



Executive Summary of the 2015 Greenback Expat Tax Services Survey

Conducted in cooperation with the American Citizens Abroad Global Foundation (ACAGF) on US Expat Attitudes on Taxes, Voting, Affordable Care Act and Citizenship

There are an estimated 7.6 million Americans living and working abroad as US expats. These individuals remain US citizens with Federal tax obligations, and there are ongoing questions of how they view US citizenship, the changing tax laws (such as FATCA), the new healthcare law (Affordable Care Act), and overall feelings about their representation in the US government. To gain a deeper understanding of their opinions, Greenback Expat Tax Services, a leading professional service provider of US expat tax return preparation, designed and issued a survey for qualified US expats.

All questions and responses were designed and analyzed by Greenback Expat Tax Services co-founders, MBA executives, David & Carrie McKeegan, who lead a virtual workforce of over 30 CPAs and IRS Enrolled Agents. The 2015 survey was conducted in cooperation with the American Citizens Abroad Global Foundation (ACAGF), a section 501(c)(3) charitable organization focusing principally on educational matters to promote the interests of Americans abroad.

The data collected in the survey is a window into the attitudes of nearly 2,000 US expats on the current laws and challenges they face as US citizens living overseas.

METHODOLOGY

In the first quarter of 2015, Greenback Expat Tax Services, in cooperation with American Citizens Abroad Global Foundation (ACAGF), surveyed over 1800 US expats living and working in other countries with various incomes and professions.

This report summarizes the results of the data from all respondents in five areas: complying with US international tax laws (FATCA), understanding of the Affordable Care Act, possibility of renouncing their US citizenship, US Presidential Election voting and filing US Federal taxes. Some data is compared to results from our 2014 US Expat Opinion Survey.

US EXPAT DESIGNATION

To qualify as a US expat, individuals need to meet the requirements of either the Physical Presence test or the Bona Fide Residence test. Qualifying via the Physical Presence test

requires expats to be inside a foreign country for 330 of any 365-day period and have foreign earned income. Expats can also qualify via the Bona Fide Residence test, which requires Americans to reside outside the US for at least one year full tax year and plan on being abroad indefinitely. Greenback Expat Tax Services prepares US expat tax returns for thousands of these individuals each year.

KEY FACT FINDINGS & ATTITUDE INDICATORS

- Nearly 60% of surveyed US expats voted in the last Presidential election
- 86% of survey respondents said they feel they are not well-represented in the US government
- Only 34% of US expats surveyed are not currently affected by FATCA (Foreign Account Tax Compliance Act), while 36% of respondents will need to file additional tax forms due to FATCA
- 76% of US expats do not feel they should be required to file US taxes while living abroad. 35% of US expats are not sure if they will be impacted by the Affordable Care Act (Obamacare) this year
- 58% of expats surveyed said they didn't owe the US any taxes last year (or received a refund)
- 31% of those considering renouncing their citizenship cite the burden of the US tax filing requirements as the reason
- 27% of respondents say they are 'seriously considering' renouncing their US citizenship

Voting Population

Fifty-eight percent (58%) of respondents said they voted in the last Presidential Election. With the large size of this group, they could have a real, material impact on the 2016 Presidential Election.

Of those who did not vote, 15% didn't know how to vote while living abroad, 9% didn't feel their vote would make a difference and 10% didn't feel that voting as an expat was important. This highlights a clear need for education on the voting process for expats and why/how their vote truly can make a difference in the US government. In addition, expats

may be more inclined to vote if a candidate actively addresses their concerns and lobbies for positive change on their behalf.

Fair Representation

86% of expats surveyed feel their interests are not well-represented in the US government.

US expats represent a larger population than the entire populations of Rhode Island, Montana, Delaware, South Dakota, North Dakota, Alaska, the District of Columbia, Vermont and Wyoming *combined*. And it is shocking that only 6% of respondents feel that they are fairly represented by the US Government.

To put this in perspective, the Gallop Survey "Global State of Mind" shows Leadership Approval ratings for Free, Partly Free and Not Free countries around the world. As a group, US citizens living abroad have a lower approval rating *than all other countries listed*, including: Bosnia and Herzegovina at 8%, Pakistan at 18% and Spain at 20%.

For the 8% of respondents who answered 'Other' to this question, the comments were replete with anger and frustration. Many expats repeated the same mantra: "No taxation without representation."

