



AMERICANS ABROAD AND THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

**Research on the CARES Act Aid Programs and Recommendations for
Improving the Delivery of Pandemic Aid to Americans Living Abroad**

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Executive Summary

Within 24 hours of the signing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Democrats Abroad began receiving messages from Americans abroad seeking information about and assistance with receiving an aid payment. We heard stories from Americans right across the world whose family income had decreased sharply or evaporated entirely due to pandemic related lockdowns and business interruptions. These were the voices of Americans desperate to keep a roof overhead and food on the table, greatly relieved to hear that Congress had not forgotten about them just because they lived abroad.

Questions about how to register for the aid quickly gave way to complaints about the IRS online tools for aid registration. Although press reports suggest a range of issues thwarted users in the U.S. as well (deluge of users; data-entry errors; security-question failures), Americans abroad faced further obstacles because the tools were not adequately constructed to accommodate non-US addresses and phone numbers. Democrats Abroad wrote directly to the U.S. Treasury, the IRS, and Congress to alert them to these issues.

Democrats Abroad has developed this research project to document the problems Americans abroad faced accessing the aid programs in the CARES Act and to present recommendations to improve the distribution of aid to Americans abroad in any future COVID-19 pandemic aid package.

Findings

- Although 66% of research respondents received an Economic Impact Payment (EIP), another 4% received a message or letter saying they would be getting the EIP, but no payment ever arrived.
- Fifty-one percent of U.S. residents received an EIP within two weeks after the Act was passed. In stark contrast, it took two months for 50% of the **non-resident** respondents who received an EIP to receive it. Within those two months, 99% of the EIPs to U.S. residents had been received.
- Another stark contrast: Seventy-five percent of U.S.-resident EIP recipients received the aid by direct deposit into their U.S. bank account, whereas only 31% of non-resident EIP recipients received the aid by direct deposit. Almost all the rest received an EIP check, which took on average 78.5 days to arrive, plus, for most, at least another week to clear, for an average total wait of at least 85.5 days or 12.2 weeks for recipients to have access to the funds.
- Fifty-four percent of those who received an EIP check stated a preference for receiving the EIP by direct deposit to their local bank account (i.e., in their country of residence). Across all income groups, a plurality of respondents would have preferred to receive the EIP via direct deposit to a local bank.
- Sixty-six percent of survey respondents had household income less than \$100,000. These are the citizens to whom aid was targeted. Only two-thirds of them, however, received an EIP, suggesting a “failure” rate of over 33%.
- Cross-referencing the regions of the world where EIP delivery success was poor with an analysis of the respondents’ household income indicates that the lowest level of EIP delivery success was experienced in the region (Latin America and Caribbean) with the highest proportion of low-income households.
- Only 13% of respondents used the *Non-Filers: Enter Information here* tool, and about three-quarters of them had problems with it, primarily issues getting it to recognize their identification information.

- Thirty-seven percent of respondents used or attempted to use the *Get My Payment* tool; 87% had problems getting into it. Press reports suggest, however, that there was widespread difficulty experienced with the *Get My Payment* tool in the months following its launch.
- More than 60% of respondents reported having serious problems filing their 2019 U.S. tax returns.
- Although 48% of Federal Student Loan borrower respondents received student loan interest rate relief, and 51% received student loan repayment forbearance, there appears to have been a lot of uncertainty about what relief was available to them under the CARES Act as well as what aid has been provided.
- Thirteen percent of respondents have a small to medium-sized business, of which over half believed their business qualified for the Paycheck Protection Program, but less than half of those received aid. Nineteen percent of respondents knew about the program and hoped they would be eligible for the aid; thirty-four percent knew nothing about the program.

Recommendations

1. We reaffirm our recommendation to the IRS and U.S. Department of Treasury that, for future pandemic aid packages, eligible Americans abroad be given the option to have the aid delivered by direct deposit into their local bank account (i.e., in their country of residence).
2. The *Non-Filers* and *Get My Payment* tools need to be adjusted to permit Americans living outside the U.S. to input their local address, phone number, and either U.S. bank account information or their local bank account information, i.e., the International Bank Account Number (IBAN).
3. The importance and urgency of tax reform recommendations Democrats Abroad and other organizations representing Americans abroad have been making for many years are underscored by the difficulties faced by Americans filing taxes from abroad during the pandemic when IRS services suffered severe interruptions. Tax filing from abroad needs to be simplified. Our other tax reform recommendations include: the removal of barriers to banking, saving, and investing for Americans abroad and the elimination of double taxation. We recommend Congress hold hearings in the House Ways and Means Committee and Senate Finance Committee on the taxation of Americans abroad.
4. We recommend Federal Student Loan servicing agencies provide a statement to Federal Student Loan borrowers who are repaying their loans about what CARES Act actions were taken in regards to their loans and repayment terms.
5. We recommend that Paycheck Protection Program eligibility be extended in the next pandemic aid package to include small to medium-sized businesses owned by Americans abroad which are also liable for the Repatriation Tax and GILTI Tax.

I. INTRODUCTION

When the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed on March 27, 2020, Democrats Abroad was greatly relieved to see that Americans abroad were accommodated in the eligibility criteria. In the months that followed, however, Democrats Abroad received thousands of messages from members about the obstacles they were facing accessing the aid. We made formal contact with Congress, the U.S. Department of the Treasury, and the IRS on three separate occasions to outline the problems that Americans abroad were encountering as the aid programs were being implemented and to make recommendations to resolve the problems.

In October 2020 Democrats Abroad conducted research¹ to document the experiences of eligible Americans living abroad in accessing CARES Act aid. Democrats Abroad is sharing the findings with the U.S. Congress, U.S. Department of the Treasury, and the IRS, and will continue to advocate in support of the recommendations drawn from the research for improving the distribution of future pandemic aid to Americans living outside the U.S.

I.1 The CARES Act

The CARES Act includes three aid programs of importance to Americans abroad:

1. **Economic Impact Payment (EIP)** – a one-time payment of up to \$1,200 for citizens with Adjusted Gross Income of \$99,000 or less, and a one-time payment of \$500 per dependent child age 16 or under. Citizens who file U.S. tax returns as Married Filing Jointly must have a spouse with a Social Security Number; those whose spouse files with an Individual Tax Identification Number are excluded from all CARES Act economic impact payments.²
2. **Federal Student Loan Relief** – the interest rate on Federal Student Loans was reduced to zero for four months from April 2020, later extended through December 2020. Federal Student Loan payment forbearance was also available for the same periods.
3. **Paycheck Protection Program** – aid available to small to medium-sized businesses as defined in the Small Business Act³ to be used to keep employees on the payroll through the pandemic crisis.

The survey offered participants the opportunity to provide feedback on their experiences with these three programs, as relevant to their situation. All questions were optional to answer; none required a response from the participant in order for the participant to proceed with the survey.

I.2 The Study

The survey opened to participants on October 13, 2020 and attracted responses from 4,362 U.S. citizens living abroad by the time it closed on October 31, 2020. The respondents' demographics are profiled in the Appendix and fully disclosed in the "Americans Abroad and the CARES Act" Research Datapack. Those referred to throughout this paper as "respondents" are Americans living outside the U.S. who participated in this research project and prepared the survey instrument. Democrats

¹ Democrats Abroad, Americans Abroad and the CARES Act, research announcement https://www.democratsabroad.org/carmelan/dems_abroad_launches_americans_abroad_and_the_cares_act_research_project_-_take_the_survey_today

² 1.4% of respondents identified as Married Filing Jointly with a spouse that files with an ITIN, which rendered the entire family ineligible for an EIP. Fortunately, there is support in Congress to eliminate this discriminatory criteria.

³ What is a Small Business? <https://www.state.gov/what-is-a-small-business/>

Abroad and its country committees and local chapters sent announcements and invitations to participate via email outreach to members and over our social media channels.

I.3 Demographics of the Respondents

- 65% were female
- 1 in 3 held citizenship in a country other than the U.S.
- 49% were age 55+, with the largest age group being those aged 65-74 (22%)
- living in 112 countries
- voting in all 50 states
- 87% had at least a university degree, with 55% having a master's degree, JD, or PhD
- 65% were married, in a common law marriage, or in a civil union
- 55% were married to a non-U.S. citizen or to a U.S. Green Card holder
- 18% were self-employed or worked freelance, 13% were employed by a local company and 26% were retired
- 4% were unemployed and seeking employment.
- 15% had household income less than \$25,000, 36% less than \$50,000, and 66% less than \$100,000
- 1 in 8 received a senior-citizen pension from their resident country in 2019
- 1 in 8 received a COVID-19 pandemic payment from their resident country in 2020

The data produced by this survey and others of Americans abroad demonstrates that they form a diverse and complex community. Most live abroad because relationships, employment, or education brought them there, and they stayed.⁴ They maintain their close connection to and heartfelt interest in U.S. culture, politics, and security. They are deeply concerned about the impact the pandemic is having on their U.S. friends and family and on the U.S. economy.

The experience of the COVID-19 pandemic has, of course, been global. The nations badly struck down have seldom made aid available to non-citizen residents. Americans abroad eligible for CARES Act aid have been grateful, especially when it was provided in a timely and efficient manner. There is a broad expectation that another U.S. government pandemic aid package will be legislated; the need grows stronger as we enter the Northern Hemisphere winter and a second wave of COVID infections as dangerous and economically debilitating as the first.

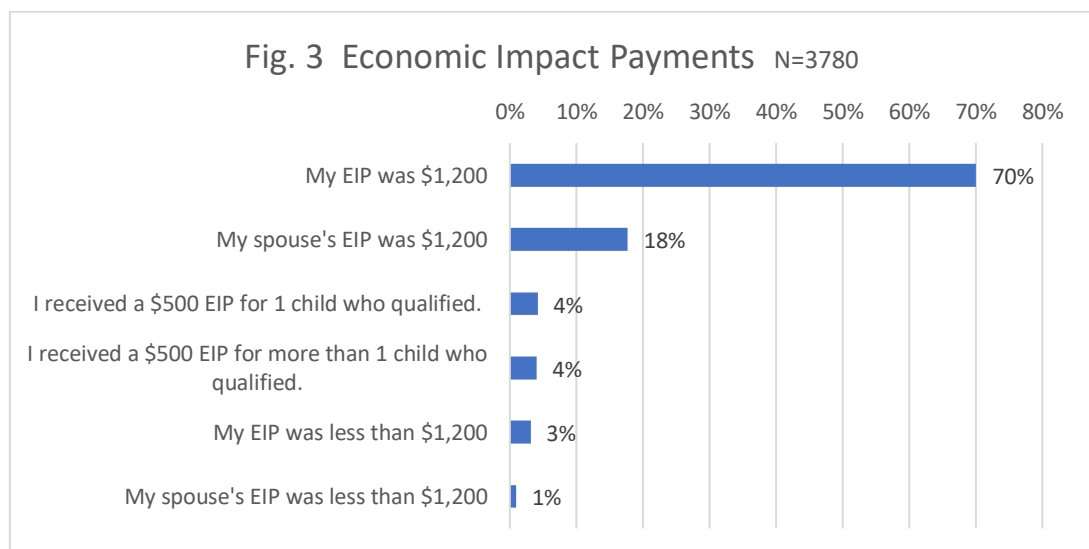
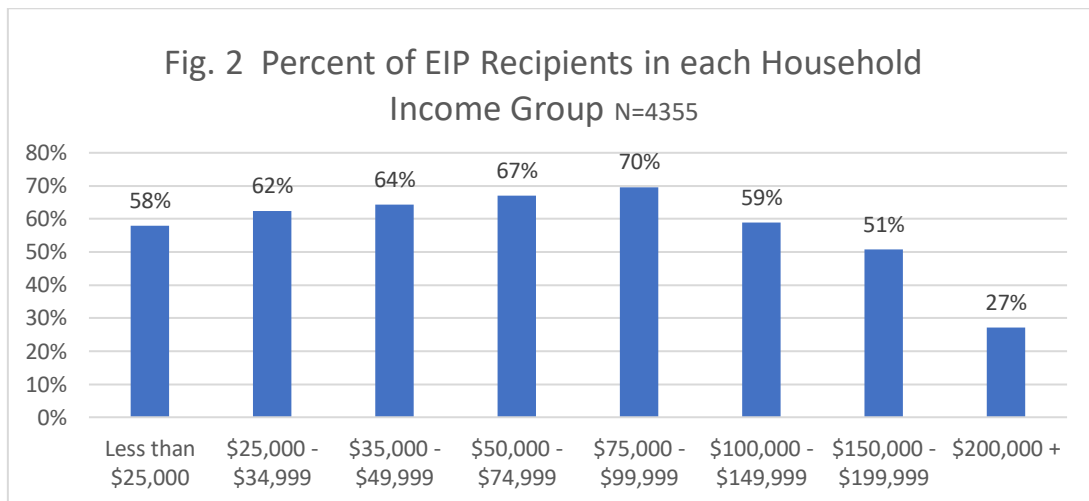
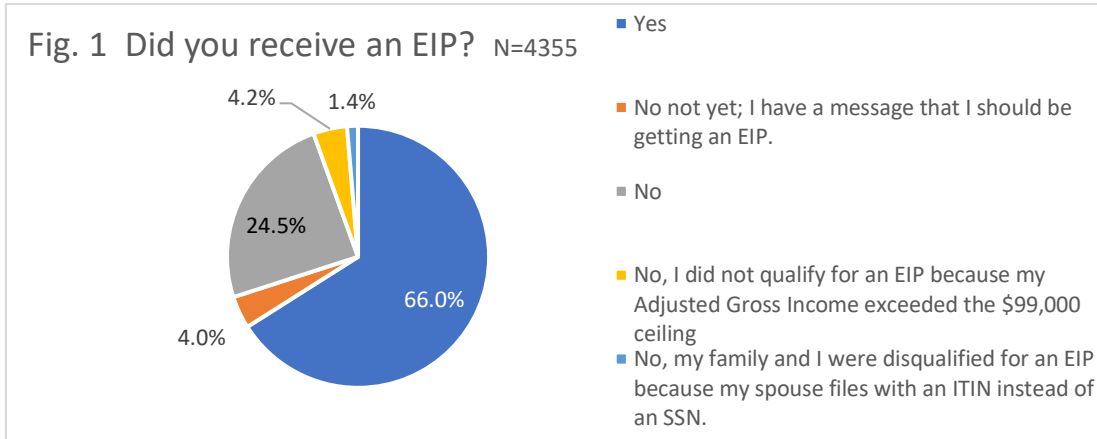
We believe the findings of this research are persuasive in their support for changes to the administration and distribution of any future pandemic aid to Americans abroad.

