

News > Business & Finance > Small Business

Expat income tax filing can be tricky 0

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If you're working in another country and maintain a U.S. citizenship, you may wonder what your tax liabilities might be in each country. Well, it can be a bit complicated, particularly if you're not aware of the myriad of deductions you can use when filing U.S. returns.

Obviously, no one wants a larger tax liability than necessary. In answer to a growing demand, **Greenback Expat Tax Services** was founded to provide constantly updated information and services for those who realize using a specialist will save time and money.

We were able to get a few solid tips from Greenback's founders, Carrie and David McKeegan, that we think you'll find interesting and helpful.

Faleris: What is Greenback Expat Tax Services?

McKeegan: Greenback specializes in the expert preparation of US expat tax returns for Americans living overseas. We hire only the most experienced CPAs and IRS Enrolled Agents who have decades of experience preparing expat taxes—we work 100% with

expats.

Faleris: What inspired you to start this company?

McKeegan: We have always enjoyed traveling and living in other countries, but found that filing our expat taxes each year was a nightmare. We had tried working with the Big 4 firms, but they were too expensive to use each year. We tried working with US-based accountants, but they simply did not know enough about the complex US tax laws to prepare our returns accurately.

Eventually we realized there was a huge opportunity here to do something we had always wanted to do—create a business that we could run together that would help other expats like ourselves. Truthfully, we believed that with our deep understanding of the challenges expats face, we would be able to create the kind of company we were searching for.

Faleris: Who are the Greenback accountants?

McKeegan: We place a huge priority on finding the most experienced, highly-qualified CPAs and IRS Enrolled Agents to join the Greenback team. They must have at least 5 years of experience as an expat tax accountant, significant expertise in preparing both common and uncommon forms expats may need and a clear commitment to going above and beyond for our customers. It's important that our accountants understand the challenges expats face and are extremely patient, helpful and clear when answering their questions.

Faleris: Do Americans working overseas have to pay taxes in the foreign country and the U.S. too?

McKeegan: The US is certainly different than most countries, as it taxes its citizens on their worldwide income, regardless of where they live. While this may seem unfair, the US has actually put quite a few deductions, credits and exclusions in place to help avoid dual taxation (i.e. being taxed in two countries). Income Exclusion), certain cities with a higher cost of living (such as Hong Kong) qualify for even higher allowances.

Faleris: How can expats learn more about handling taxes in the U.S. and their host country?

McKeegan: It is estimated that only about half of all US expats are actually filing US tax returns each year. We believe that most of those who aren't filing are simply unaware of their obligation. Sometimes expats understand that they are supposed to file, but the process is so daunting and confusing that they just don't want to deal with it.

We post new blog articles every week, covering the latest information about expat taxes, provide free webinars and offer free, downloadable tax guides that are specific to different expat audiences.

Faleris: What happens if Americans residing abroad haven't been filing US expat tax returns? What should they do?

McKeegan: The most important thing in this situation is to come forward voluntarily and get caught up on the delinquent returns. The US has launched a major initiative to uncover tax cheats and force US taxpayers to report their foreign assets. FATCA, the Foreign Account Tax Compliance Act, not only requires individuals to report foreign assets if their value exceeds certain thresholds, but beginning in 2014, foreign financial institutions will be reporting to the US on the accounts of their American clients. So the IRS will find you, one way or the other.

Many expats won't owe any taxes and the IRS has been very forgiving of late filers. What people need to be aware of is that the additional reporting requirements such as the FBAR and FATCA can lead to significant penalties even if there is no tax due to the IRS. So far the IRS has been waving these penalties for individuals living abroad who didn't know they were required to file, but we strongly recommend people get caught up as soon as possible, because we don't know how long this unofficial amnesty will remain in place.