A few of the comments included here follow:

"No, I have no representation at all and feel like my concerns are definitely not addressed at all."

"Absolutely NOT! Who is looking out for expat interest? No one...we are taxed without representation!"

"No, I feel like the US government is trying to go after the big guys with tax evasion, while putting unnecessary burden on regular citizens working abroad who do not have any intention to evade taxes."

FATCA (Foreign Account Tax Compliance Act)

FATCA (Foreign Account Tax Compliance Act) is a major US initiative to uncover US taxpayers hiding money overseas to avoid American taxes. FATCA requires individuals to report their offshore assets if they exceed certain thresholds. Also, beginning this year, foreign banks and other foreign financial institutions are required to report information about the accounts of their American clients to the US, either through their local tax authority or in some cases directly to the IRS; if not, they face a stiff withholding tax penalty.

This reportedly is resulting in banking issues for expats, as some foreign financial institutions are choosing not to do business with Americans to avoid the hassle of FATCA's

special due diligence and reporting requirements. Thirteen percent (13%) of our respondents cited issues with their foreign bank, but it's difficult to pinpoint how much of the problem rests with FATCA and how much with other non-tax US and non-US regulatory rules.

As of April 1, 2015, 114 countries have entered into or committed to Intergovernmental Agreements with the US to implement FATCA regulations. Of the major trading countries, only Argentina and Russia are not yet covered. Awareness of FATCA is growing as foreign financial institutions research their client databases and prepare to report as necessary. Americans are being asked to complete a number of FATCA-related forms. As the institutions report 2014 and subsequent years' tax information to the tax authorities, American customers will begin to receive copies of these reports, and the need to report income on their US tax returns will "hit home". Over 160,000 banks and other foreign financial institutions have registered with the IRS, agreeing to comply with the FATCA rules.

In 2014, 61% of respondents were aware of FATCA, but with FATCA's consistent media presence this past year, now 83% of expats are aware of its existence.

Penalties for failing to file FATCA Form 8938 when required can be steep, so it is critical that US expats are well-informed about FATCA and their possible reporting requirements. Additional education is certainly warranted to ensure no expat remains in the dark about FATCA's filing requirements.

Views on US Citizenship

The number of Americans renouncing their citizenship has been climbing steadily and 2014 was another record-breaking year. According to the latest data from the Treasury Department, 3,415 Americans renounced their citizenship in 2014. That is up from the 2,999 in 2013, which is the second-highest total since the Treasury Department began tracking renunciations in 1997.

When asked why they are considering renunciation, nearly 1/3 (31%) cited the burden of filing US taxes as the reason. Many other expats chose "Other" as their answer and provided additional details as to the reason why. A sampling of those comments follows:

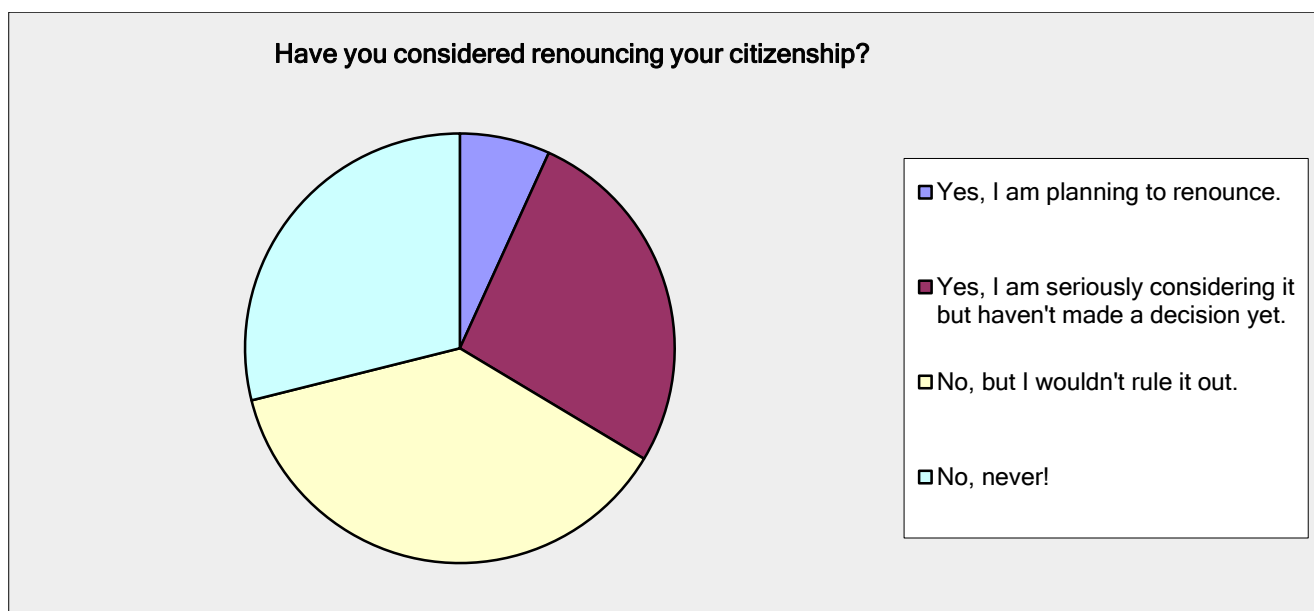
"The cost of filing per year is prohibitive. I must use a specialized tax accountant. It is almost 5% of my income. It is also very stressful, since I fear even they may make a mistake. I am a senior and living on a small pension."