⁴ Democrats Abroad, Tax Filing From Abroad, Research Datapack: <https://bit.ly/2V27R3f>

II. ECONOMIC IMPACT PAYMENTS (EIP)

II.1 Who received a payment and how much they received

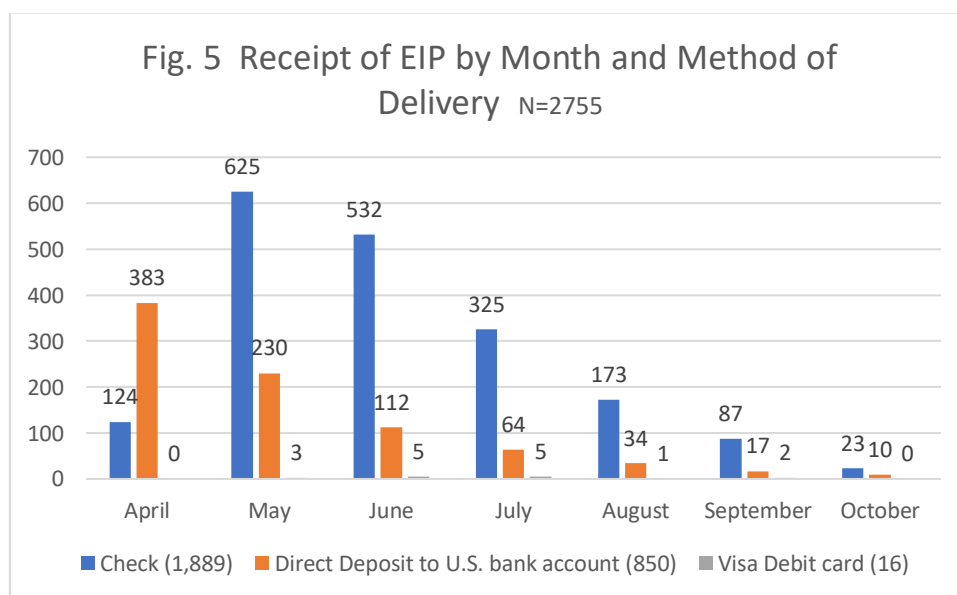
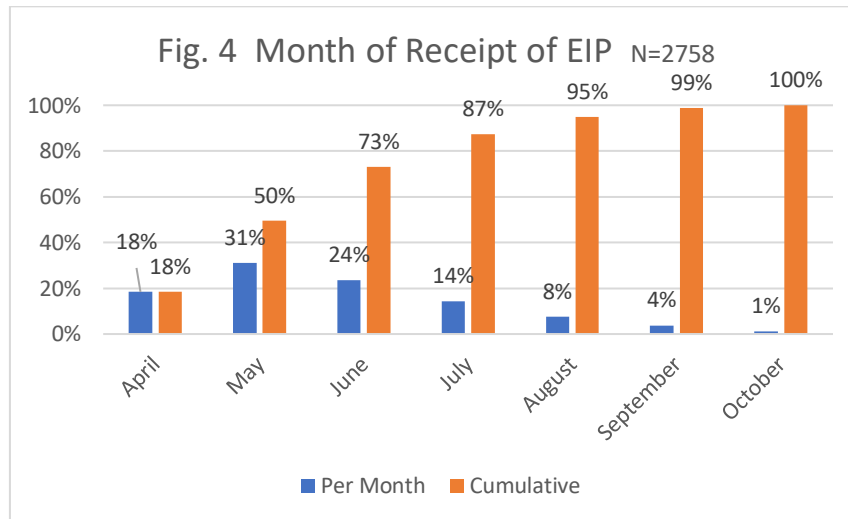
Although 66% of respondents received an EIP, another 4% had a message or letter saying they would be getting one, but the payment never arrived.



II.2 Timing of Receipt of EIPs

IRS data for EIP distributions to all Americans indicates that 51% (81 million) of EIPs processed to 31 October 2020 (160 million in total) were paid within the first two weeks of the Act being passed;⁵ 99% (159 million) were paid within the first two months.⁶

In stark contrast, within the first two months only 50% of non-resident respondents had received an EIP.



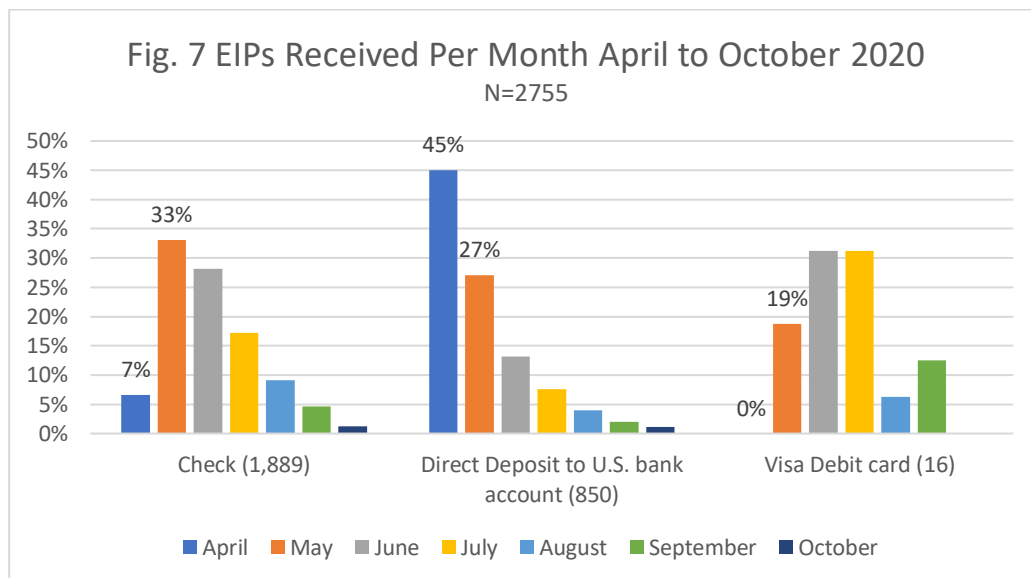
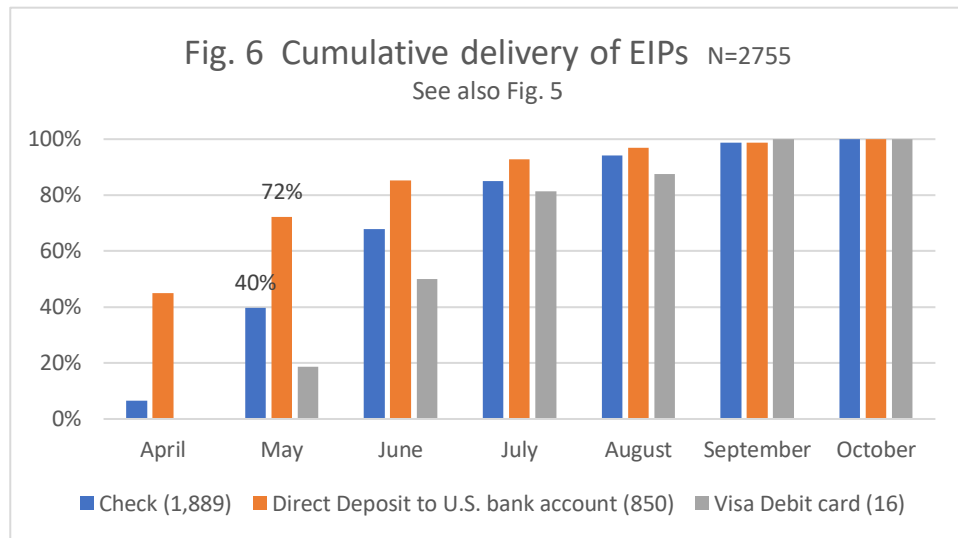
Method of Delivery	Research on Americans Abroad and the CARES Act October 2020		U.S. Department of the Treasury June 2020	
	Recipients		Recipients	
Check	1,889	69%	35 million	22%
Direct Deposit into U.S. Bank Account	850	31%	120 million	75%
Visa Debit Card	16	<1%	4 million	3%

⁵ <https://www.irs.gov/about-irs/inside-irs-operations-to-handle-covid-and-the-2020-filing-season>

⁶ <https://home.treasury.gov/news/press-releases/sm1025>

EIP Checks:
40% of EIP checks were received in the first 2 months.

EIPs by U.S. Bank Direct Deposit:
72% of EIPs by Direct Deposit were received within the first 2 months.



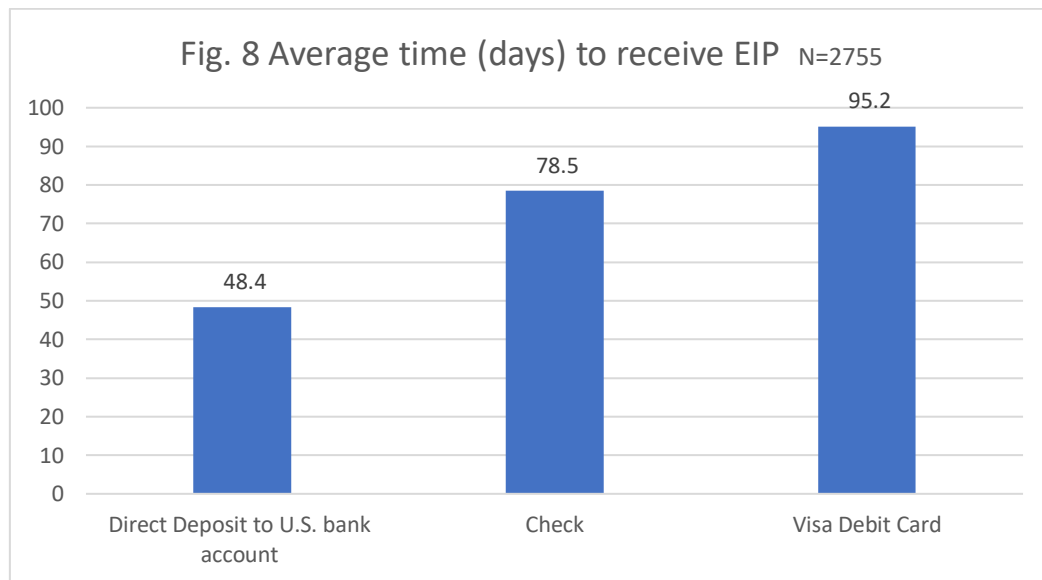
Data published by Democrats Abroad in March 2019 indicates that 69% of Americans abroad have a U.S. checking account and 58% have a savings account,⁷ which raises the question, why did so few Americans abroad have their EIP deposited into a U.S. bank account? It is our belief that:

- 1) most Americans living and working abroad do not have U.S. tax withheld from their earnings through the year;
- 2) therefore, they pay any tax owing at the end of the year and do not get IRS refunds for over-paying tax;
- 3) since they receive no IRS refunds, they have not provided the IRS with bank account information for refund payments;
- 4) as the IRS has no bank account details for them, they needed to either provide that information using the online tools provided by the IRS for processing CARES Act EIPs by direct deposit, or receive an EIP check (or EIP Visa debit card) through the post, as 70% did.

