



AMERICAN CITIZENS ABROAD

EDUCATE, ADVOCATE AND INFORM

March 23, 2020

VIA EMAIL

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230, United States Capitol

The Honorable Chuck Grassley
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard E. Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, United States Capitol
Washington, DC 20515

We are writing on behalf of Americans Citizens Abroad, Inc. (ACA), a qualified section 501(c)(4) non-profit membership organization, and its sister-organization, American Citizens Abroad Global Foundation (ACAGF), a qualified section 501(c)(3) charity. ACA is a volunteer organization representing the estimated 8 to 9 million Americans living abroad.¹ Both ACA and ACAGF are headquartered in Washington, DC. ACA has members in 70 countries and chapters in Geneva and London.

ACA is nonpartisan. It is not related to any political party or other political organization. Over 40 years, it has grown to be a premier advocate for Americans abroad, providing practical solutions and making sensible proposals. We advocate on a wide range of subjects that benefit our members, including proposals relating to nationality, voting, taxation, and social services. ACA seeks to educate and inform Congress and the Executive Branch on these issues and, more generally, developments affecting Americans abroad. Also, it disseminates a large amount of information to Americans living outside the U.S.

American citizens residing abroad are taxpayers just like Americans living in the States.

As to all manner of U.S. taxes, income, estate and gift, other, Americans abroad are taxed the same as Americans residing in the U.S. As a result, they will be directly affected by legislation and administrative actions intended to provide emergency assistance and health care response for individual, families and businesses affected by the current coronavirus pandemic.

¹ By our estimation, a little over 5 million of these are U.S. taxpayers.



Tax legislation along the lines of the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” (H.R. 748) must ensure that Americans living and working overseas are treated in the same manner as other taxpayers, and that special issues arising from the fact that they live outside the U.S. are addressed, so as to avoid mistakes and unintended consequences.²

Careful attention must be given to filing deadlines and related topics.

Tax filing deadlines for Americans overseas are different in several respects from those applicable to Americans resident in the States. When making changes, great care must be taken in the drafting of the rules; if not, something will “fall off the table” for Americans abroad, which, unfortunately, has happened in the past.

Mechanics of advance refunds and credits.

With respect to “2020 recovery rebates” and the like, as contemplated by CARES, the “mechanics” must be in place. We understand that these will be structured as refundable credits and all American citizens will qualify as eligible individuals. Payments – advance refunds of credit – can be made electronically or by check. Electronic payments in the same manner as tax refunds are highly desirable for Americans abroad because they are quick and secure.

It should be noted that implementation of the draft provisions for notice to taxpayers not later than 15 days after the date of payment, by electronic funds transfer or check, might need to be modified. Mail to Americans living in some foreign countries can be slow and somewhat unreliable. This problem undoubtedly will be exacerbated by the coronavirus pandemic.

Need for a U.S. bank account.

Many Americans abroad do not have a U.S. financial account, commonly because they do not have a physical presence in the U.S. Many of them struggle with this problem today. ACA, in cooperation with the State Department Federal Credit Union, since 2016, has made it possible for them to open an SDFCU account, quickly and easily, in the same way that a U.S. citizen working at a foreign embassy could. This is not the only solution to the problem, but it is a good one and one which is widely used. Congress and Treasury Department/IRS will want to be mindful of this.

Problems arising from the use of some professional advisors must be avoided.

Because of special rules, Americans abroad, especially those using professional preparers, sometimes experience difficulties in making electronic filings. ACA believes that a higher proportion Americans abroad, higher than state-side Americans, file paper returns. Additionally, there can be problems with making electronic payments and obtaining electronic refunds associated with filings. All things electronic should and must work smoothly especially in the

² All too often, as evidenced by the recent Tax Cuts and Jobs Act, consideration has not been given to how changes will affect the community of Americans overseas.



case of Americans abroad. This is critical for individuals outside the U.S. and, we submit, the IRS as well.

Since 2014, ACA has published an online directory of tax return preparers servicing Americans abroad. This was recently updated and greatly expanded. One way or the other, ACA is in touch with approximately 2,000 of these service providers. We are highly familiar with the related issues.

Loans to small business.

The Senate, we understand, is trying to reach an agreement on providing loans to small businesses. ACA thinks these rules should include small businesses that are abroad. If the approach is similar to the SBA Economic Disaster Loan Program, it appears U.S. persons with businesses overseas might not be covered. The technical workings of the new rules should avoid this unfair result.

Limitation based on adjusted gross income.

With respect to provisions for advance refunds and credits, drafters should be mindful that many Americans abroad, in fact, incur little or no tax liability even though they have significant adjusted gross income. This is because they incur large foreign tax obligations, and, therefore, have large foreign tax credits. These individuals should not be adversely affected, that is, they should not receive reduced refunds/credits.

ACA is here to work with Congress and the Treasury Department, including all levels of the IRS, to make the coronavirus and economic stimulation legislation, and implementation of that legislation, work in the best possible way for Americans abroad and everyone else.

We would be pleased to answer any questions with regard to these subjects, and we would be pleased to provide whatever additional information might be helpful.

Kind regards.

Marylouise Serrato, Executive Director, American Citizens Abroad, Inc.

Jonathan Lachowitz, Chairman, American Citizens Abroad, Inc.

Charles Bruce, Chairman, American Citizens Abroad Global Foundation

CC: Carolyn Maloney, Co-Chair of the Americans Abroad Caucus
Mark Meadows, 2019 Co-Chair of the Americans Abroad Caucus/Current White House
Chief of Staff