



Working Overseas? Know Your Expat Tax Obligations Before June 16

by [David McKeegan](#) June 11, 2014

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David McKeegan
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Like it or not, when June 16 rolls around, all 6.3 million Americans living abroad will be required to file their federal tax returns with the **Internal Revenue Service**, but a significant number remain in the dark about their tax obligations.

How do we know? Of the more than 700 expats in a survey conducted by my company, [Greenback Expat Tax Services](#), 40 percent had no knowledge of the Foreign Account Tax Compliance Act, or [FATCA](#), a new IRS reporting requirement for individuals with overseas assets that carries serious penalties for lack of filing. Another 37 percent didn't know how they would be impacted by the Affordable Care Act, and 15 percent didn't even know about the existence of Foreign Bank Account Report, or [FBAR](#), another asset-reporting tool used by the **U.S. Treasury**.

If you or your employees work overseas, here's what you should know about these rules, which aim to keep U.S. taxpayers from hiding money abroad:

FBAR must be filed if foreign bank account balances equal \$10,000 or more at any point during the tax year, while FATCA Form 8938 must be filed if individuals hold offshore assets that exceed certain thresholds based on U.S. resident status and filing status. These reportable assets include foreign bank accounts, foreign pensions or other foreign investments. Expats should be aware of their obligation to declare, as failure to file required FBAR or FATCA forms can result in steep penalties and even criminal prosecution.

While an increasing number of expats have renounced their citizenship to avoid these hassles over the last five years, our survey found that the overall percentage of expats taking these measures is actually quite low.

Whether youre enjoying the skyline of Paris, landscapes of Madrid or beaches ofDubai, you cant escape the truth of the saying: nothing is certain but death and taxes.

Only 18 percent of respondents were seriously considering giving up their citizenship, and only 5 percent have concrete plans to do so. Over one-third of those who are considering renunciation cited the burden of filing U.S. taxes as the reason.

Virtually all the expats we surveyed knew about the provisions of the Affordable Care Act, known as Obamacare, but 37 percent didn't know how it affected them directly. That needs to change quickly - under the law, expats who are required to comply with the provisions may pay a penalty tax if they do not obtain acceptable health coverage.

The bottom line? U.S. expats need to be better informed about their tax obligations in order to stay compliant. In the past the IRS has been relatively lenient on expats who are delinquent on their filings, but a crackdown has begun, and it shows no signs of letting up.

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David McKeegan, MBA, is Co-Founder of Greenback Expat Tax Services, a virtual company with an executive officer in Atlanta. Since 2008, Greenback Expat Tax Services has provided expert U.S. expat tax preparation to thousands of Americans living abroad. Greenback can be reached at info@GreenbackTaxServices.com.



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