⁷ Democrats Abroad, Tax Filing From Abroad, Research Datapack: <https://bit.ly/2V27R3f>

Section III discusses the considerable difficulties encountered by Americans abroad who attempted to use the IRS’s online tools for processing CARES Act EIPs. Even those few who succeeded in using the IRS’s online tools were unable to provide *local* bank account information for receiving their EIP by direct deposit.

The inability of Americans abroad to have EIPs paid by direct deposit into their local bank account (i.e., in their country of residence) slowed their receipt by at least a month. On average those who got the EIP by direct debit to their U.S. bank account received the aid 30.1 days sooner than those who received the aid via EIP check and 46.7 days sooner than those who got the aid via an EIP Visa debit card.



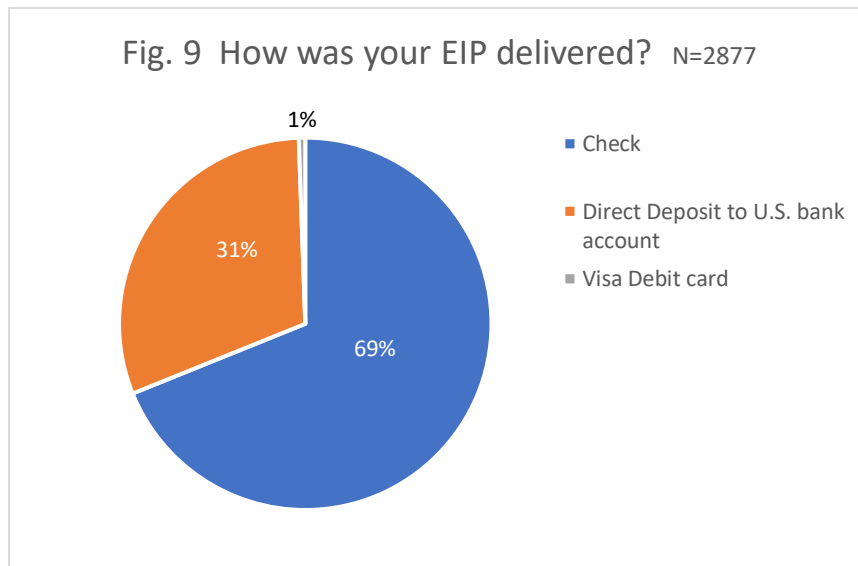
We reaffirm the recommendation we made to the IRS in letters dated April 13, 2020,⁸ April 17, 2020,⁹ and May 15, 2020¹⁰ that the IRS make pandemic aid payable to eligible Americans abroad by direct deposit into their local bank account should they so choose.

⁸ Democrats Abroad letter to Congress, Treasury, and IRS seeking expanded CARES Act aid accessibility https://www.democratsabroad.org/carmelan/democrats_abroad_pushes_for_cares_act_accessibility_for_americans_abroad

⁹ Democrats Abroad letter to Congress, Treasury, and IRS seeking fixes to IRS online tool problems https://www.democratsabroad.org/carmelan/democrats_abroad_asks_the_irs_to_fix_glitches_in_cares_act_aid_resources

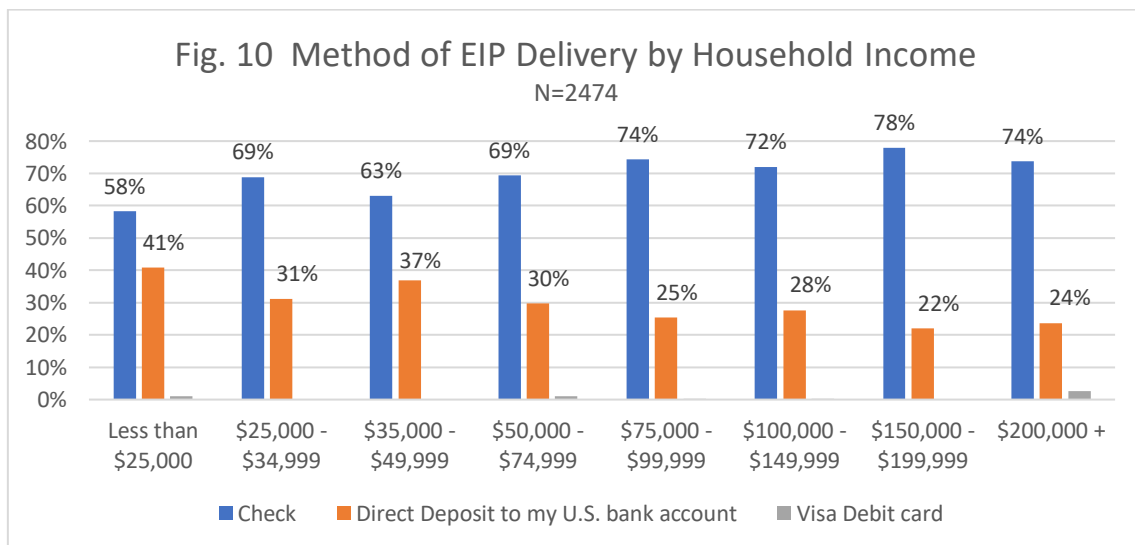
¹⁰ Democrats Abroad letter to Congress, Treasury, and IRS recommending ways to improve aid delivery https://www.democratsabroad.org/carmelan/democrats_abroad_recommends_ways_to_expedite_cares_act_aid_to_americans_abroad

II.3 EIP by Delivery Method – U.S. Government check, U.S. Bank Direct Deposit or Visa Debit Card



The vast majority of survey respondents received an EIP check. Although 26% of recipients said they requested an EIP check, most did not do so, and received an EIP check by default because they did not have U.S. bank account details on file with the IRS.

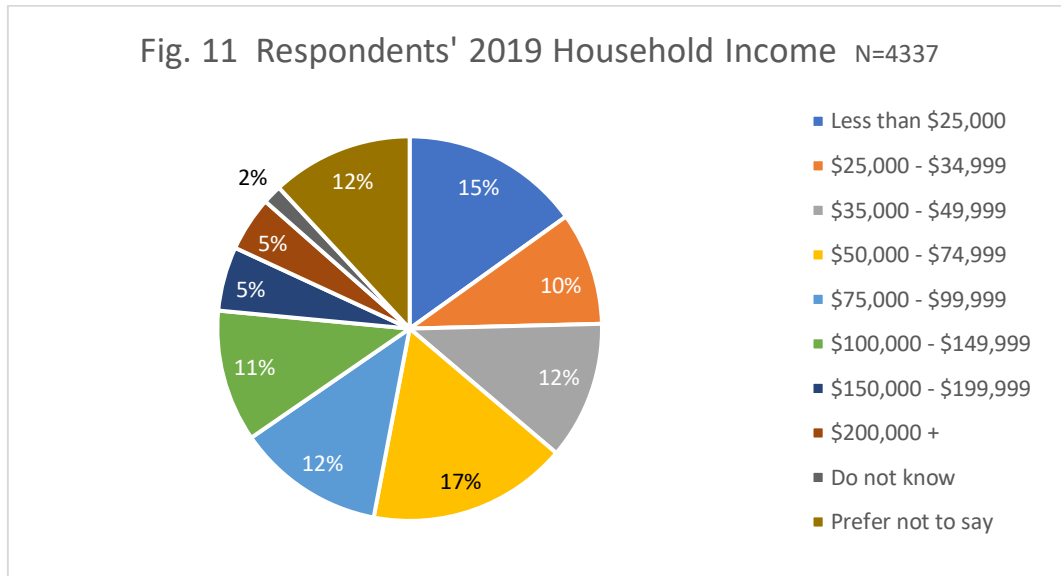
High levels of EIP delivery via check were recorded across household-income groups.



As noted in Section II.2, 2019 research by Democrats Abroad into the U.S. tax-filing experience of Americans abroad found that 60.7% of respondents had a U.S. bank account that they could have provided to the IRS.¹¹ In many instances, problems using the IRS *Non-Filers: Enter Information Here* and *Get My Payment* online tools prevented Americans abroad from sending bank account details to the IRS and getting their EIP faster. These problems are described in Section III.

¹¹ Democrats Abroad, Tax Filing From Abroad, Research Datapack: <https://bit.ly/2V27R3f>

II.4 EIP By Household Income Group



Respondents' household income might be slightly skewed to the lower end, as the research may have attracted a larger proportion of lower-income than higher-income Americans abroad. The largest percentage of respondents had \$50,000-\$74,999, whereas household-income data published by Democrats Abroad in 2019 based on our research into the U.S. tax-filing experience of Americans abroad found the largest percentage with \$100,000-\$149,999, but by a very slim margin.¹²

Table 2 2019 Household Income – Excluding those who did not disclose*		
	Democrats Abroad Research on Americans Abroad and the CARES Act October 2020	Democrats Abroad Research on Non-Resident Americans and U.S. Taxation ¹³ March 2019
Less than \$25,000	17.5%	8.7%
\$25,000 - \$34,999	11.0%	8.1%
\$35,000-\$49,990	13.4%	11.2%
\$50,000 to \$74,999	19.4%	17.4%
\$75,000 to \$99,999	14.3%	15.8%
\$100,000 to \$149,999	12.8%	17.6%
\$150,000 to \$199,999	6.2%	9.5%
\$200,000 or more	5.4%	11.8%
	N=3750	N=9486

* The October 2020 figures in Table 2 exclude those who replied "Do not know" or "Prefer not to say" so the data could be compared to the March 2019 figures.

¹² Democrats Abroad, Tax Filing From Abroad, Research Datapack: <https://bit.ly/2V27R3f>

¹³ Democrats Abroad, Tax Filing From Abroad, Research Datapack: <https://bit.ly/2V27R3f>

Fig. 12 All Respondents and EIP Recipients by Household Income N=4355

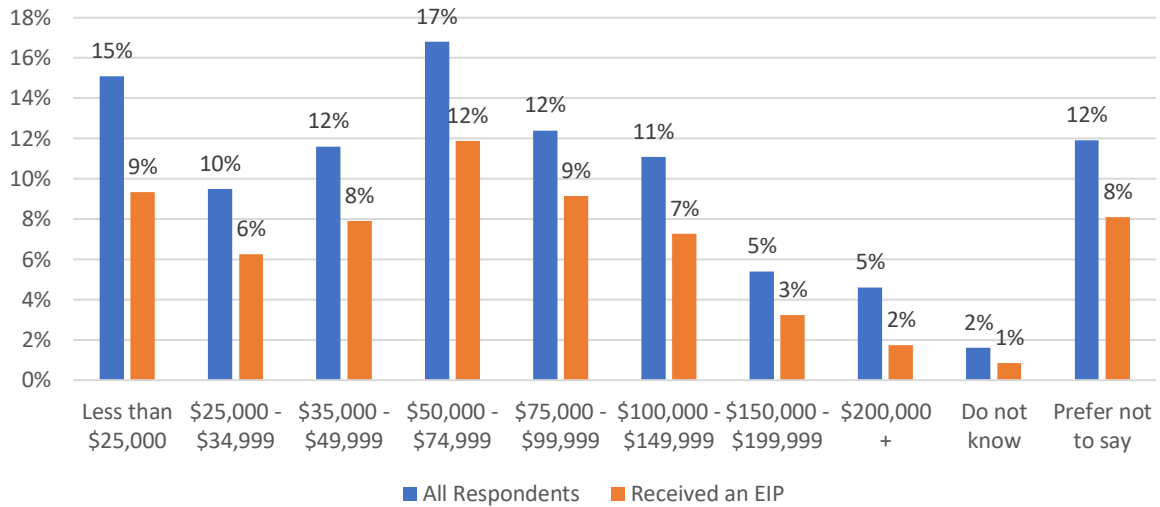


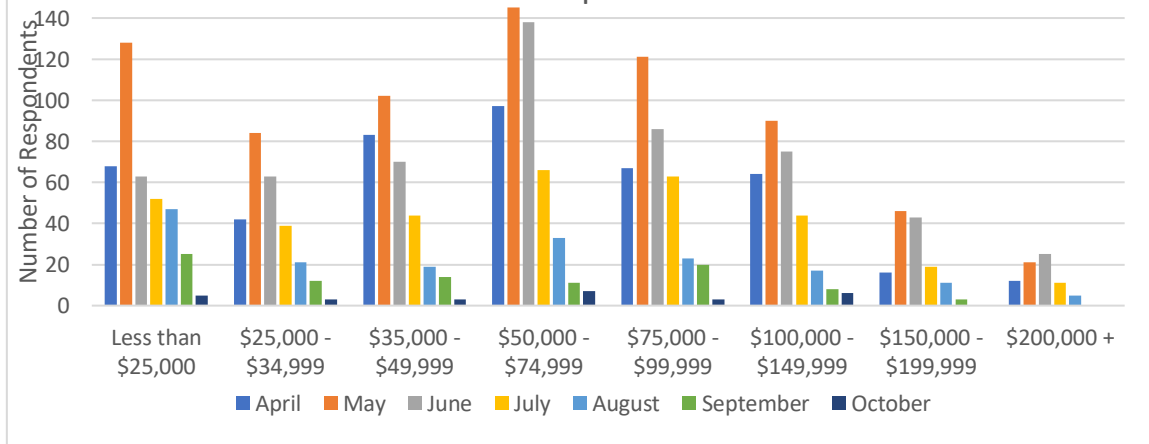
Table 3 Percent who Received EIP vs Percent of All Respondents by 2019 Household Income

