd get. I would have worked longer.

California voter living in Norway - It seems discriminatory for retired workers who have put in the years and contributions in the U.S. be denied the payout, basically letting another nation carry the burden.

New Jersey voter living in Luxembourg - It was a big shock. Every year you receive a statement telling you what you can collect at what age. Upon retirement I applied for SS benefits and was told in an interview to expect to receive the full 1100\$ per month. The interviewer from U.S. SS told me I had to close my business in order to receive full SS benefits from the U.S. I closed my business and sent proof to U.S. SS U.S. of the closure. Then I got a call asking me how much benefits I'm getting from Lux. There was a three-month delay and then I got a check for 650\$ per month and a letter explaining the WEP.

American living in the UK - To take the British pension payments into account to eliminate some of my U.S. Social Security seems to be penalizing me for no reason. I honestly and lawfully provided for my retirement but some of this is now being denied me for no obvious reason.

Oregon voter living in the UK - I had a horrible experience with the U.S. Social Security Administration in 2015, when they applied the maximum WEP reduction to my Social Security benefits with no justification. In spite of my telling them I was deferring taking my UK State Pension, and without any evidence, they gave me very short notice before imposing the maximum reduction. I had to go through my U.S. Senator and it took many months before the SSA repaid the money they had wrongly withheld. Also, the information on the WEP provided by the SSA does not explain that pensions based on voluntary or state contributions are not affected by the WEP. As a result of this poor information, I delayed taking my UK state pension longer than I would have if I had been made aware of the full information. Due to both these experiences, I have no faith in that institution.

American abroad - The Soc Sec Adm estimated my monthly benefit to be \$641. I was advised by the U.S. Embassy London, if I was to wait until I was 70, it would increase significantly, which I did. However, when I applied in May 2017, upon application of Windfall Elimination Provision it was calculated at \$296, again by the U.S. Embassy London and by Soc Sec Admin.

American living in Israel - I find the WEP legislation to be clearly discriminatory against U.S. citizens residing abroad. I personally paid in to my pension fund over many years as well as paying Social Security as per law. The fact that my Social Security benefits will be cut in half is in my opinion unfair.

Colorado voter living in Canada - I was shocked to learn that my social security pension, which I paid into prior to leaving the US, was to be reduced by over 33% per the Windfall Elimination Provision. This reduction was solely the result of having earned a livelihood and second pension in another country. There does not seem to be any reasonable or justifiable basis for this reduction and differential treatment.

Virginia voter living in Italy - I have never heard of WEP. I am now worried.

4. AMERICANS ABROAD DENIED FINANCIAL SERVICES

Americans abroad endure on-going difficulty obtaining ordinary financial products and services, from both financial institutions in their countries of residence and in the U.S., which gravely impacts their ability to save for the future. Discriminatory taxation, financial account disclosure regimes, bank secrecy laws, securities regulations and provisions in national security legislation combine to form a thorny network of obstacles.

Foreign Financial Products

In implementing FATCA compliance frameworks, some foreign banks and financial institutions have elected to curtail their product offerings to U.S. citizens.

Further, selling investment products to U.S. citizens may require foreign financial institutions to maintain compliance with U.S. securities regulations as well as the investor protection regulations that exist in their own jurisdiction. As this would make managing the investments a potential financial risk, many will refuse their brokerage accounts and investment products to U.S. citizens.

The result has been growing frustration amongst Americans abroad obtaining normal banking and investing activities from banks and brokerage firms in the countries where they live.

DC voter living in Germany - It is extremely frustrating that I am unable to save money long term due to restrictions from German banks who deny me accessible brokerage services due to my U.S. citizenship.

Indiana voter living in The Netherlands - Our investment joint account was closed. Several banks won't accept me, and I had a limited number of financial institutions to pick from when it came to a mortgage.

New Jersey voter living in Germany - FATCA has resulted in 6 banks closing my accounts completely or refusing to maintain investment accounts. I had accounts in these banks for 25 - 40 years.

New York voter living in Switzerland - Main issue is that banks and finance companies will not allow us to invest in stocks or other financial instruments. We can only use UBS for basic banking, other banks here will not accept us.

