



# Filing Taxes as an American Expat Is Complex

H&R Block commissioned Atomik Research to run an online survey of 503 United States expatriates living abroad. More than three-fourths of the respondents are living in the United Kingdom, Mexico, or Japan.

## Overall Top U.S. Expat Stats:



**76%** of surveyed U.S. expats say they've been audited by the IRS for incorrectly filing their taxes while working abroad.



More than a fifth (**21%**) of U.S. expats said a financial barrier they've encountered while living and working abroad are employers not offering tax help.



**63%** of respondents feel it is difficult to file their taxes as an expat.



Only **15%** of respondents would describe themselves as confident when filing their taxes as an expat.



**75%** of respondents believe they'll make more money working abroad than they would working in the U.S.



Nearly 3 in 4 (**74%**) of respondents consider themselves more open to taking risks in life when compared to their friends and family in the U.S. who have not lived abroad.



More than a third (**36%**) of U.S. expats considered going back home because their host country is heavily affected by COVID-19.

The margin of error fell within +/- 4 percentage points with a confidence interval of 95 percent. The fieldwork took place between January 15 to 21, 2021. Atomik Research is an independent creative market research agency.

## Expat Lifestyles:



More than a quarter (**27%**) of U.S. expats say making enough money to keep up a desired lifestyle is an unexpected complication when living in another country.

- More than 1 in 5 (**21%**) said an unexpected complication of living in another country is understanding how to pay taxes.



Nearly 3 in 4 (**74%**) respondents consider themselves more open to taking risks in life when compared to their friends and family in the U.S. who have not lived abroad.



More than a third (**36%**) of U.S. expats considered going back home because their host country is heavily affected by COVID-19.

- **26%** said staying in their host country is the safest option during the COVID-19 pandemic.



**38%** of surveyed U.S expats said their quality of life has improved while living in a foreign country.

- **35%** said their finances improved while living in a foreign country.



**62%** of respondents considered shortening their time abroad because of the COVID-19 pandemic.

- Of those who considered lengthening their time abroad because of the COVID-19 pandemic, **82%** of respondents expect to extend their time living and working abroad by a year or more.



The major life events respondents are planning on going through while living and working abroad:

- **30%** - Purchasing a home
- **25%** - Switching careers/jobs
- **24%** - Having a job
- **23%** - Getting married

## Expat Finances:



**75%** of respondents believe they'll make more money working abroad than they would working in the U.S.



More than 1 in 5 (**22%**) say tax breaks have allowed them to save money while living and working outside of the U.S.

- **32%** said affordable cost of living allowed them to save money.
- **29%** said affordable healthcare allowed them to save money.



Nearly 1 in 5 (**19%**) said they had a reduction in pay due to the economic changes in 2020 related to the pandemic.

- Nearly 1 in 5 (**19%**) said they had to work while ill because they did not have paid sick leave due to the economic changes related to the pandemic.
- **17%** of respondents said they had to take money directly out of retirement savings due to economic changes in 2020.



Meanwhile, **38%** of U.S. expats said the economic changes in 2020 led to them finding a new job.

- A third (**33%**) said the changes led to an increase in pay.



More than 1 in 5 (**21%**) respondents say tax planning is a financial product that would be most useful to a U.S. expat working abroad in a foreign country.

- Nearly a quarter (**24%**) said insurance products would be useful while working abroad.
- **22%** cited currency management as useful.



More than a fifth (**21%**) of U.S. expats said a financial barrier they've encountered while living and working abroad are employers not offering tax help.

## Expat Tax Help:



**76%** of surveyed U.S. expats say they've been audited by the IRS for incorrectly filing their taxes while working abroad.



- **32%** of those who had to pay fines paid more than \$500.

**63%** of respondents feel it is difficult to file their taxes as an expat.



Only **15%** of respondents would describe themselves as confident when filing their taxes as an expat.



**30%** of surveyed expats said they would immerse themselves in the local culture (**15%**) OR discover breathtaking landmarks (**15%**) if they did not have to spend time filing taxes.



More than a third (**34%**) of U.S. expats said receiving additional information regarding tax requirements on foreign earned income would help them better navigate tax filing requirements while overseas.

- Nearly 1 in 3 (**32%**) said receiving online, virtual help from a tax professional would be helpful.
- Another **32%** said they could better navigate tax filing requirements overseas with guidance from a tax professional familiar with expats' unique filing situations.



**40%** of surveyed U.S. expats wish they had more information on which financial documents (e.g. foreign bank account statements, W2s, etc.) they needed to include when reporting taxes while living and working in a foreign country.

- 1 in 3 (**33%**) wish they had more information on income tax rules to qualify for the Foreign Earned Income Exclusion.
- More than a quarter (**27%**) simply wish they had more information on where to send their tax filing paperwork.



When looking for tax prep overseas, **30%** of respondents said they feel transparency is important.

- More than 1 in 4 (**27%**) cited that being able to communicate with a U.S.-based tax professional is important.
- Nearly a quarter (**24%**) said having knowledge about tax situations like theirs is important when looking for tax help overseas.