"Form 8938 is absurdly burdensome & other filings are onerous. Unsure of ability to open critical foreign bank accounts for my business. I am unattractive as a business partner as a result of my US citizenship."

"The time and effort to comply with FBAR and FATCA reporting, the need to provide this confidential information with little knowledge of IRS / Treasury privacy protection, and the general complexity of having to report in a currency I don't use make these obligations very frustrating."

The increase in Americans looking to relinquish their passports is accurately reflected in our data, as 27% of respondents said they were 'seriously considering' renouncing their citizenship, which is up from 18% last year. The number of expats who would 'never consider' renouncing their citizenship dropped by 26% -- from 39% of respondents in 2014 to 29% in 2015.

In addition, 37% noted that they weren't currently considering renouncing their citizenship, however, they wouldn't rule it out in the future.

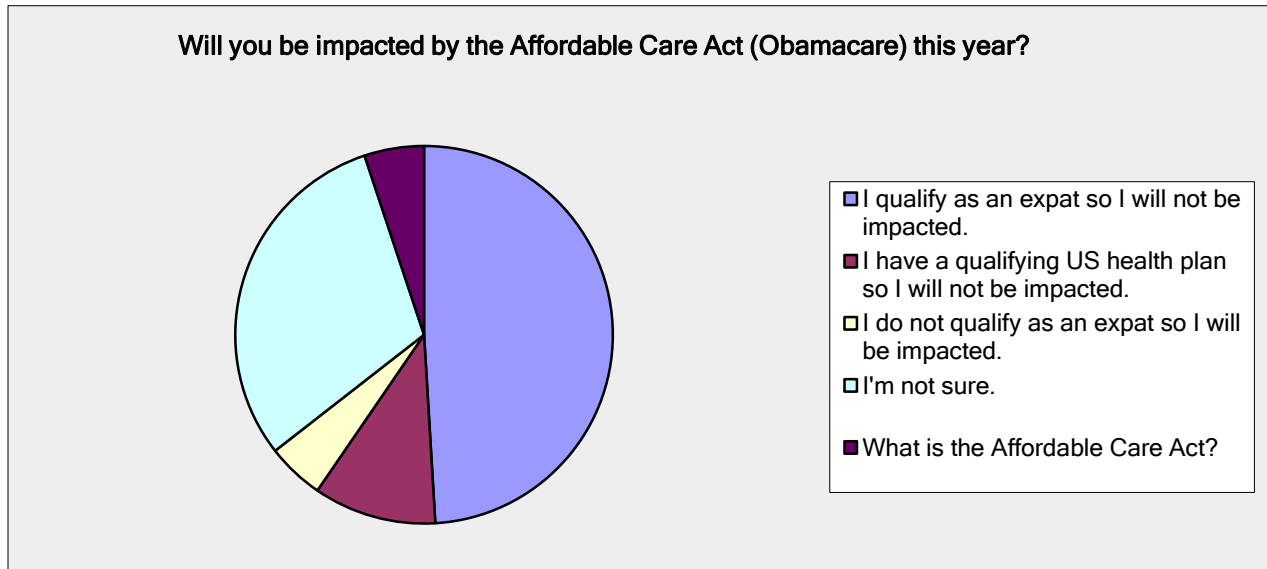


Affordable Care Act (Obamacare)

The Affordable Care Act (or Obamacare) went into effect in 2014 and has changed the landscape of the US healthcare system. It requires all US citizens (even those living outside of the US) to hold the 'minimum essential healthcare coverage' or be assessed a penalty tax.