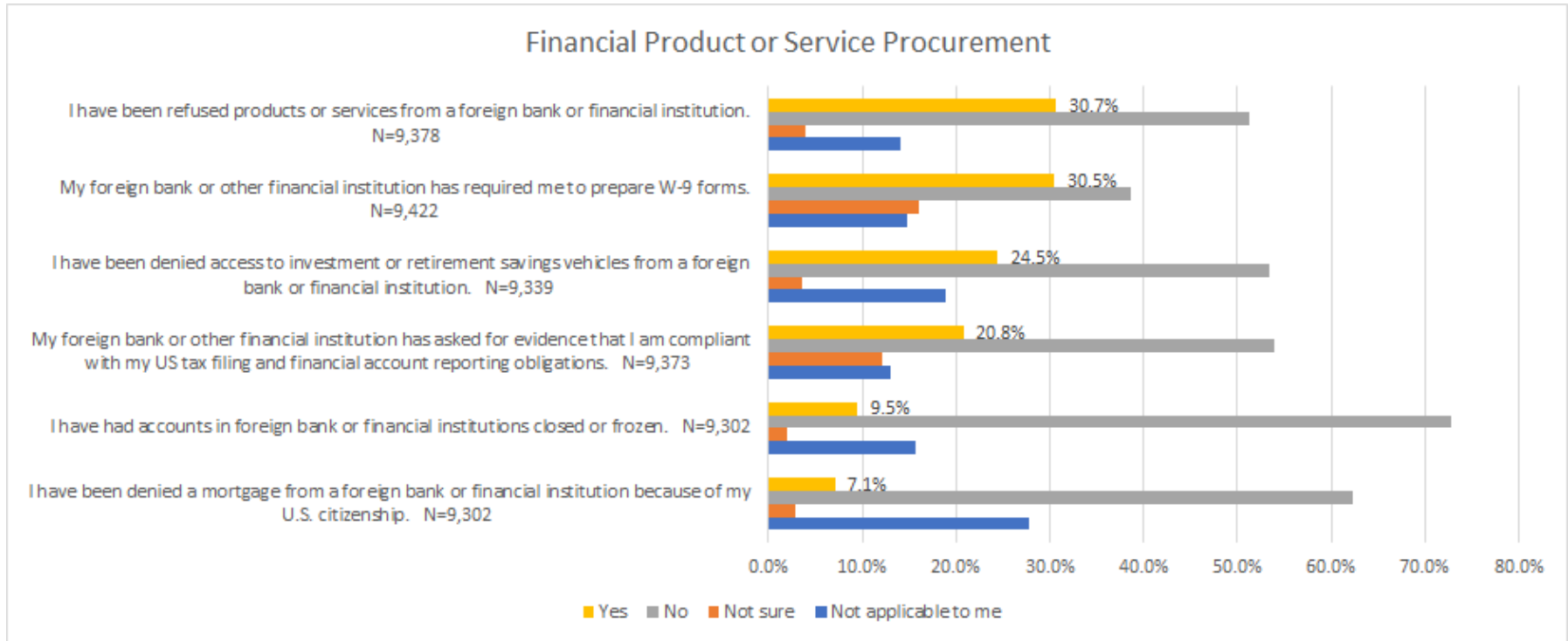
Arizona voter living in Italy - As advised by my tax preparer, I had to liquidate my foreign mutual fund investments at a substantial loss, due to US tax reporting requirements. As a US citizen I am also not able to participate in certain investments.

Florida voter living in New Jersey - Analyzing the FATCA filing requirements remains very confusing. It has placed significant restrictions on how I have needed to organize my family finances because many investment vehicles are not available to US citizens as a result of FATCA. My non-US spouse has encourage my child to revoke her US citizenship and has proposed the same for me as a result of FATCA.

California voter living in Germany - I don't blame German banks for denying me certain services [because of FATCA] - at the same time, most American banks deny me services because I do not reside in the U.S. Stuck between a rock and a hard place, it feels like my own country is punishing me for living abroad.

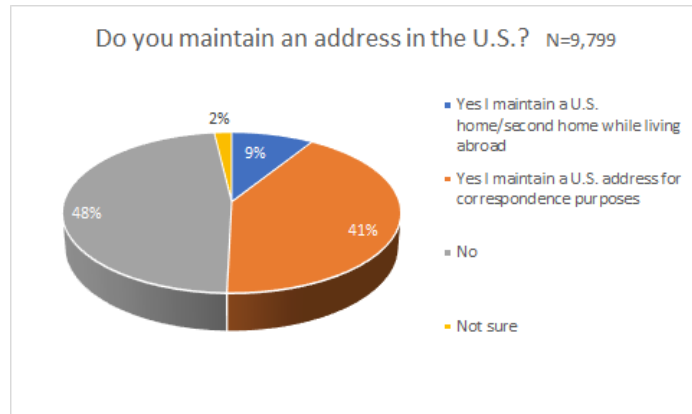
Montana voter living in Austria - My banking options were reduced to one as all other banks contacted would not accept US citizens. Many investment options are also not available due to US citizenship. Not allowed to invest here or in the USA.

