

## PERSONAL FINANCE

# The top reason why Americans abroad want to dump their U.S. citizenship

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## KEY POINTS

- Nearly 1 in 4 American expatriates say they are “seriously considering” or “planning” to ditch their U.S. citizenship, a survey from Greenback Expat Tax Services finds.
- About 9 million U.S. citizens are living abroad, the U.S. Department of State estimates.
- More than 4 in 10 who would renounce citizenship say it’s due to the burden of filing U.S. taxes, the Greenback poll shows.



Greg Blomberg | EyeEm | Getty Images

While tax season puts a strain on filers every year, the burden is worse for Americans overseas.

About 9 million U.S. citizens are living abroad, the U.S. Department of State [estimates](#).

Nearly 1 in 4 American expats are “seriously considering” or “planning” to renounce their U.S. citizenship, a [survey](#) from Greenback Expat Tax Services found.

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The company surveyed more than 3,100 American expats in 125 countries from April 15 through May 10.

For those looking to ditch their citizenship, more than 4 in 10 say it’s because of U.S. tax filing requirements.

### Expat tax filing requirements

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American expats pay annual U.S. income taxes on worldwide earnings, such as salaries, interest, rental income, business profits and more.

U.S. citizens and resident aliens must file taxes and cover what they owe, regardless of where they live. These rules mean expats may have to file and pay taxes in two places.

While the IRS has measures to avoid double taxation, including a foreign [income exclusion](#) and [tax credit](#), many expats still feel weighed down by the filing requirements.



“It can get very complicated very quickly,” said David McKeegan, co-founder of Greenback Expat Tax Services.

In fact, 69% don’t feel they should have to file U.S. taxes while living abroad, Greenback’s survey found.

### Extra reporting

Once balances across foreign accounts pass \$10,000, expats must file the [Report of Foreign Bank and Financial Accounts](#), known as FBAR, with the Treasury Department.

Some expats may also have to disclose foreign financial accounts, such as savings and investments.

For example, let’s say someone has \$5,000 in savings and \$4,975 in investments. If their investments grow to \$5,025 at any point during the year, they will have to report their accounts.

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The so-called [FBAR deadline](#) was April 15, but there’s an automatic extension to Oct. 15 for those who missed it.

In addition to the FBAR, some expats with accounts above a certain limit may need to file [Form 8938](#), which seeks to curb tax dodging with overseas accounts.

The [Form 8938 thresholds](#) are over \$200,000 for single filers at year-end (more than \$400,000 for married couples filing together) or reaching a

\$300,000 balance during the year (over \$600,000 for spouses).

### Feeling let down by Uncle Sam

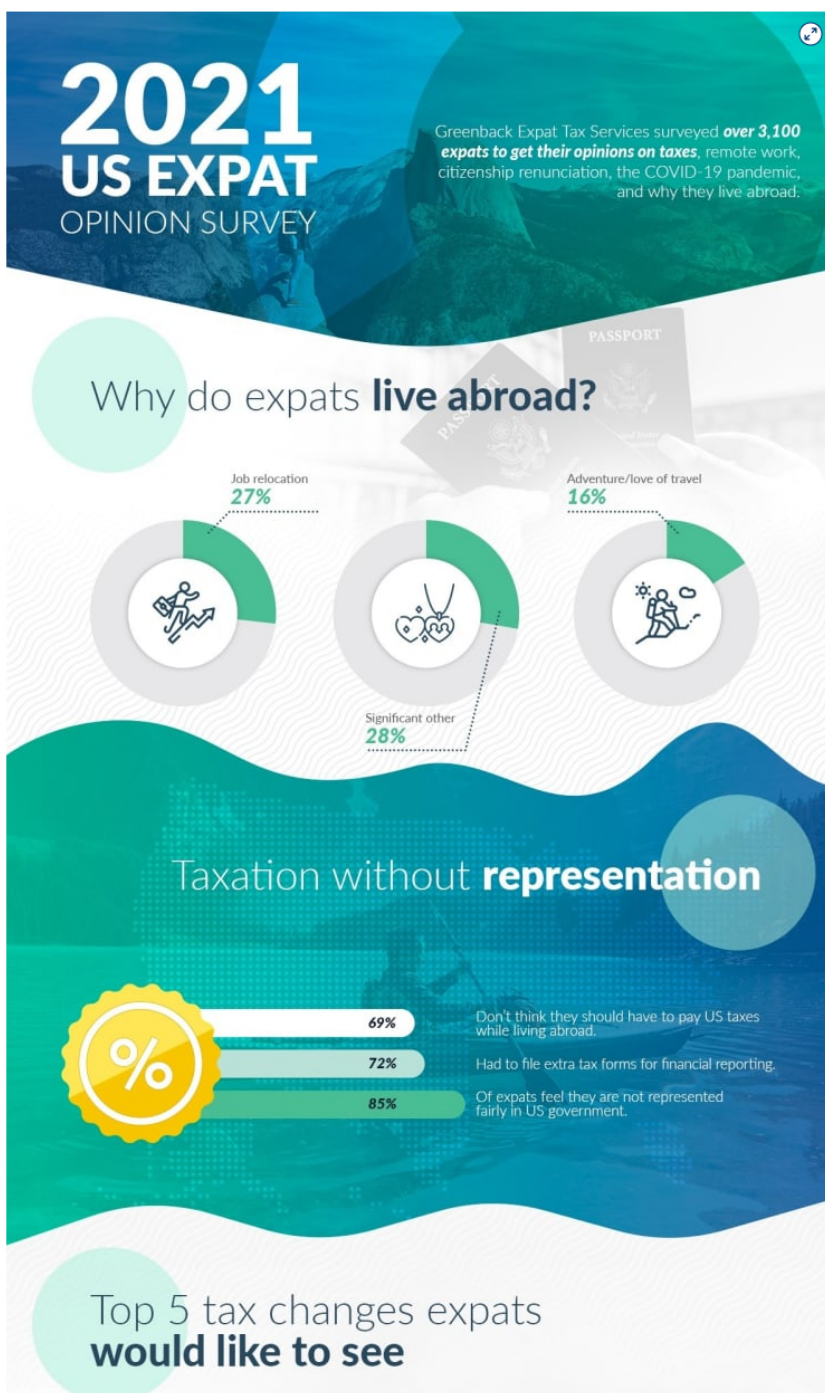
In addition to the burdens of more reporting, many expats were dismayed by the U.S. government.

