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Trump Vows End To Double Tax For Millions Of Americans Living Abroad



"I support ending the double taxation of overseas Americans," [Trump pledged in a statement from his campaign](#). U.S. citizens abroad face an array of tax compliance dilemmas for themselves and their families, and they have been

complaining for decades that it is unfair. Americans must report their worldwide income regardless of whether they are paying local taxes where they live. They also must report their non-U.S. bank accounts on FBARs (now FinCEN Form 114) and file the FATCA Form 8938.

These obligations can be onerous, and many U.S. citizens living abroad are not fully compliant and have a hard time keeping up. It has even caused some expats to lose their banking relationships, home loans, and more. Some overseas Americans give up U.S. citizenship.

Trump offered no specific details yet on how he would go about this policy, but it brought cheers from [American Citizens Abroad](#) (ACA), a non-profit, non-partisan association. ACA has advocated for the adoption of residence-based taxation to address this issue for over 20 years. After Trump's vow of support, ACA formally requested a pledge from Vice-President Kamala Harris for her to support ending double tax for Americans abroad if she is elected.

"It's important for both major party candidates seeking the presidency and Members of Congress to commit to a tax policy that treats hard working Americans overseas fairly," said ACA Executive Director Marylouise Serrato. "While often overlooked by US policymakers, Americans overseas represent an engaged and informed voting block of over 5 million strong."

A Wall Street Journal article about [Trump's support for Americans abroad](#) highlighted the issues for US citizens overseas, quoting ACA that, "often, the compliance costs for filing tax returns can far exceed the actual taxes that Americans owe. ... It makes it very difficult and complex to file, and it also limits the ability of a lot of Americans to invest and live when they're overseas."

Previous bipartisan support and policy proposals over the years failed to gain traction sufficient to be passed. Meantime, thousands of Americans abroad have given up their U.S citizenship. The number of Americans renouncing grew so great that [several years set records for the number of Americans who renounced their citizenship](#). There is a published list every quarter, but there is reason to believe that the published list is incomplete, with [many not counted](#). U.S. consular offices were jammed, and getting appointments was very difficult.

The U.S. State Department even dramatically increased government processing fees. Before 2010, U.S. citizens did not have to pay any fee to renounce. In 2010, the government imposed a \$450 renunciation fee. In 2015 the fee increased to \$2,350, supposedly to cover the increased demand and staffing needed. That \$2,350 fee became a bone of contention, a fee that is more than [twenty times the average](#) of other high-income countries. After a lawsuit over the fee, it looked likely to drop, but that has not yet occurred.

Worldwide income means everything, including interest, foreign earnings, wages, dividends and other income. If your income is taxed somewhere else, you might be entitled to a [foreign tax credit](#). If you are living and working abroad, you might be entitled to a partial exclusion from U.S. tax for some income earned abroad. But you still must report it, it is tricky, and does not apply to most income. If you sell a house abroad, it is taxed in the U.S., even if it is tax exempt in your home country.

You also must file an [FBAR](#) annually if the aggregate of your foreign accounts exceeds \$10,000 at any time during the year. FBARs have actually been in the law since 1970, but did not become as important until more recently. Another form under FATCA is [IRS Form 8938](#), and it is part of your tax return. In

general, it requires reporting where your foreign assets exceed \$50,000 in value. It covers many assets not covered by FBARs too.

The penalties for failing to comply are massive. There are big civil penalties that can exceed the offshore account balances, with even criminal liability a possibility. Many expats complain that the IRS has never understood Americans living abroad and applies rules unfairly. FATCA and its systematic turning over of American names by foreign banks all over the world means that many foreign banks simply do not want American account holders.

As for renouncing, it can be expensive. Some Americans must even pay an exit tax to leave the U.S. To leave, you generally must prove 5 years of U.S. tax compliance. If you have a net worth greater than \$2 million or an average annual net income tax for the 5 previous years of \$201,000 or more (that's tax, not income), you pay an [exit tax](#). If you do not exit properly, you could be asked to [pay IRS taxes forever](#).

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