Research participants responded to a range of questions about their experience procuring and retaining financial products and services from banks and other financial institutions in their countries of residence. These are the results:

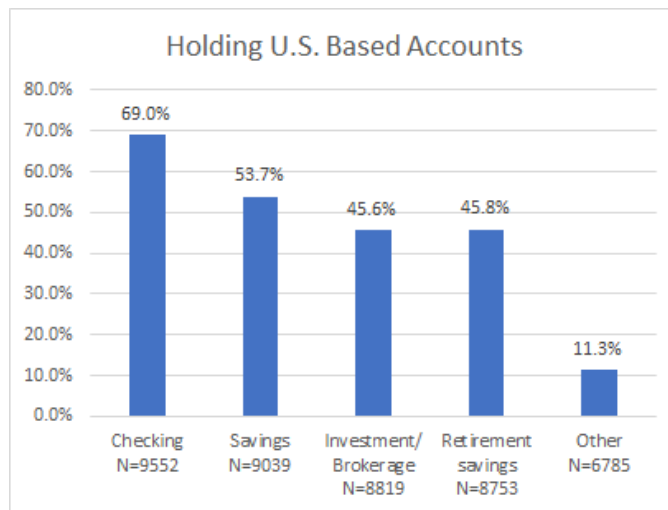


U.S. Financial Products

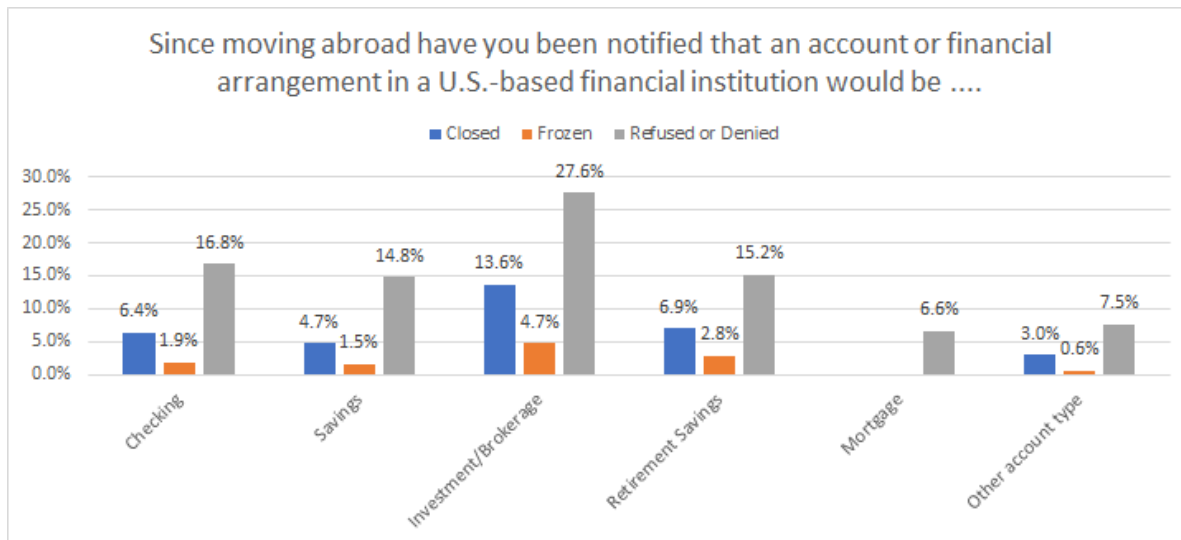
Banking, securities and national security regulations require U.S. banks to implement “know your customer” rules to prevent fraud, money laundering and other financial crimes as well as terrorism¹⁵. Investor protection “Blue Sky” laws require investment origination, sales and management firms¹⁶ to implement a range of provisions to protect investors. Blue Sky Laws require those seeking financial products to provide a verifiable U.S. address, in some instances more than just an address for general correspondence purposes.



As only about 50% of respondents maintain a U.S. address for bank correspondence, holding even ordinary U.S.-based financial products could become difficult for many Americans abroad.



28% say they have been refused/denied an U.S. investment/brokerage account. About one in seven have had a U.S. brokerage/investment account closed.



¹⁵ <https://www.sapling.com/6812342/patriot-requirements-opening-bank-account>

¹⁶ <https://www.upcounsel.com/blue-sky-law>

Virginia voter living in Israel - I have been denied the right to open a U.S. brokerage account at multiple institutions in the U.S.A due to being a foreign resident. In fact, almost all U.S. brokerages have made explicit that they are not willing to accept foreign resident U.S. citizens. This obviously reduces the number of options and competition to a very limited number of brokerages. On the flip side, if I invest the same money in mutual funds outside the USA - then I would become subject to PFIC taxation on my foreign held mutual funds. So this has greatly reduced the options for investing my savings.