The [coronavirus pandemic](#) may have motivated some to stay abroad long term, with 60% disapproving of how the U.S. government handled the crisis, the poll uncovered.

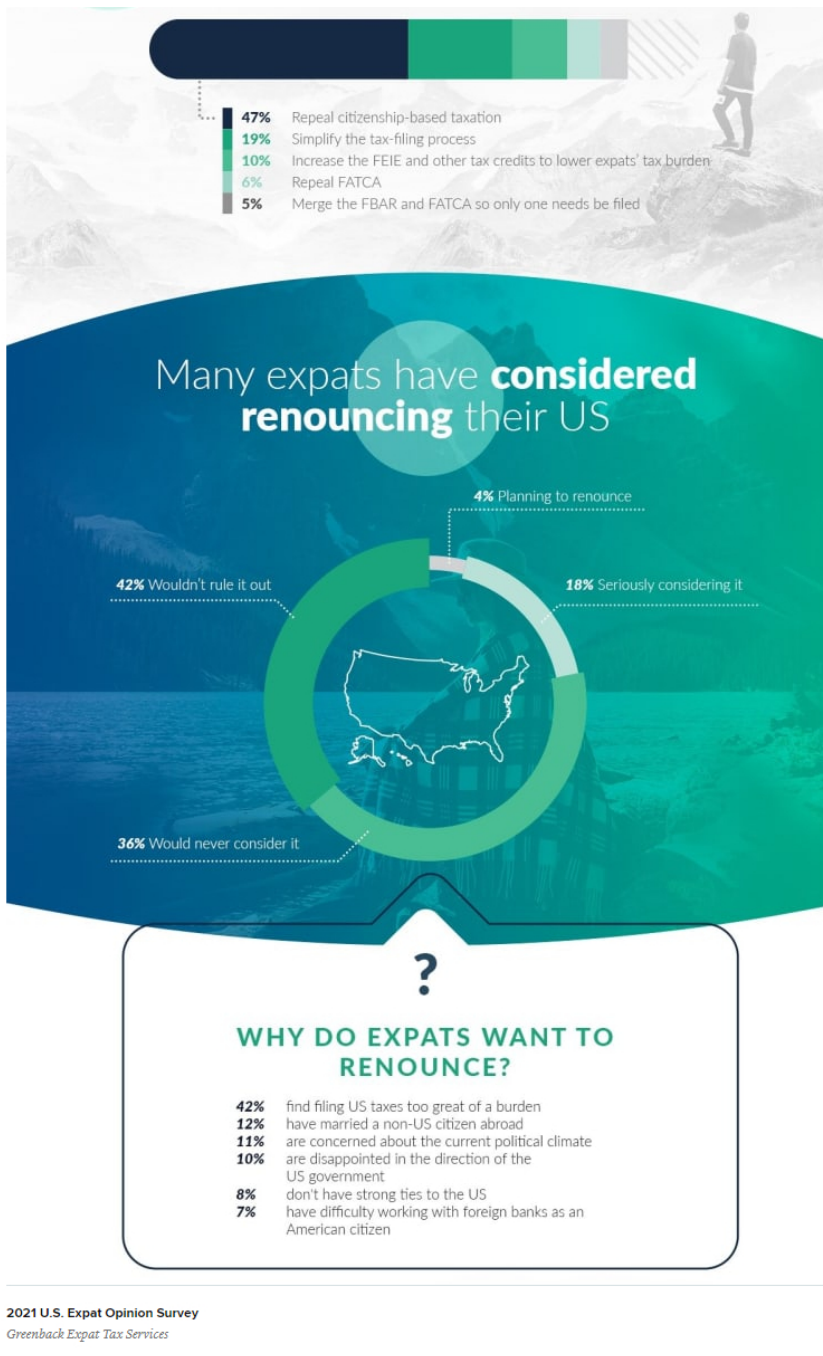
Moreover, 85% of expats don't feel they are represented fairly by the government, Greenback found.

Ultimately, many expats are just looking to carry on normal financial lives, McKeegan said.

"I think it's safe to say that the vast majority of Americans living overseas are what we consider middle class," he said. "We're not talking about multibillionaires who are living on yachts."







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