

Top reasons why Americans abroad want to renounce their U.S. citizenship.

A quarter of U.S. expats are seriously considering renouncing U.S. citizenship. About 9 million U.S. citizens live abroad, the U.S. Department of State estimates. The leading reason that pushes them to renounce is the burden of filing tax returns.

Toronto, Ontario May 12, 2022 ([IssueWire.com](https://www.issuewire.com)) - While the annual tax season can be stressful for filers, the burden is even greater for Americans overseas.

About 9 million U.S. citizens live abroad, the U.S. Department of State estimates.

Nearly a quarter of U.S. expats are "seriously considering" or "planning" to renounce U.S. citizenship according to [1040 Abroad](#).

For those looking to renounce citizenship, more than four in 10 said it was because of U.S. tax filing requirements.

Tax filing requirements for expats

U.S. expats pay U.S. income tax each year. They would report worldwide income such as wages, benefits, rental income, business profits, etc.

U.S. citizens and resident aliens must file their taxes and pay their debts, no matter where they live. The rule means expats may have to file and pay taxes in two places.

Despite the IRS providing mechanisms, including foreign income exemptions and tax credits, many expats are still overwhelmed by reporting requirements.

"It can get very complicated very quickly," said Olivier Wagner, founder of [1040 Abroad](#).

In fact, about two-thirds of U.S. citizens living overseas believe they don't need to file U.S. taxes.

Additional reporting

Once the foreign account balance exceeds \$10,000, the expat must file a foreign bank report and financial account, known as FBAR, with the Treasury Department.

Some expats may also be required 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 increase to \$5,025 at any time during the year, they will need to report their accounts.

The so-called FBAR deadline is April 15, but those who miss it are automatically extended to October 15.

In addition to FBAR, some foreign nationals with accounts over a certain limit may be required to file Form 8938, which is designed to deter tax evaders with overseas accounts.

The threshold for Form 8938 is over \$200,000 for a single filer at the end of the year (over \$400,000 for married couples filing together) or \$300,000 for balances during the year (over \$600,000 for couples filing together).

Disappointed with Uncle Sam

In addition to the greater reporting burden, many expats are frustrated with the U.S. government.

In the long run, the coronavirus pandemic may prompt some to stay abroad, with 60% of them disagreeing with the U.S. government's approach. Deal with the crisis, review findings.

In addition, 1040 Abroad found that almost 9 out of 10 expats felt that the government did not represent them fairly.

In the end, many expats just want to live a normal financial life, Olivier Wagner said.

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

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