Ohio voter living in Greece - Note that [securities law¹⁷] requirements limited my investment opportunities not only in countries outside the U.S. and my attempts to make investments within the U.S. were deemed "impossible" by the U.S. banks because of my residence abroad.

Massachusetts voter living in the UK - I am in fear of having U.S. banks throw out my account because I live overseas, and UK banks forcing me to close an account because I am American. Some UK banks will not allow U.S. citizens to be account holders, and that is true for UK branches of U.S. investment firms like Vanguard.

Massachusetts voter living in Denmark - I used to have an investment account in a U.S. bank, but they informed me that with the new legislations I could not keep the account with a non-U.S. address, even though I am a U.S. citizen from birth. I therefore closed all my U.S. bank accounts and transferred my money to Europe.

Massachusetts voter in The Netherlands - As an American living outside the USA, I have been refused U.S. bank accounts and retirement accounts (Inherited IRA) by a number of institutions.

Texas voter in Canada - This is not a problem with a "foreign" bank, but with a U.S. Bank. In 2014 Wells Fargo closed the account I had had for more than 30 years (for a small noncommercial radio entity) because they noticed that the mailing address was in Canada and so they claimed it was a "foreign entity." They said that it did not matter that I was a U.S. citizen.

Wisconsin voter living in Denmark - I have been denied joint account sharing in a foreign bank (with my husband). I also have been denied the right to transfer funds from one U.S. bank account to the other (my daughter's) because I have a foreign address.

Massachusetts voter living in Australia - I have enormous difficulty withdrawing money from U.S. bank accounts. For an IRA account, they needed to see me in person. I had to make a special visit to a bank in Boston to make arrangements to close an account the next time an IRA was due for rollover. Even having made a special trip and having everything in writing, the closing of this IRA was problematic.

Nevada voter living in Thailand - Law changed around 2008 that to have a U.S. issued credit card, required a U.S. address. Also when I tried to open a U.S. bank account from overseas (not show up in person), all the banks would not take a U.S. passport as identification, would only accept a U.S. driver's license.

¹⁷ This refers to Blue sky law, an individual state law designed to protect investors from securities fraud. Investment administrators normally need to make a blue sky filing in each state where one of its investors reside, therefore requiring the administrator to procure from each investor an address that indicates the customer's U.S. state of residence.

5. OTHER U.S. TAX MATTERS RAISED BY RESEARCH PARTICIPANTS

The 2019 research has unearthed issues related to U.S. taxation not covered in the survey, as noted in these quotes from survey respondents.

Inheritance either from USA parents or from a foreign parent is an issue and is just as punitive as the other rules. Foreign Insurance policies with a cash value are regarded as a foreign investment account and will be taxed similarly - our options for saving get more and more limited. Why as an American abroad do I have fewer choices than homelander? – **Texas voter living in Australia**

I am a student with a scholarship from the Canadian government. Scholarships are not taxed in Canada, but for the past few years I have had to pay approximately \$1700 each year out of my scholarship [in U.S. tax]. – **New York voter living in Canada**

As I have one U.S.-citizen parent and one non-U.S. citizen parent, I am concerned about the issues that will arise upon their deaths regarding inheritance and how their estate may be impacted by U.S. tax law. I worry for my U.S.-citizen parent (who is non-working) that the implications of U.S. tax combined with those of the UK where we are resident, may throw her into a very difficult financial position upon the death of my non-U.S. citizen parent should he die first. – **New York voter living in the UK**