	% of EIP Recipients	% of All Respondents
Less than \$25,000	9%	15%
Less than \$50,000	23%	37%
Less than \$100,000	44%	66%

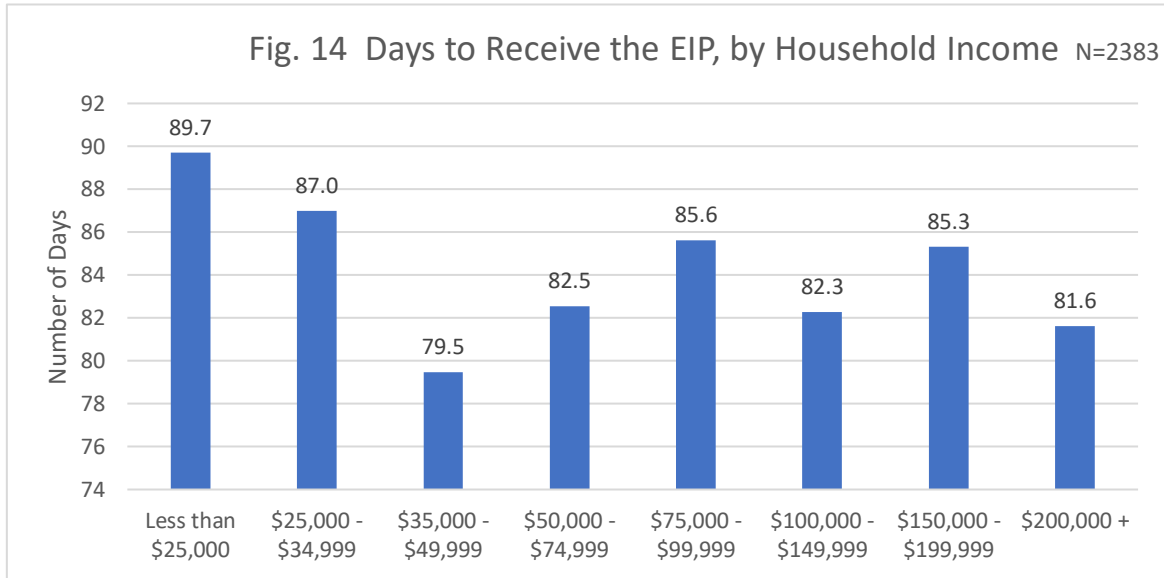
The data in Table 3 shows under-representation of EIP recipients with income under \$100,000, indicating a 33% failure rate in reaching the target group.

Figures 13 and 14 aggregate all three forms of EIP delivery – check, direct deposit to a U.S. bank account, and Visa debit card – in examining the time it took for individuals in different income groups to receive aid.

Fig. 13 Receipt of EIP per Month, by Household Income Group N=2383



Those with household income of \$35,000-\$49,999 received aid 9.9 days sooner than those with household income less than \$25,000.

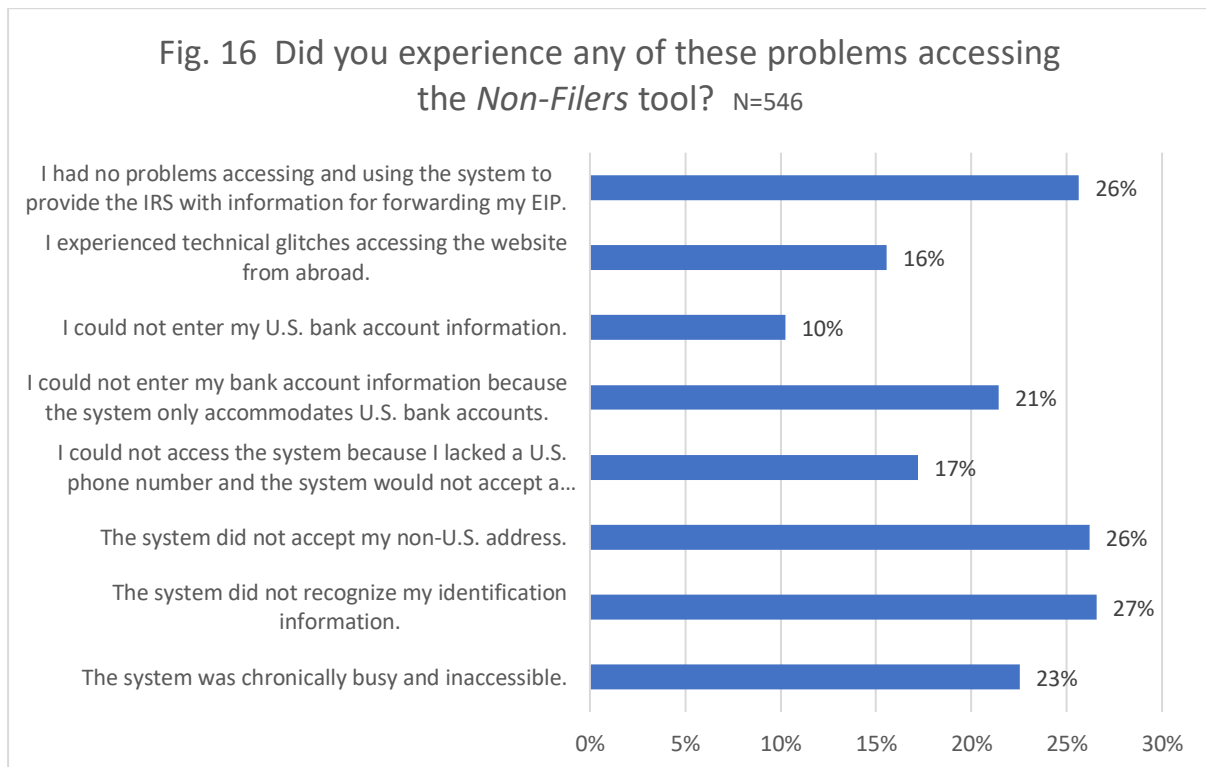
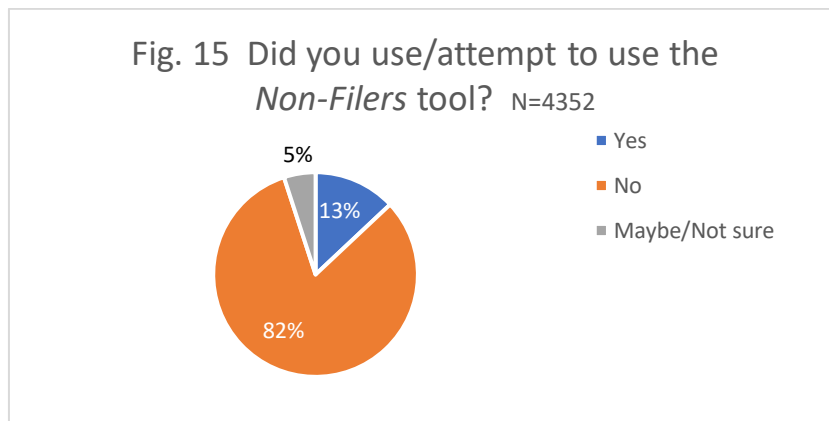


III. IRS ONLINE TOOLS FOR CARES ACT EIP REGISTRATION

The IRS published two online tools for taxpayers to register and provide information for receiving an EIP. The "Non-Filers: Enter Information Here" tool is for taxpayers with income at the level below which citizens were required to file tax returns in 2018 or 2019. The "Get My Payment" tool is for taxpayers to send U.S. bank account details to the IRS because they have not previously done so (for receiving a tax refund).

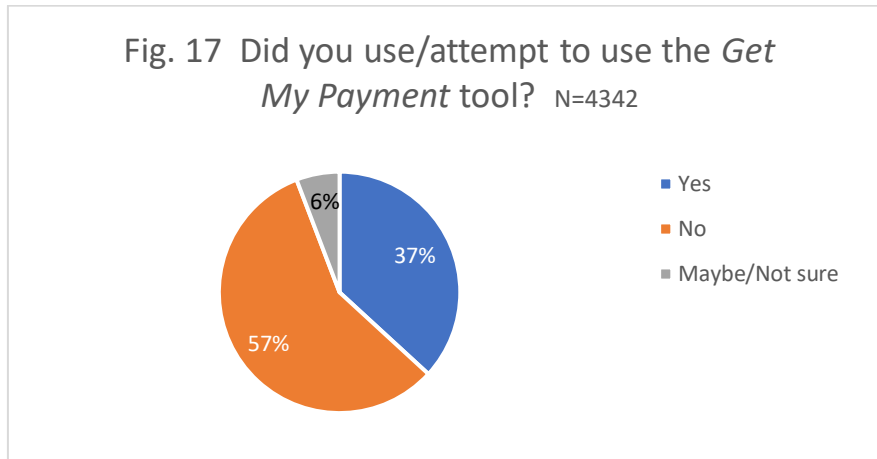
III.1 Non-Filers: Enter Information Here tool

The IRS created the *Non-Filers* tool for those who had not filed tax returns because their income is below the tax-free threshold. It enables users to provide the IRS with information necessary for forwarding the EIP. Only 13% of respondents used the *Non-Filers* tool and **74% of respondents who tried had problems with it**, primarily in getting it to recognize their identification information.

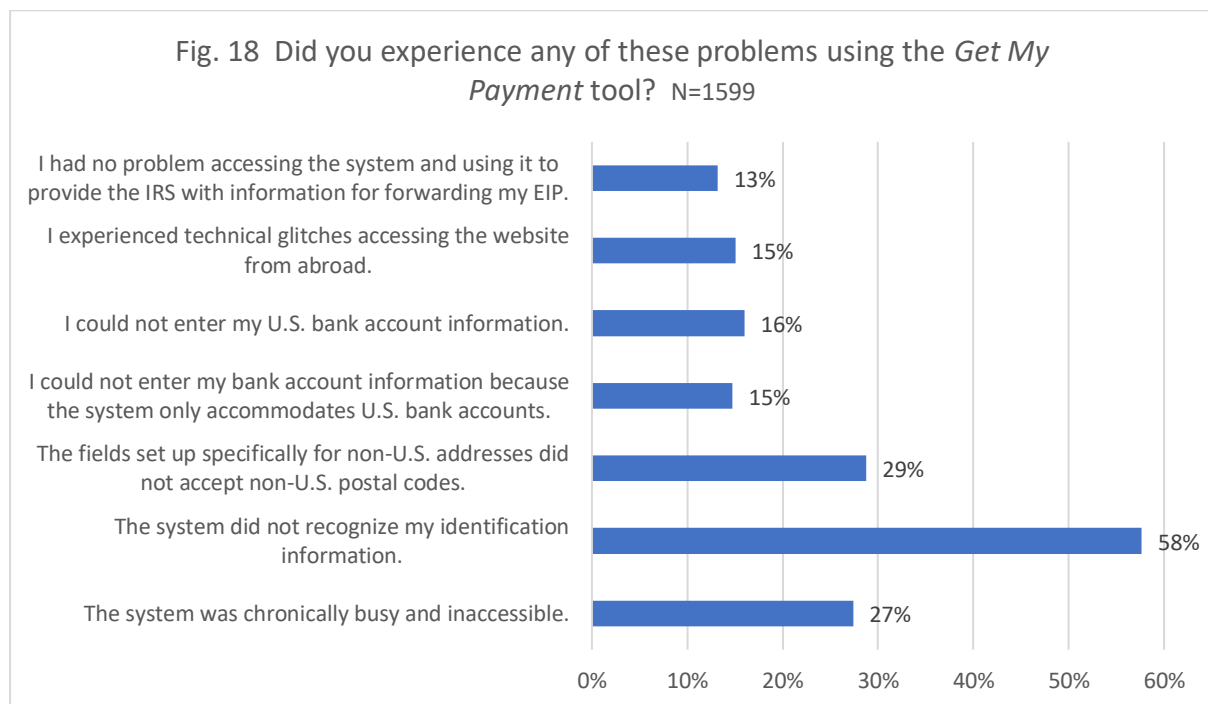


III.2 Get My Payment tool

The IRS created the *Get My Payment* tool for those who do not have bank account details on file with the IRS. It enables taxpayers to provide the IRS with U.S. bank account information necessary for forwarding the EIP by direct deposit. The *Get My Payment* tool does not enable users to provide the IRS with details of bank accounts held outside the U.S.



