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Expats Heavily Engaged Despite Dissatisfaction with US Government

David McKeegan, Co-founder of Greenback Expat Tax Services, reports on the findings of the 2018 Greenback Tax Survey

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Data from Greenback Expat Tax Services 2018 Survey has been tallied, and the results show a combination of surprising findings and consistent trends year over year. Over 3,800 expats were surveyed, and they have a lot to say about the current state of affairs in America.

Some findings from this year's survey remained constant. Do expats agree with the requirement to pay taxes year after year even though they reside and likely file taxes in their new country of residence? No, in general, they do not. This number has remained nearly the same – up just 1% – since 2017, and a majority of expats has felt strongly that the tax requirements are unfair for the past four years.

Taxes are such a burden for many expats that they are a major factor in expats' decisions to renounce citizenship. This year, 21.7% of expats said they are either seriously considering or planning to renounce their citizenship, which is a 2% decrease from 2017. In 2017, half of those considering renunciation cited tax burden as their reason for dropping their citizenship; this year, only 38.0% cited solely tax-related reasons. However, the explanations provided for considering renunciation closely echo the numbers from 2016 – potentially reflecting a renewed focus on politics for expats. This year, there was an uptick in political motives mentioned, with 17.9% considering renunciation due to disappointment with the direction of the American government, 9.6% concerned about the current political climate, 1.6% frustrated with the recent tax reform, and many others citing a combination of tax and political factors for their decision.

6.1% of expats don't know what FBAR (Foreign Bank Account Reporting) is, and 20.7% of expats don't know what FATCA (Foreign Account Tax Compliance Act) is. 20.6% expressed unfamiliarity with American tax filing requirements or worry about finding a way to become compliant. This means that a considerable portion of the over nine million members of the expat community could have at least one past filing outstanding and are at risk of the many consequences that befall those who are caught by the IRS in this position.

The number of expats unaware of the filing requirements is of particular cause for alarm this year, as the IRS has announced the impending closure of the OVDP (Offshore Voluntary Disclosure Program). The OVDP is an amnesty program that protects taxpayers who have been intentionally hiding money overseas from prosecution – but typically not from heavy penalties. Expats who have been deliberately hiding foreign assets overseas only have until September 28, 2018, to become compliant using the OVDP.

Fortunately, expats who have inadvertently been non-compliant can use the Streamlined Filing Procedures to become compliant penalty-free, a lifeline for many expats. However, the termination of the OVDP signifies that the Streamlined Filing Procedures may also be closed in short order. Though the IRS has stated that the closure of the OVDP comes at a time when they believe most taxpayers have had a chance to hear about the program and come forward of their own volition, the data seems to contradict this sentiment. 46.5% of expats we surveyed had not heard of the Streamlined Filing Procedures, and 30.8% had heard of them but were unsure what exactly they were for.

Since the political landscape has been at the forefront of expats minds, this year's survey explored further into which issues expats feel most strongly about. Gun control ranked first, with 37.7% of expats feeling the issue was the most critically in need of addressing. Healthcare reform came in second, with 34.5% of expats feeling the issue was the most important, and immigration reform was third with 14.4% of expats.

The vast majority of expats agree about gun control: a full 96.0% of expats who felt most strongly about gun control would like to see more regulations. Of those who saw healthcare as the most pressing issue, 87.8% believe that the American government should guarantee healthcare for all of its citizens. Immigration reform, however, was more divided. Just 50.7% of expats who felt strongly about this issue want to see more action taken to prevent illegal immigration.

While gun control and healthcare issues had fairly one-sided opinions, immigration reform was divided, with strongly agree and strongly disagree being the two most common responses. It's clear that expats who want something done about immigration in America have very different opinions about how it should be addressed.

The 2018 survey data clearly shows that while many expats are disappointed with the direction of the American government and the continued tax-filing requirements, they are still very politically engaged. If the 63.7% of expats who are planning to vote in the upcoming November elections do so, expats could have a very big say in the future of American politics.

More About Greenback US Expat Tax Services

Greenback Expat Tax Services makes life better for Americans living abroad by taking away the anxiety and hassle surrounding US expat taxes. Greenback understands that filing US taxes while overseas can be daunting, but Greenback was founded on the belief that it doesn't have to be that way. Greenback's expat-expert CPAs and IRS Enrolled Agents help expats navigate a complex system in a way that makes sense for their individual situation. Contact us at info@greenbacktaxservices.com. You can also visit us at <http://www.greenbacktaxservices.com>.

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