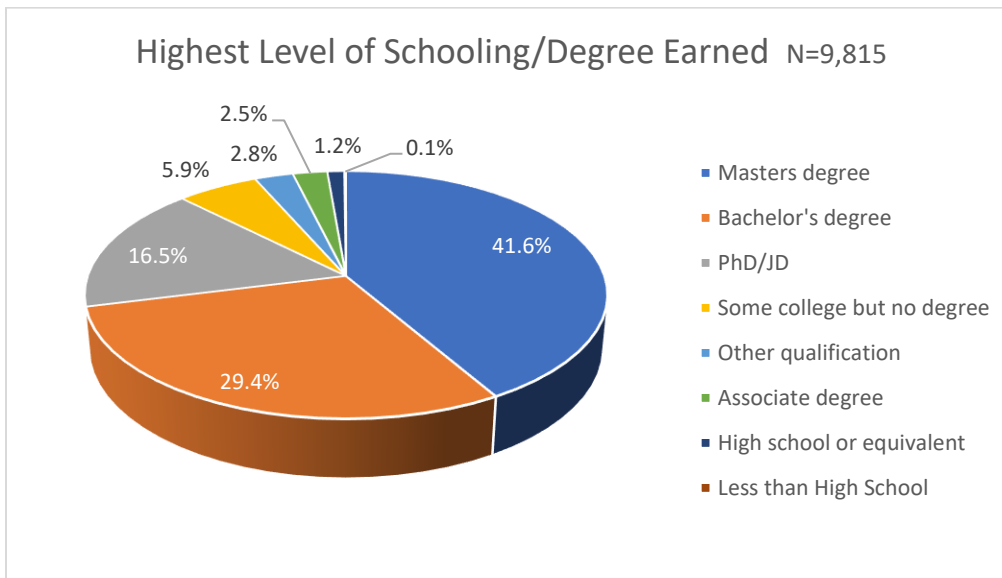
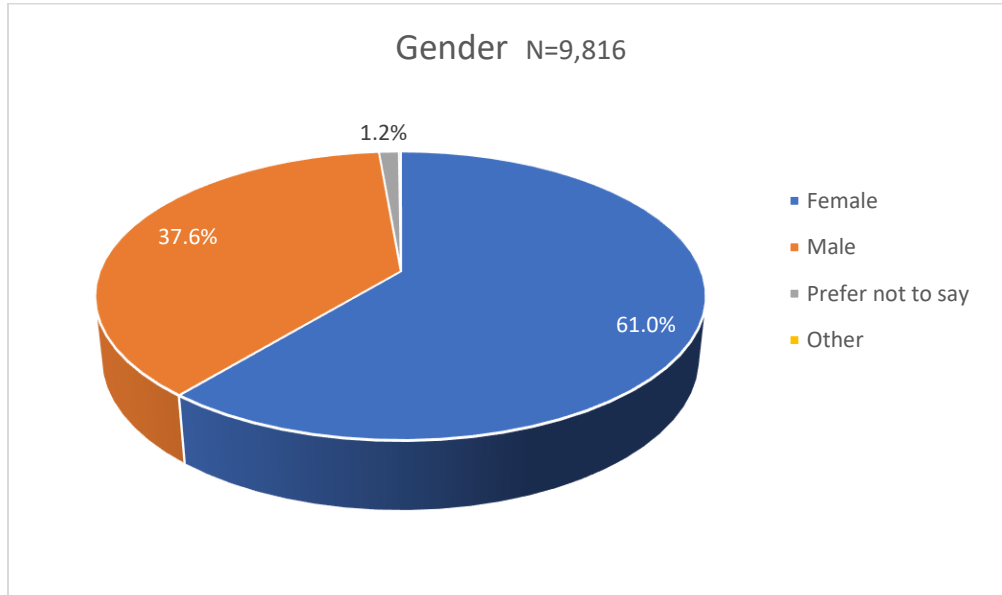
I understand tax treaties are outside the scope of this study, but I find it completely nonsensical that the U.S. will be able to tax my Australian superannuation account when I retire, despite Australian tax preferred treatment on the account and all funds in the account earned, taxed and accounted for within Australia. - **Oregon voter living in Australia**

The administrative process now of renewing an ITIN for my non-American spouse is practically impossible. We now need a certified copy of a passport for renewal, even after my wife had an ITIN for 10 years. A certified passport can only be accomplished from the U.S. embassy in my city of residence during their appointment hours. 10-12 Monday through Thursday. Aside from the \$50 cost for a certified copy we will lose a whole day salary. All for a renewal of an ITIN. - **American living in Spain**

The taxation system is incredibly difficult to understand and navigate. I do my taxes in TurboTax, as I cannot afford to hire a professional (I checked into it -- way out of my league). If there is a requirement that is not mentioned in TurboTax, I don't do it. I do not have the time to read through all of the regulations, as a widow with two young children. On that topic, transfer certificate filing requirements for citizens living abroad are actually ridiculous. It is going on 1 year and I am still not able to touch our joint accounts in the U.S. because the IRS has yet to issue the transfer certificates (which I only by chance found out about by pushing the banks myself trying to figure out why nothing was getting processed). Regardless of the size of the estate, people living abroad have to file, even though there was so little left behind I would not have been required had I lived in the USA. - **Wisconsin voter living in Germany**

APPENDIX

These are charts of additional data produced by the research.