It is striking but not surprising that 87% of respondents had problems using the *Get My Payment* tool. In April and May 2020 there were innumerable press reports about the errors and frustration that users were experiencing with the tool.



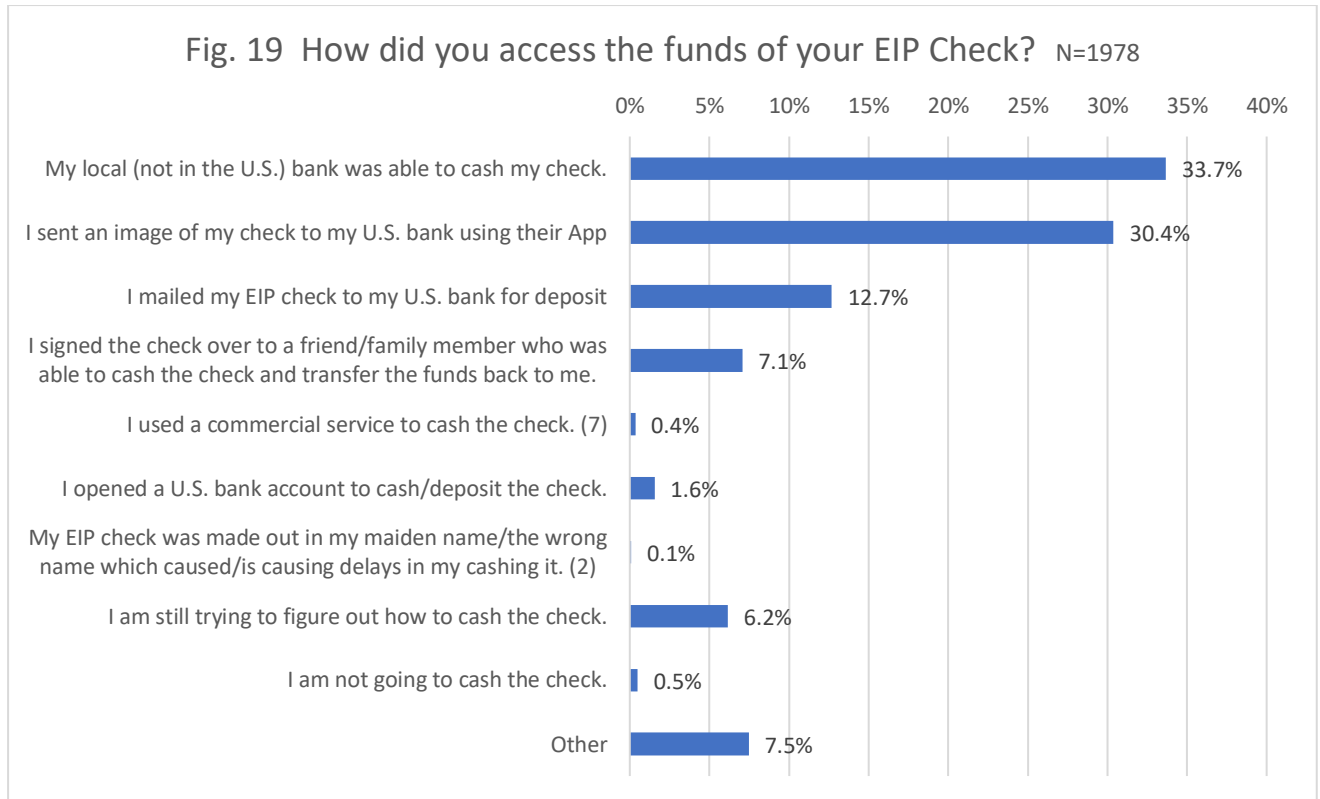
As per the analysis in Section II.2, the delivery of EIPs to Americans abroad would be hastened by at least a month if payments could be made directly into the local bank accounts of Americans abroad. **The *Non-Filers* and *Get My Payment* tools need to be adjusted to permit Americans living outside the U.S. to provide the IRS with their local address, phone number and bank account information, either in the U.S. or locally, i.e., in their country of residence.**

IV. EIP CHECK CHALLENGES

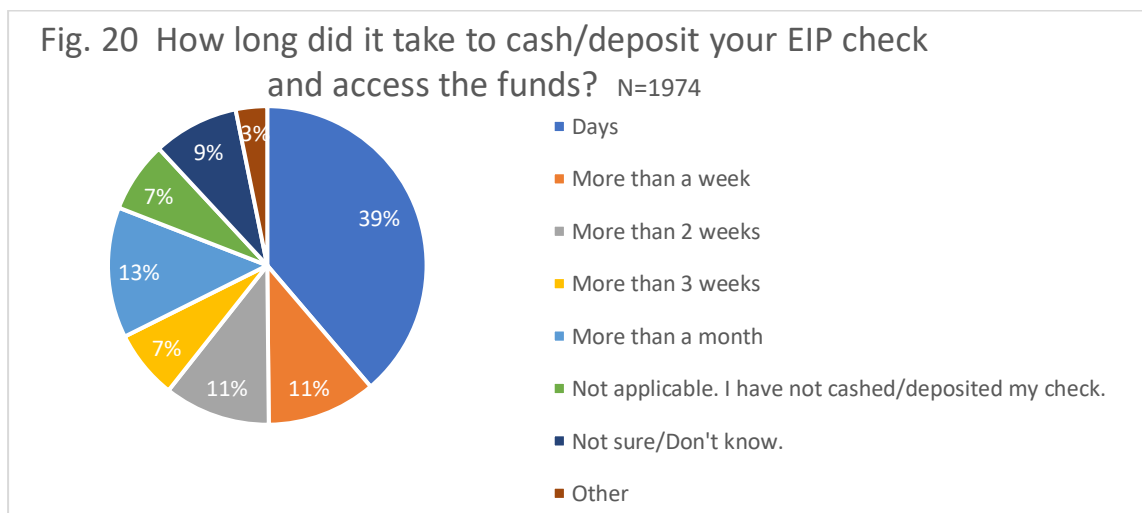
Nearly 7 in 10 survey respondents received the EIP check.

One-third of EIP check recipients were able to cash their check locally; a further 30% were able to use a U.S. bank app to deposit the check. One in 8 put their EIP check back into the international postal system and mailed it to their U.S. bank for deposit.

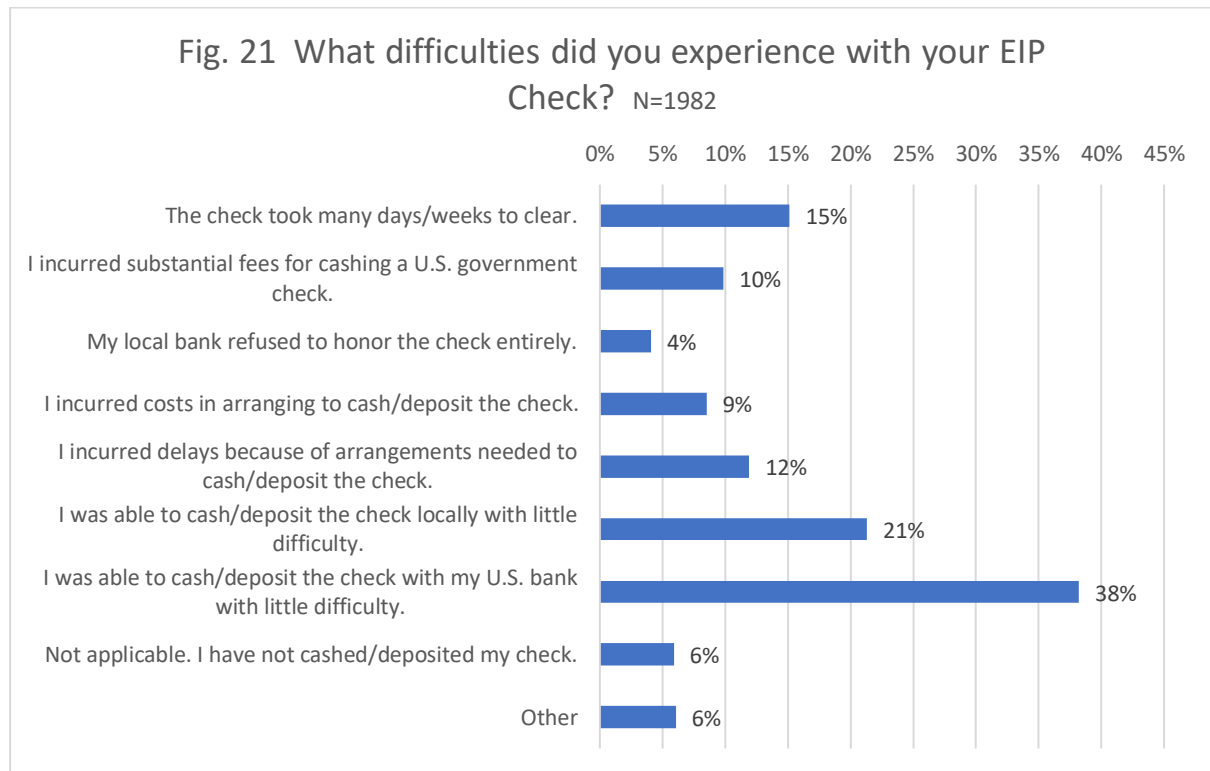
As of mid-to-late October, 6% were still trying to figure out how to cash their EIP check.



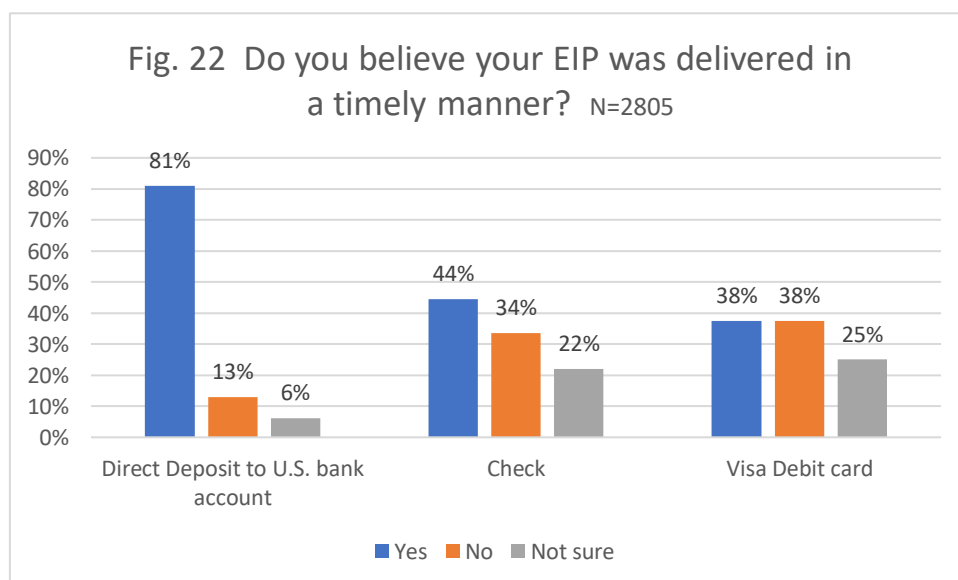
Although 39% of respondents suggest that they were able to access the funds of their EIP check within days, for at least **42% of recipients it took more than a week to cash the check and access the funds. Given the average 78.5 days it took to receive the check, this makes a total wait-time of at least 85.5 days or 12.2 weeks to receive the money.**



Thirty-eight percent report having no problem cashing their EIP check with their U.S. bank, while 21% were able to cash it locally (outside the U.S.); 4% report presenting their EIP check at their local bank but the bank refused to honor it.



Respondents were asked whether they received their EIP in a timely manner, with recipients of the EIP by Direct Debit to their U.S. Bank account overwhelmingly stating they had. The responses of those who received the EIP check and EIP Visa Debit Cards were mixed.

