



BSE SENSEX

50,193.33
+612.60 (+1.24%)

Nifty 50

15,108.10
+184.95 (+1.24%)

Dow

34,060.66
-267.13 (-0.78%)

Nasdaq

13,303.64
-75.41 (-0.56%)

BTC-INR

3,156,856.00
+17,313.00 (+0.55%)

CMC Crypto 200

1,206.81
-46.33 (-3.70%)

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ED Times

What American Expats Need to Know This Tax Season



Staff Writer

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With tax season in full swing and a number of changes taking effect in the tax code, most Americans are taking a closer look at their finances and making sure their tax professionals are helping them complete the filing of their return. However, a large and often overlooked segment of the population faces even more complexity when it comes to filing their returns correctly and complying with myriad rules. That would be the 9+ million American expats who live and work abroad each year. Whether you're backpacking Europe, a corporate executive or banker or a digital nomad running your own business, the filing requirements are quite different from living stateside— and there are not many affordable avenues for help.

One startup, founded by an American expat herself, has changed that.

[MyExpatTaxes](#) began in 2018 and has morphed into the leading, and most affordable, tax filing platform for American expats. The company's co-founded, Nathalie Goldstein, started the company when she relocated from California to Vienna and discovered that there was no affordable, comprehensive help for expats navigating the complex waters of tax compliance. Now one of the fastest-growing players in the space, we reached out to Nathalie for what expats need to know ahead of the tax season.

For digital nomads and expats, many may think they can use the same tax filing software that they used at home. Is that not the case?

Nathalie Goldstein: Expats normally cannot use their family tax accountants or the popular US based tax software programs due to the complexity of international tax law.

Rather they usually need to rely on a specialized expat tax firm, where the price of filing a federal tax return starts at \$500. This is why we created MyExpatTaxes, the leading US Expat Tax Software – allowing expats to file in as fast as 15 minutes while ensuring Americans Abroad are 100% compliant with the IRS in regards to tax and FATCA regulations.

Currently, many other US tax filing software programs, even though promoting to support expats lack the ability to electronically file a US Expat's Tax Return if they are filing Married Filing Separately with a Non-US Citizen Spouse who does not have a Social Security Number or ITIN. In addition, they also cannot prepare

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and electronically submit the Foreign Bank Account Report for US Expats through their system, which can result in fines as large as \$10,000 for the taxpayer.

Many US expats are actually eligible for tax refunds such as the Additional Child Tax Credit or for 2020, the Recovery Rebate Credit (Stimulus Payments). Yet, most US tax software programs and US based tax accountants are not aware of how to optimize an expat's tax return for their maximum refund.

MyExpatTaxes specializes in claiming thousands in refunds for US Expats due to our expat tax engine, which automatically detects which expat tax benefit will result in the highest tax refund. The average American Abroad with children will get \$1,400 as a US tax refund annually using MyExpatTaxes.

Can you explain the differences?

NG: MyExpatTaxes' tax filing software only serves Americans Abroad, so we can focus on ensuring US expats are 100% compliant despite the constantly evolving tax regulations concerning Americans Abroad. For example, no other tax software can cover Tax Treaty Disclosures, Foreign Mutual Funds or Foreign Pensions, which many expats need.

As many Americans Abroad, especially Accidental Americans are not aware of their annual filing requirement with the IRS, they will need to use a special IRS Amnesty Program. The Streamlined Filing Offshore Procedure Program normally starts at \$2,000 and can take months to complete through a traditional expat tax firm. With our patent-pending tax software, non-compliant taxpayers can easily file the 3 years of tax returns and 6 years of FBARs in as little as one day for 1/3 of the price. To date, MyExpatTaxes has had a 100% success rate with all the Streamlined Applications submitted to the IRS via our platform.

As this program is specific to US Expats, it is not even considered as an option for any domestic tax filing software.

We at MyExpatTaxes ensure that an US Expat never needs to second guess their return with our different tiers of support ranging from the Do-It-Yourself Tax Software to being able to have a US Expat Tax Professional do the return for them.

What has been key to disrupting such an enormous market?

NG: We believe our growth is due to our product. We created something that was the missing piece in the US Expat Tax Market. I was also our first customer. As an American who moved abroad, I struggled to find an affordable and accurate way to file my US taxes from overseas. Therefore, I became a certified US tax professional with the IRS, specializing in US expat taxes. Thus, MyExpatTaxes was born.

People want a fast and easy way to file their tax return, not to talk to a tax professional for months. As our customers say, "we are the perfect mix of US Expat Tax expertise and online DIY software".

We are the only ones in the market that are not an accounting-based firm, and the thought process behind our software is "think like a user, not an accountant". This mindset drove the team to determine what makes taxes so taxing, and develop an easy-to-use software for all people –no matter how complicated their taxes were. We believe it shouldn't cost \$500 to file a Federal Tax Return, just

because you live abroad.

What mistakes commonly cost expats money when filing abroad?

NG: Most Expats are not tax compliant with the IRS and FATCA regulations, simply because they are unaware of them. It's so commonly missed that every American's passport has a section in the back reminding them of their filing requirements regardless of where they live or work. This is especially a big issue for those married to non-US Citizens, who tend to file as Married Filing Separately since the filing threshold for them is a measly 5 US Dollars.

To avoid failure-to-file and failure-to-pay penalties, expats should use the IRS Streamlined Procedure to catch up on their filing obligations. While this process can be fairly complex, our tax software makes it easy for any expat to become tax compliant, even if they have never filed before.

In addition to filing an annual tax return, expats may also need to declare their foreign bank accounts to the US Treasury and in some certain cases the FATCA (8938) Form to the IRS or face a penalty of \$10,000 per year. The filing thresholds for these forms differ so it's important to use a tax service that provides FATCA coverage in addition to tax filings.

With tax season about to begin, are there any changes expats should know about this year?

NG: The main changes for this year revolve around back claiming the stimulus payment. Generally, to receive the last two rounds of the Stimulus Payments through the recovery rebate credit, expats need to be:

- A US citizen or other Lawful Resident with a US Social Security Number
- File a 2020 Tax Return, even if they are not required to file
- Not be claimed as a dependent on another US taxpayer's 2020 tax return
- Have an adjusted gross income under the income limits, starting at \$75,000 for single filers (otherwise the amount of the payment may be reduced to \$0)

Based on our [US Expat Stimulus Payment Survey](#) conducted last year, it is recommended that expats use a US bank account and try to use a US mailing address if possible on their 2020 tax return to ensure that they can get their tax return in a speedy and efficient manner. Otherwise, it may take months for a paper check to reach an American living abroad. MyExpatTaxes works directly with the IRS to electronically file tax return allowing the majority of US Expats to eFile regardless of how complex their return is.