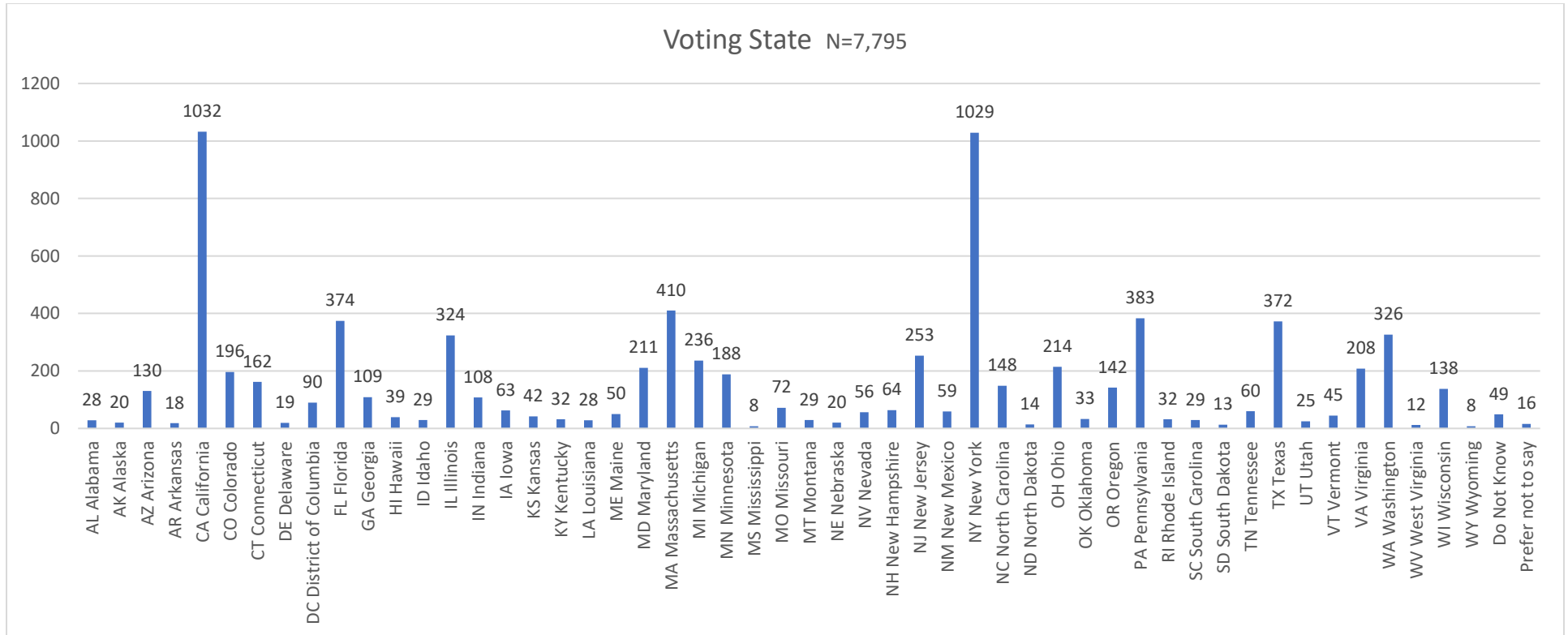
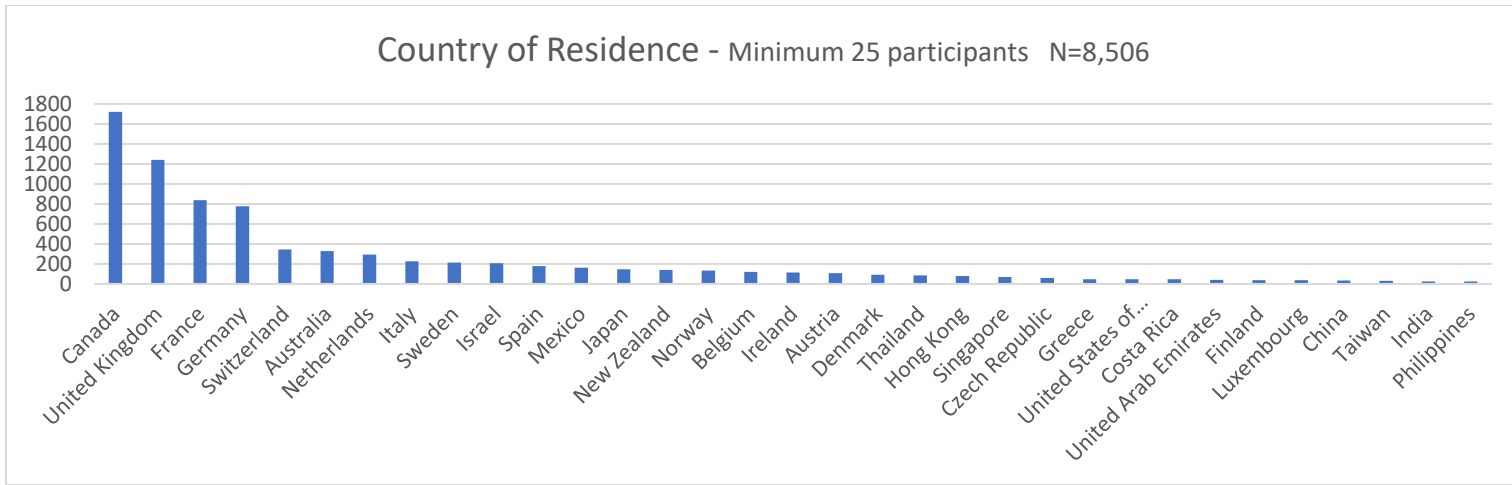
PARTICIPANTS BY COUNTRY OF RESIDENCE