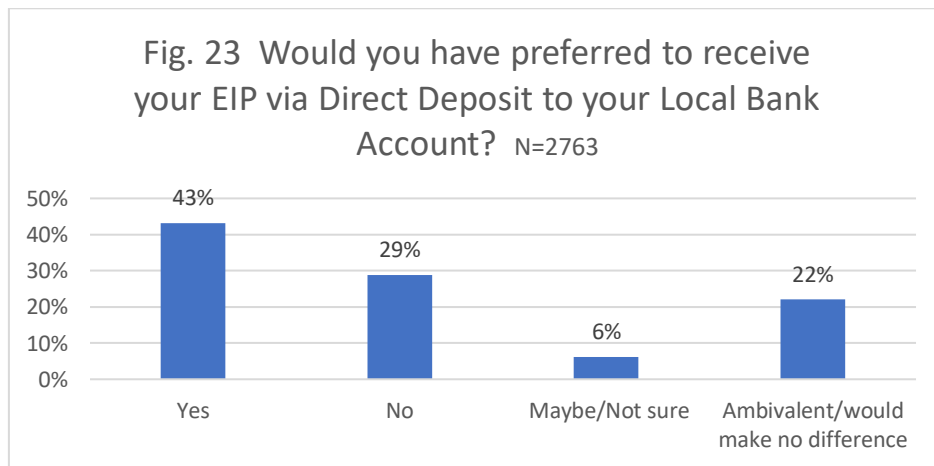


V. IMPROVING EIP DELIVERY EFFICIENCY

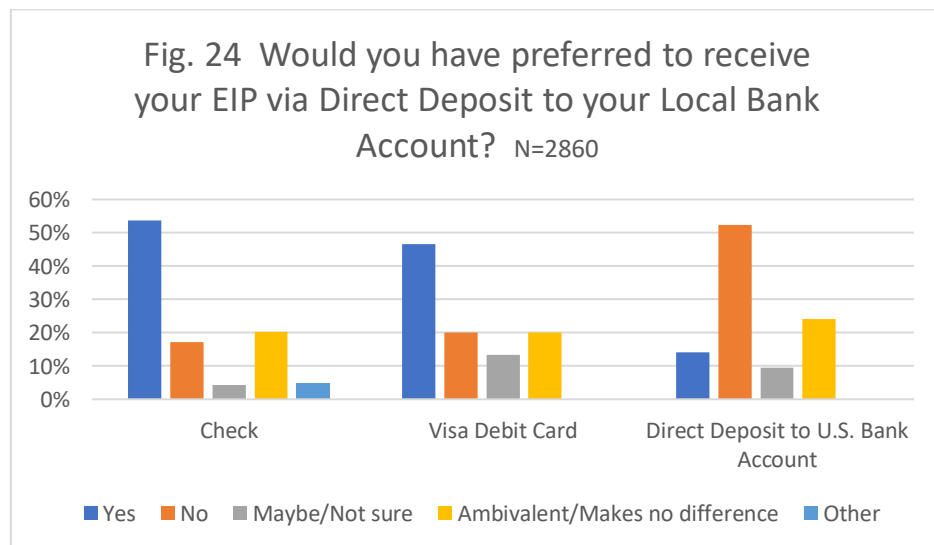
The following charts profiling responses related to preferences for EIP delivery method suggest that Americans abroad **should be given the option** of receiving their payment via direct deposit to their local bank account. The IRS could do so by adding screens for non-resident citizens to provide their identification information and fields to enter an International Bank Account Number or IBAN.

Social Security, Railroad Retirement, and Veterans Affairs beneficiaries living abroad receive payments into local bank accounts by providing those agencies with the appropriate IBAN. It should not be a problem for the IRS to do the same, especially as Congress expects the IRS to administer a global tax system.

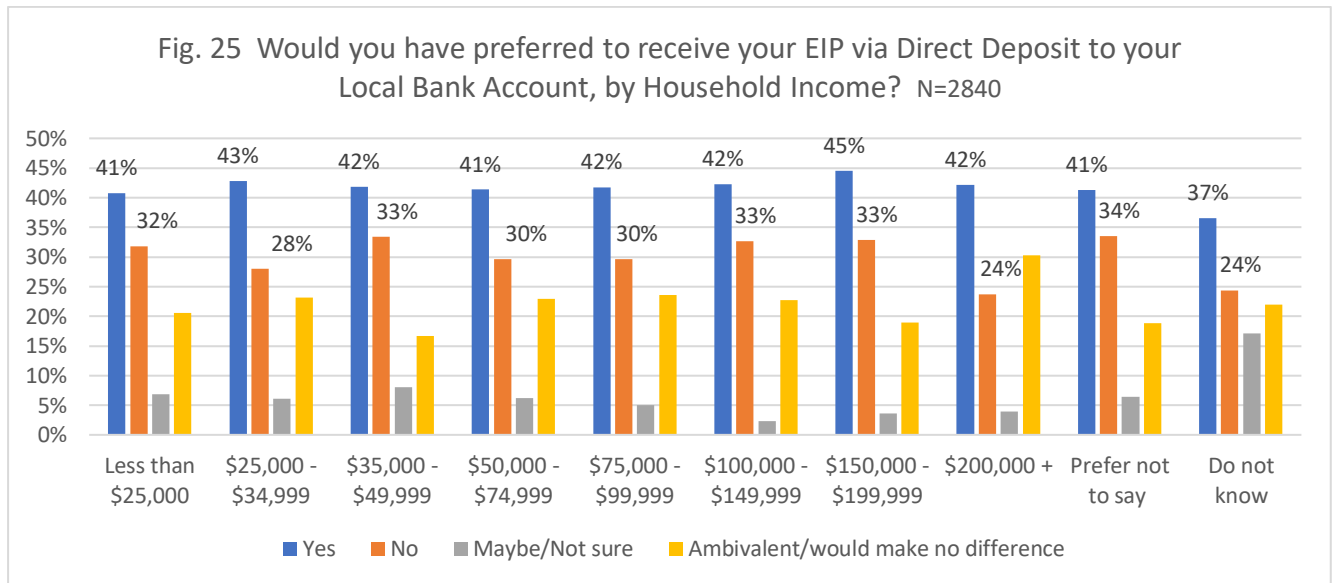
The IBAN is an internationally agreed system of identifying bank accounts to facilitate cross-border transactions and reduce risk of transcription errors. An IBAN uniquely identifies the account of a customer at a financial institution. Initially developed to facilitate payments within the EU, it has been implemented by most European countries and numerous countries in other parts of the world. As of May 2020, 77 countries were using IBAN.



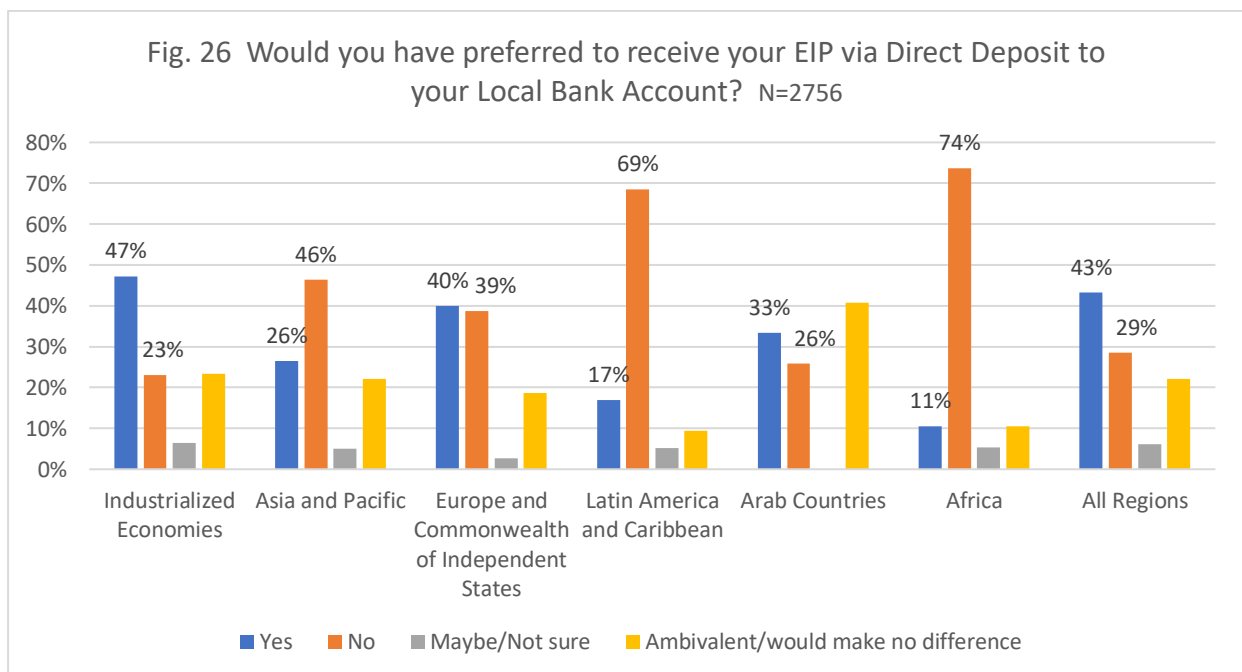
A majority of those who received an EIP check stated a preference for receiving the EIP by direct deposit to their local bank account.



Respondents across income groups would have preferred to receive the EIP via direct deposit to a local bank.



Responses were less consistent across regions of the world. Respondents in Latin America and the Caribbean and in Africa, and to a lesser extent in Asia and Pacific, preferred to not have EIPs delivered by direct deposit into their local bank account. This might be owing to a greater reliance among those respondents on the U.S. banking system and/or a lower level of confidence in the banking systems of the countries where they live.



The actual CARES Act aid experience of respondents across these regions of the world is explored in the next section.

VI. EIP ANALYSIS BY REGION OF THE WORLD

As 7 in 10 EIPs (checks and Visa debit cards) were delivered to respondents through the international postal system, this analysis examines the experience of recipients by region of the world as defined by the Universal Postal Union.¹⁴ Four percent of respondents (173 people) reported having received correspondence or an IRS message that an EIP was coming to them but had yet to receive anything in the post. Fig. 27 shows survey participation, EIPs received, and EIPs never received, by region.

Disproportionally many failed deliveries were in the Asia and Pacific and especially in Latin America and Caribbean and in Arab Countries.