The Affordable Care Act is well-known by US expats, with only 5% of respondents unaware of its presence. But despite the awareness, nearly 1/3 of expats surveyed weren't sure how they may be impacted.

Those who qualify as expats are exempt from Affordable Care Act's provisions. However, expats who don't qualify for an exemption may be forced to pay the 'individual shared responsibility tax' even though they are unable to buy insurance through the Marketplace Exchange while living abroad.



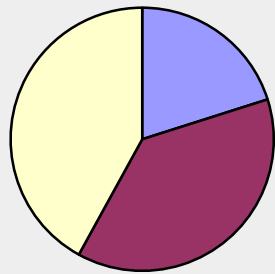
IRS Amnesty Programs to Help US Expats Get Caught Up

The IRS created two programs to help US taxpayers get caught up on their US taxes. One program, the Streamlined Filing Procedures, is designed for those who were unaware of their US tax filing obligations, and/or whose lack of filing was non-willful (meaning, they weren't purposely intending to deceive the IRS).

Surprisingly, 42% of US expats have not heard of this program, which is an excellent option for US expats who need to become compliant.

US expats are often surprised to find out that they are required to file taxes in the USA, despite the fact that they live abroad and file taxes in their host country. Even more worrisome is that many who don't know of their filing obligations can face steep, punitive penalties for not filing FBAR and FATCA (the two most common foreign bank reporting requirements for expats). As a result, they may face significant financial burdens. The Streamlined Filing Procedures allow taxpayers to get caught up without late filing or FBAR yet 80% of survey respondents haven't heard about the program or weren't sure of the specifics.

Are you familiar with the Offshore Voluntary Disclosure Program (OVDP) and the Streamlined Filing Process for delinquent taxpayers?



- Yes, I'm very familiar with both programs.
- Somewhat - I've heard of them but don't know the specifics.
- No, I've never heard of either one.

CONCLUSION

With the 2016 Presidential Election primaries already in full swing, clearly this block of voters has the ability to matter in the outcome. And, not unlike US-based citizens, tax rates and obligations will once again play a major role in the public debate.

This year's Greenback survey data reinforces what we have seen previously—expats are largely dissatisfied with US tax policy and government representation. And while FATCA was created to ferret out those willfully evading US taxes, the unintended consequence has created hardship for honest middle class Americans based overseas. Not being able—or finding it increasingly difficult—to bank in foreign countries means they can't run businesses or efficiently run their homes and lives. And the data shows that renouncing citizenship is considered a potentially viable solution for many expats when faced with these burdensome financial challenges.

Citizen based taxation is one of the biggest issues the US could address in order to relieve the frustration—and burden—of filing US taxes when living abroad. The recent and planned closings of multiple overseas IRS offices is certainly not making tax filing any easier for expats. Those of us who provide services to expats must dedicate ourselves to ongoing education, to ensure they have the information and assistance they need to stay compliant with their US tax obligations, which are complex and change from year to year.

Demographics Overview

Gender:

Male: 55%

Female: 45%

Age

21-34: 19%

35-49: 36%

50-64: 30%

65+: 14%

Annual Income

\$0 - \$50,000: 34%

\$50,001 - \$100,000: 31%

\$100,001 - \$150,000: 17%

\$150,000+: 17%

Location:

North America

South America

Europe

Africa

Asia

Australia

About Greenback Expat Tax Services

Greenback Expat Tax Services specializes in providing expert US expat tax preparation to thousands of Americans living abroad. They offer straightforward pricing, a simple, hassle-free process and CPAs and IRS Enrolled Agents who have extensive experience in the field of expat tax preparation and foreign banking laws. For more information, please visit <http://www.greenbacktaxservices.com>.

About American Citizens Abroad Global Foundation

American Citizens Abroad Global Foundation is a tax exempt public charity. Its purposes are to promote the well-being of US citizens living outside the US, to identify issues and activities that affect them, to develop information about these subjects, to provide this information to Americans abroad and to governments, including the US government, and to disseminate this information widely.