Nation	Participants	Nation	Participants
Canada	1719	Colombia	15
United Kingdom	1241	Indonesia	15
France	837	South Africa	15
Germany	776	Vietnam	15
Switzerland	343	Argentina	14
Australia	330	Turkey	14
Netherlands	292	Malaysia	12
Italy	227	Dominican Republic	10
Sweden	214	Cambodia	9
Israel	207	Hungary	9
Spain	177	Kenya	8
Mexico	163	Poland	8
Japan	146	Romania	8
New Zealand	141	Egypt	7
Norway	133	Iceland	7
Belgium	122	Saudi Arabia	7
Ireland	114	Estonia	6
Austria	107	Haiti	6
Denmark	91	Nepal	6
Thailand	86	Peru	6
Hong Kong	80	Ecuador	5
Singapore	68	Georgia	5
Czech Republic	59	Jordan	5
Greece	48	Morocco	5
USA	50	Ukraine	5
Costa Rica	47	Croatia	4
United Arab Emirates	41	Latvia	4
Finland	39	Lebanon	4
Luxembourg	39	Monaco	4
China	33	Oman	4
Taiwan	31	Qatar	4
India	25	Bahrain	3
Philippines	25	Belize	3
South Korea	24	Myanmar	3
Portugal	24	Isle of Man	3
Brazil	22	Kuwait	3
Chile	17	Laos	3
Guatemala	16	Malawi	3
Panama	16	Malta	3

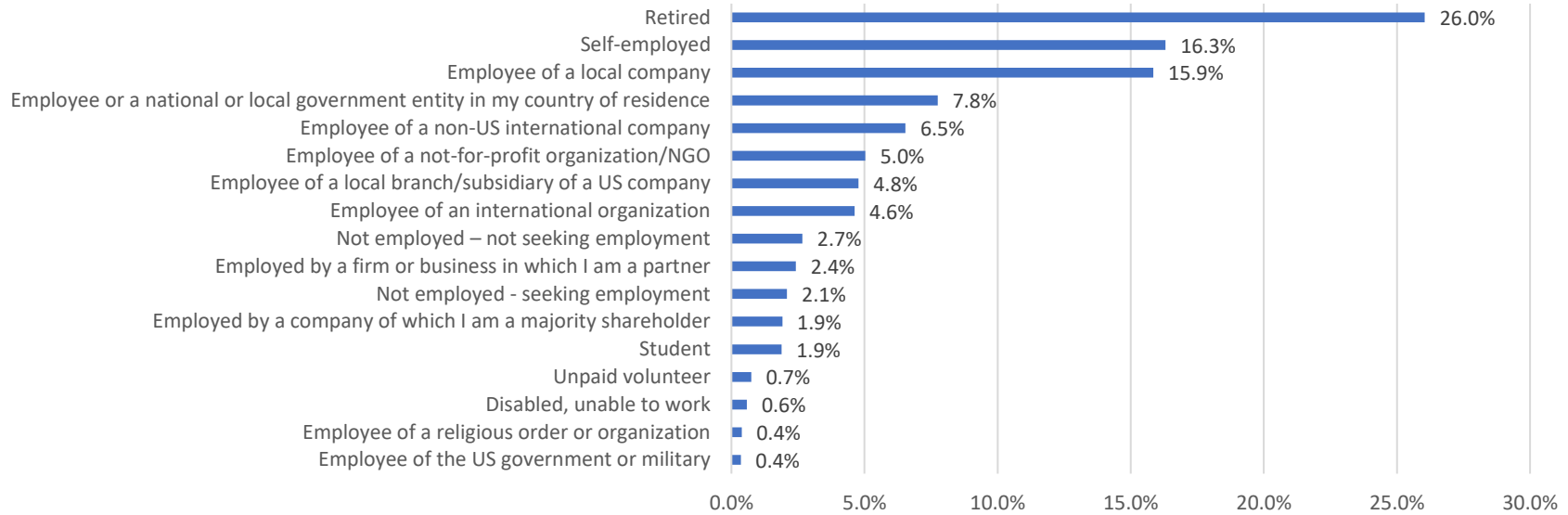
Nation	Participants	Nation	Participants
Pakistan	3	Trinidad and Tobago	1
Slovakia	3	Vanuatu	1
Tunisia	3	Afghanistan	0
Zambia	3	Angola	0
Botswana	2	Anguilla	0
Bulgaria	2	Antarctica	0
Cameroon	2	Armenia	0
Democratic Republic of Congo	2	Azerbaijan	0
Cyprus	2	Bahamas	0
Ethiopia	2	Bangladesh	0
Jamaica	2	Benin	0
Mozambique	2	Bhutan	0
Swaziland	2	British Virgin Islands	0
Uganda	2	Brunei	0
Uruguay	2	Burkina Faso	0
Albania	1	Burundi	0
Algeria	1	Cape Verde	0
Andorra	1	Cayman Islands	0
Antigua and Barbuda	1	Central African Republic	0
Barbados	1	Chad	0
Belarus	1	Comoros	0
Bermuda	1	Republic of the Congo	0
Bolivia	1	Cote d'Ivoire	0
Bosnia and Herzegovina	1	Cuba	0
Fiji	1	Djibouti	0
French Polynesia	1	Dominica	0
Ghana	1	El Salvador	0
Guernsey	1	Equatorial Guinea	0
Honduras	1	Eritrea	0
Kyrgyzstan	1	French Guiana	0
Lithuania	1	French Polynesia	0
Micronesia	1	Gabon	0
Niger	1	Gambia	0
Nigeria	1	Gaza Strip	0
Rwanda	1	Greenland	0
Saint Kitts and Nevis	1	Grenada	0
Senegal	1	Guadeloupe	0
Serbia	1	Guinea	0
Slovenia	1	Guinea-Bissau	0
Sri Lanka	1	Guyana	0
Tanzania	1	Iran	0