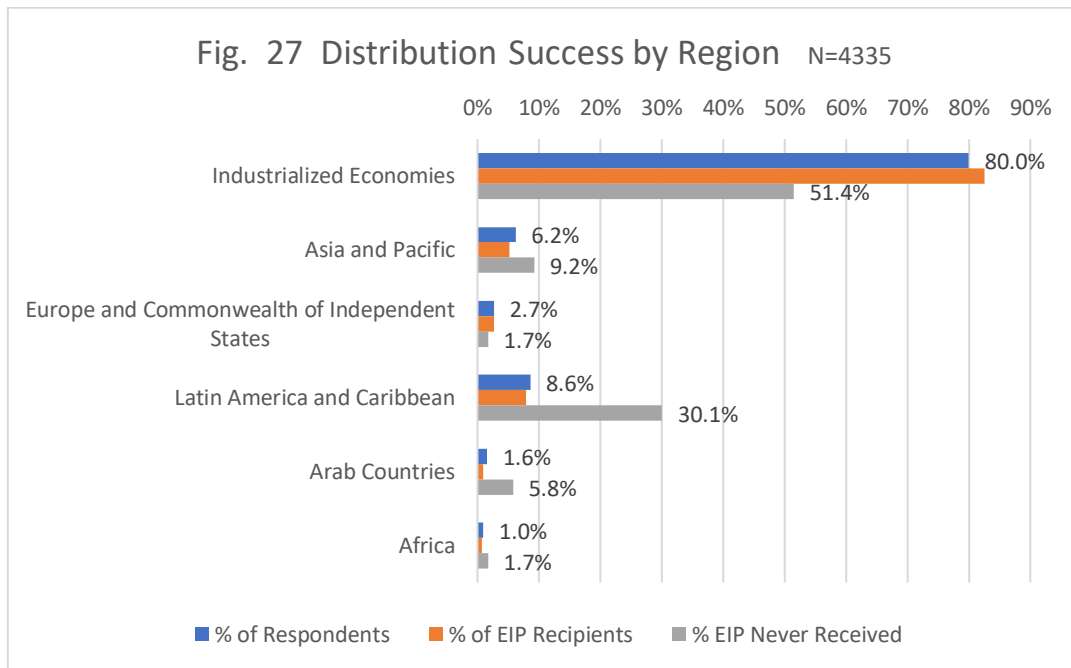
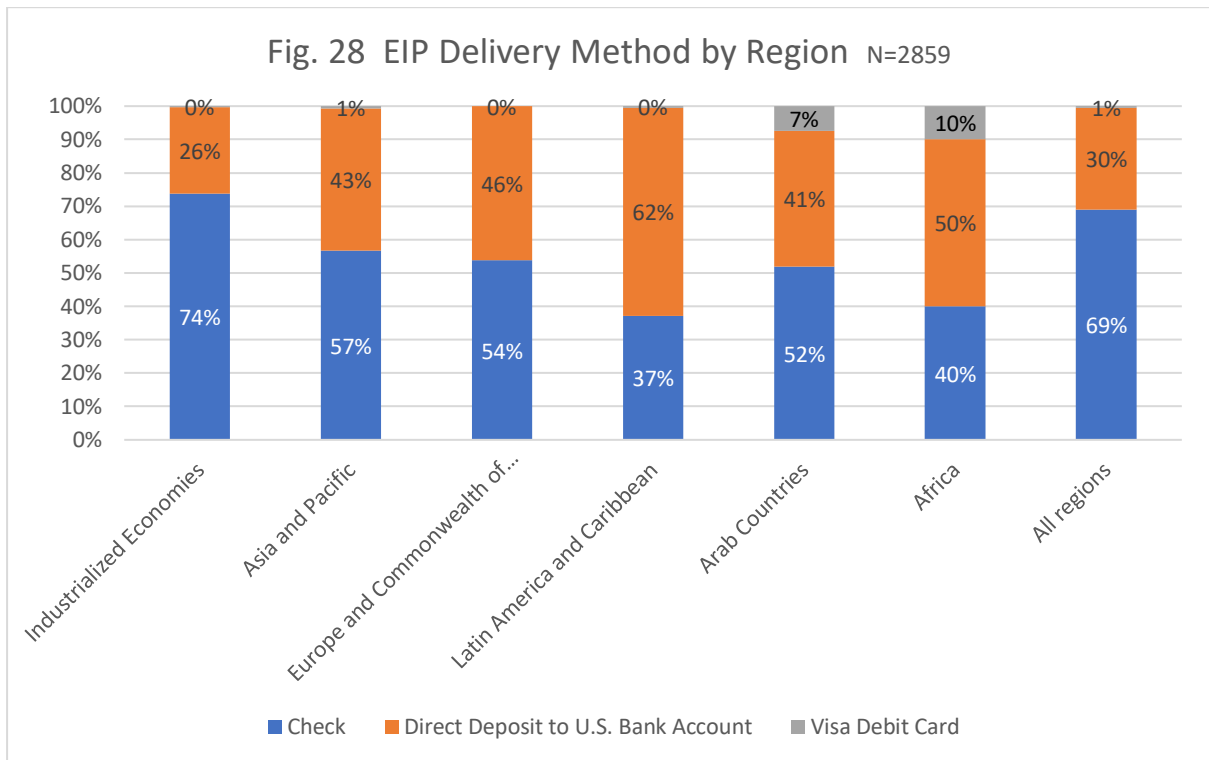
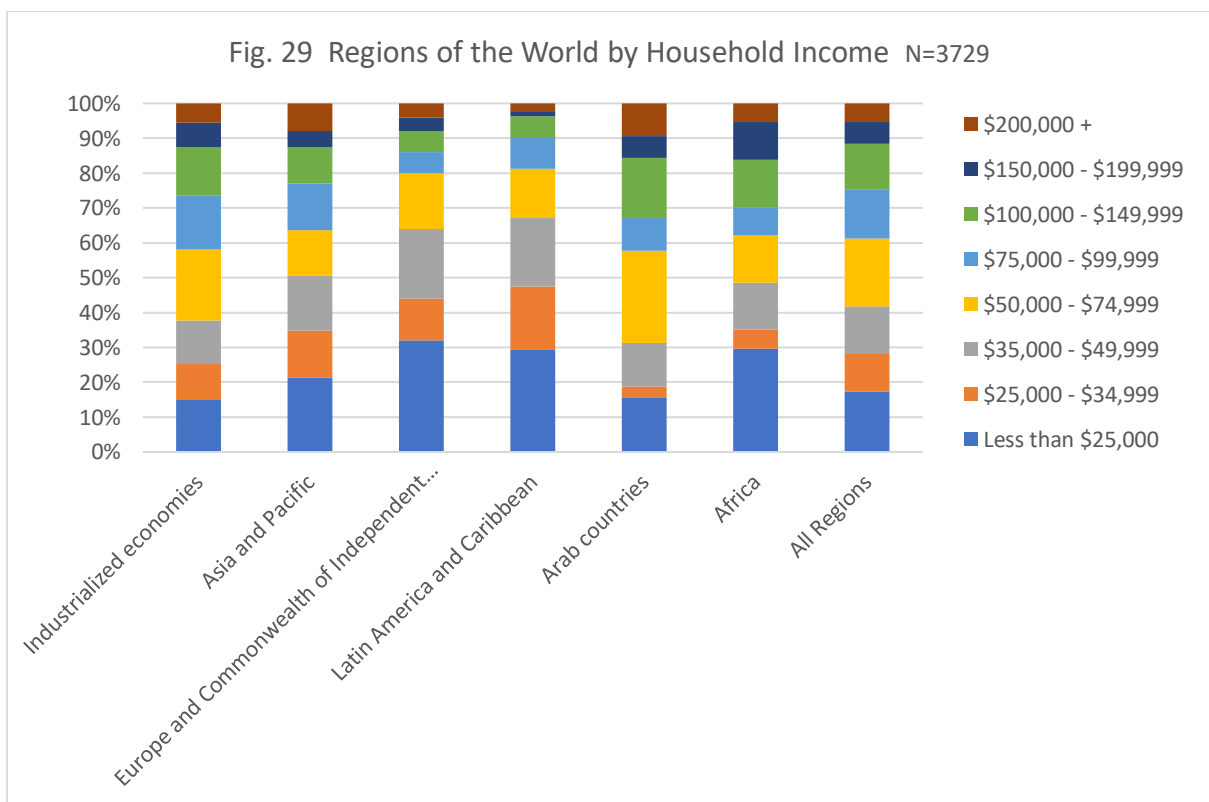


Fig. 28 shows the EIP delivery methods – check, direct deposit and Visa debit card – by region. **The low proportion of respondents who received an EIP check in Latin American and the Caribbean correlates with the high proportion of respondents in that region who never received their EIP, and accords with our understanding of the very poor postal systems in Latin America and the Caribbean.** Some countries have had no postal service at all during the pandemic.

¹⁴ <https://www.upu.int/en/Universal-Postal-Union>



Cross referencing the regions of the world where EIP delivery was poor with the data in Fig. 29 of the household income of respondents highlights the fact **that Latin America and Caribbean – with the worst level of EIP delivery – also had the highest proportion of low-income households.**



VII. PANDEMIC RELATED OBSTACLES FILING TAXES FROM ABROAD

The IRS administers a global tax system. U.S. citizens, foreign-registered companies owned by U.S. citizens, and foreign-registered companies owned by U.S. corporations are all required to declare their global income to the U.S., even if they are based in and pay tax in another jurisdiction. The experiences of Americans abroad accessing CARES Act aid, relief, and support programs provide further evidence that the IRS struggles to administer this system. Other evidence to this effect gathered by Democrats Abroad and other organizations representing Americans abroad includes:

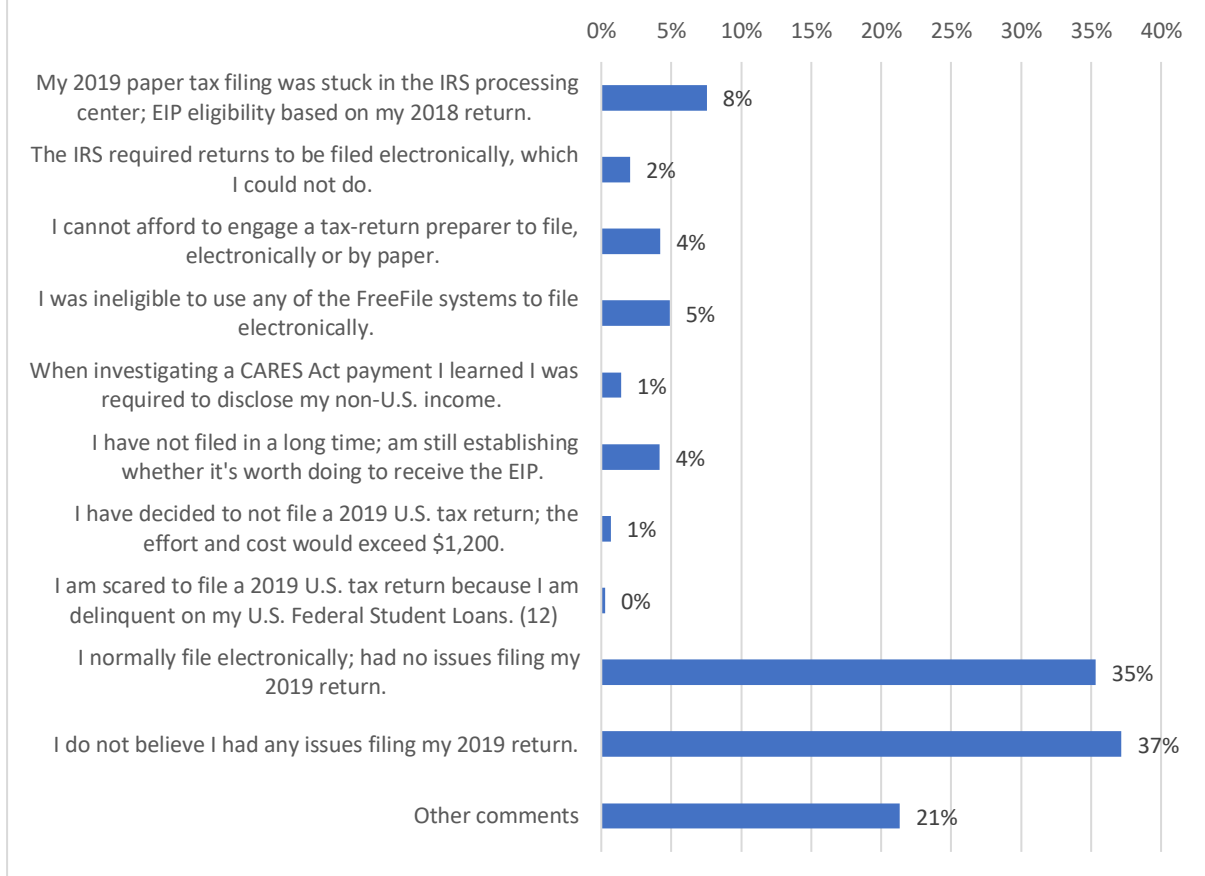
- the enormous difficulty that Americans abroad encounter preparing tax filings even if they have only ordinary earned income;
- the inordinate tax-preparation costs incurred by filers dealing with the tax system of the U.S. and the country where they live;
- the double taxation of a range of income types, including those normally received by low-income, elderly, disabled, unemployed, and retired Americans abroad;
- the difficulty U.S. citizens abroad have procuring even ordinary financial products and services, such as checking accounts, retirement-saving plans, and mortgages, from financial institutions in the places where they live caused by U.S. foreign financial account reporting regimes;
- the inefficiency of saving and investing for the future for Americans abroad who are barred from using U.S. investment vehicles, yet faced with punitive tax treatment for using investment vehicles in the countries where they live;
- the highly punitive tax treatment (per the 2017 Tax Cuts and Jobs Act) of companies owned by Americans abroad, which are registered in and already taxed in the countries where the owner lives;
- the invasive and sometimes duplicative financial-account reporting-requirements faced by Americans abroad for the accounts they use to pay their bills and save for the future, raising data security concerns as well; and more.

The arduous task of preparing U.S. tax filings was further complicated by pandemic-related IRS service interruptions and accessibility barriers. IRS support can be difficult for non-resident Americans to access at the best of times.

Most Americans abroad file paper returns because electronic filing systems often lack the specific forms required to report income generated abroad. The closure of IRS offices in 2019 not only hampered telephone support, it also placed in limbo paper returns filed to closed facilities.

Respondents registered their experience with a range of pandemic-related obstacles. More than 60% reported serious problems filing their 2019 taxes.

Fig. 30 Did you experience any of these pandemic-related tax filing obstacles? N=4188



The Internal Revenue Code includes many provisions that cause unintentional but nevertheless serious personal and financial harm **uniquely** to Americans who live abroad. Over many years the U.S. Congress has enacted tax laws that have considerable overseas reach, normally without due consideration given to the impact they would have on ordinary, working class Americans abroad. Congress tasks the IRS with administering this global tax system, yet the experience of Americans abroad, both in our yearly filing and with programs like those in the CARES Act, demonstrates that the IRS is failing in that responsibility.¹⁵

Democrats Abroad and other organizations advocating for relief from the burden of U.S. taxation for Americans abroad recommend that Congress and the IRS undertake immediate work on reforms to simplify tax filing from abroad, eliminate double taxation, and remove barriers to banking, saving, and investing.¹⁶ We recommend the House Ways and Means Committee and Senate Finance Committee schedule urgent hearings investigating these matters.