Nation	Participants
Iraq	0
Kazakhstan	0
Kiribati	0
Korea. North	0
Kosovo	0
Lesotho	0
Liberia	0
Libya	0
Liechtenstein	0
Macedonia	0
Madagascar	0
Maldives	0
Mali	0
Marshall Islands	0
Mauritania	0
Mauritius	0
Moldova	0
Mongolia	0
Montenegro	0
Montserrat	0
Namibia	0
Nauru	0
New Caledonia	0
Nicaragua	0
Palau	0
Papua New Guinea	0
Paracel Islands	0
Paraguay	0
Reunion	0
Russian Federation	0
Saint Helena	0
Saint Pierre and Miquelon	0
Saint Vincent and the Grenadines	0
Samoa	0
San Marino	0
Sao Tome and Principe	0
Seychelles	0
Sierra Leone	0
Solomon Islands	0
Somalia	0

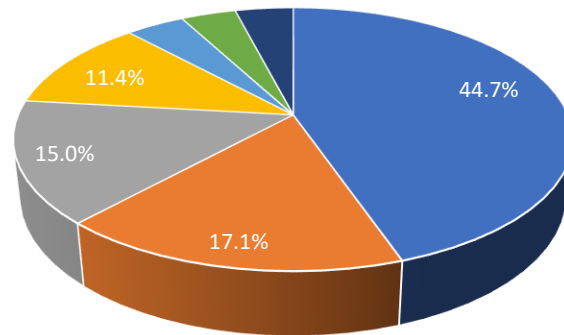
Nation	Participants
South Sudan	0
St Lucia	0
Sudan	0
Suriname	0
Syria	0
Tajikistan	0
Timor-Leste	0
Togo	0
Tonga	0
Turkmenistan	0
Tuvalu	0
Uzbekistan	0
Vatican City	0
Venezuela	0
Virgin Islands	0
West Bank	0
Western Sahara	0
Yemen	0
Zimbabwe	0



Employment N=9,815



Does concern for State or Local Tax liability stop you from voting or registering to vote in U.S. elections?



- No, I am registered to vote and vote for the offices or measures on the ballot that my state sends me without concern about state tax liability
- Yes, it concerns me but I am registered to vote and I vote for the offices or measure on the ballot that my state sends me anyway.
- No, but my state only permits me to vote in federal elections
- Yes, it concerns me. I will not vote in state and local elections. I am registered to vote and I vote in federal elections.
- Other