¹⁵ Democrats Abroad Tax Filing From Abroad Research Paper

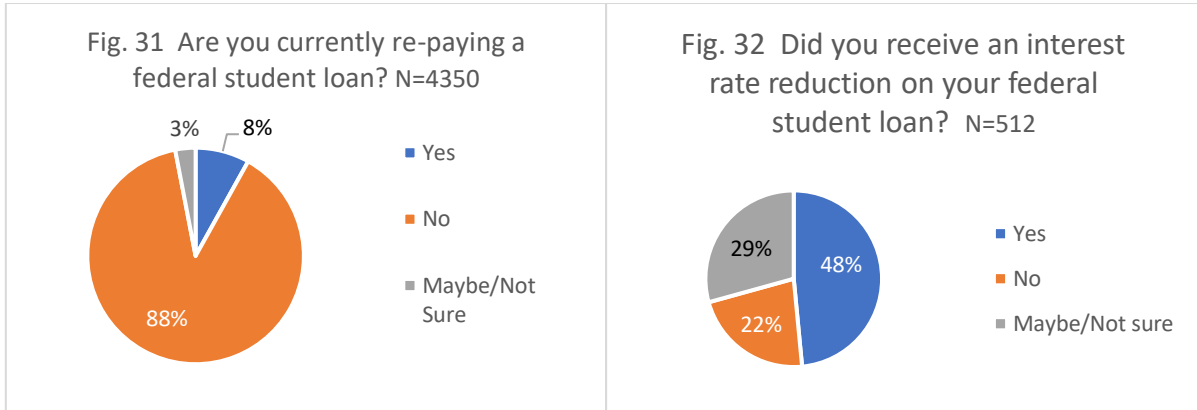
<https://wiki.democratsabroad.org/download/attachments/35849662/Tax%20filing%20from%20abroad%20-%202019%20Research%20on%20Non-Residents%20and%20US%20Taxation.pdf?api=v2>

¹⁶ Democrats Abroad 23 Tax Problems for Americans Abroad with Three Solutions

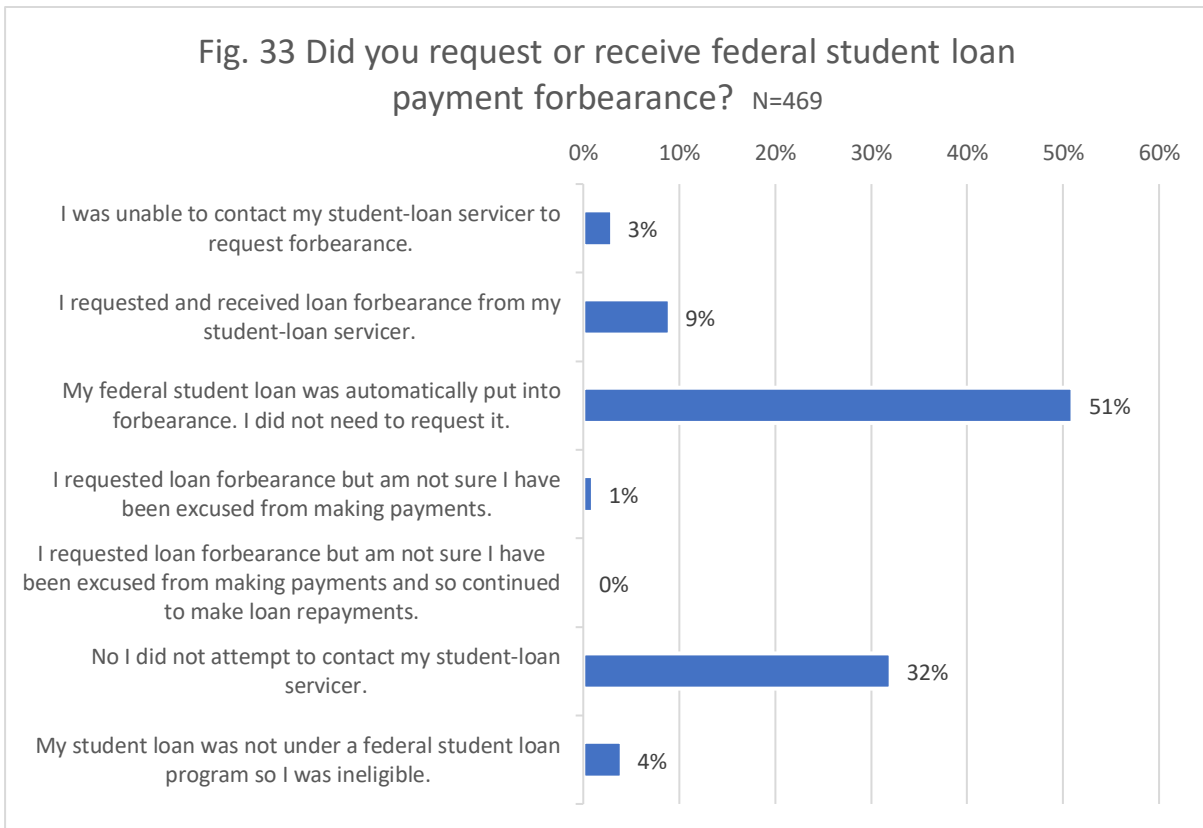
<https://wiki.democratsabroad.org/download/attachments/49515060/23%20Problems%203%20Solutions%202020.pdf?api=v2>

VIII. CARES ACT FEDERAL STUDENT LOAN RELIEF

The CARES Act includes two components supporting federal student-loan borrowers repaying existing loans: 1) interest rate reductions to zero for 60 days, further extended to 31 December 2020, and 2) suspended loan repayments until 30 September 2020, also extended to 31 December. One in twelve respondents is currently repaying a federal student loan (a Federal Family Education Loan, or FEEL, or a Health Education Assistance Loan, or HEAL) eligible for support under the CARES Act.

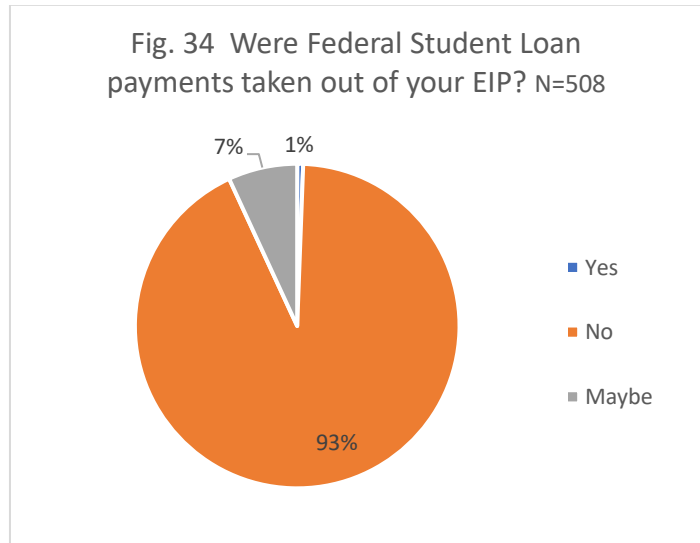


Advice was published indicating that Federal Student Loan borrowers were to contact their student-loan servicer to request loan forbearance available under the Act. U.S. toll-free phone numbers for servicing agents were provided. U.S. toll-free numbers can be called from some places outside the U.S., but not all. Some borrowers were successful in requesting forbearance, others not. Some loans were automatically put into forbearance without the borrower having requested it.



Some borrowers believe loan payments were deducted from their EIP.

There appears to be a great deal of uncertainty about what relief was (available and) provided to Federal Student Loan borrowers under the CARES Act.

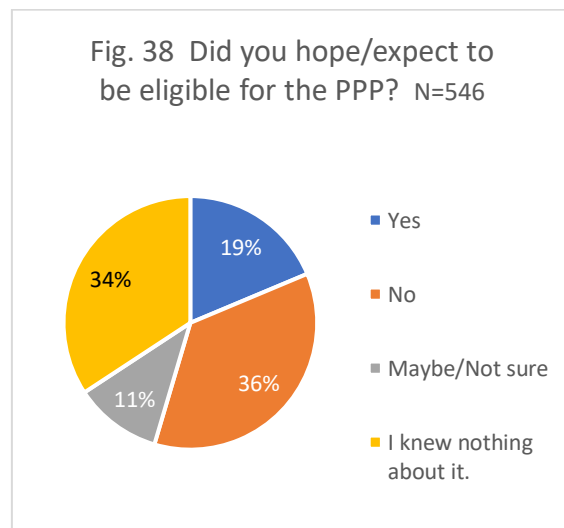
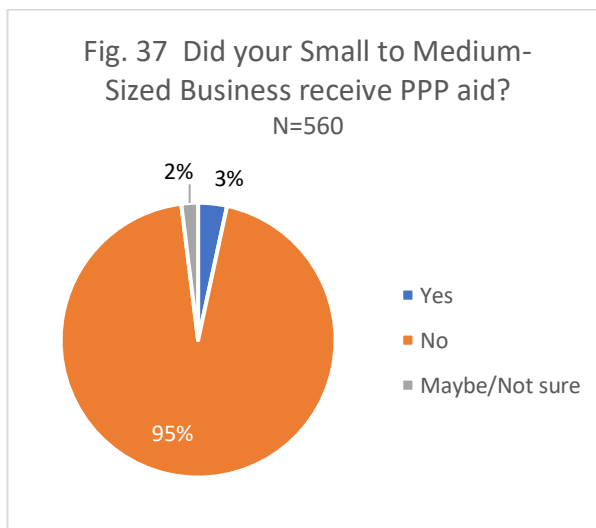
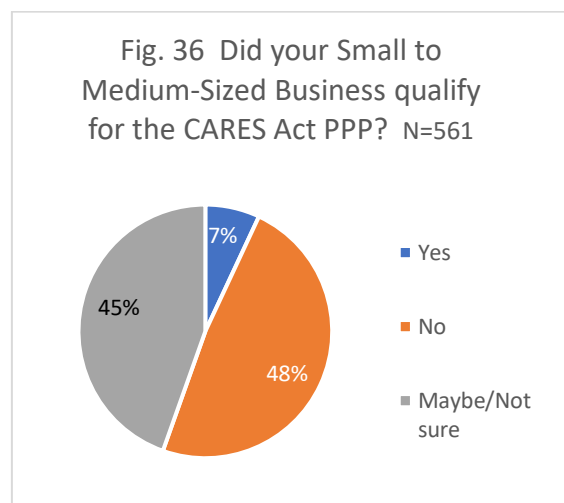
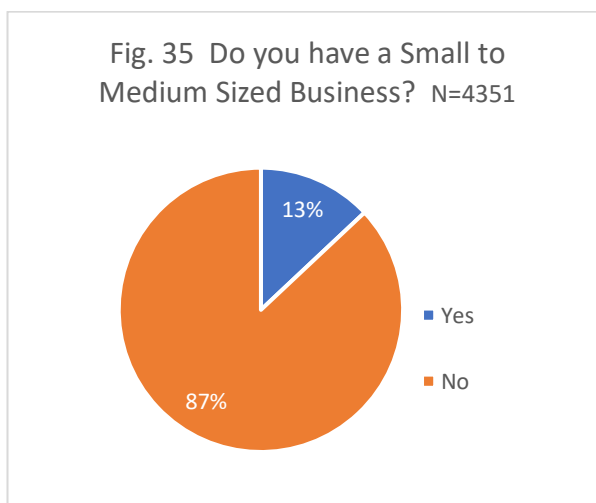


We recommend the Federal Student Loan servicing agencies provide a statement to borrowers repaying Federal Student loans about what CARES Act-related actions have been taken in regards to their loans and repayment terms.

IX. CARES ACT SUPPORT FOR SMALL BUSINESSES

The CARES Act includes funding for American small businesses in the form of the Paycheck Protection Program (PPP). PPP funding was created to help small businesses keep staff employed in a time of greatly reduced revenue. The Treasury used the Small Business Act to define eligibility for the PPP, i.e., a business that is registered in the U.S., has its headquarters in the U.S., or does the majority of its business in the U.S.

On this basis few businesses owned by Americans abroad were eligible for the PPP, but 39 respondents (7% of business owners) reported that their business qualified and 19 (3% of business owners) reported having received aid. Given that companies registered abroad owned by U.S. citizens are liable for U.S. company taxes, such as the Repatriation Tax and GILTI Tax (in addition to the taxes they pay in the country where they are registered), we would have expected that they would also be eligible for the pandemic aid provided to similar businesses in the U.S.



We recommend that Paycheck Protection Program eligibility be extended in the next pandemic aid package to include small to medium-sized businesses owned by Americans abroad that are also liable U.S. taxes such as the Repatriation Tax and GILTI Tax.

APPENDIX:

Demographics of Respondents

Fig. A1 Gender N=4354

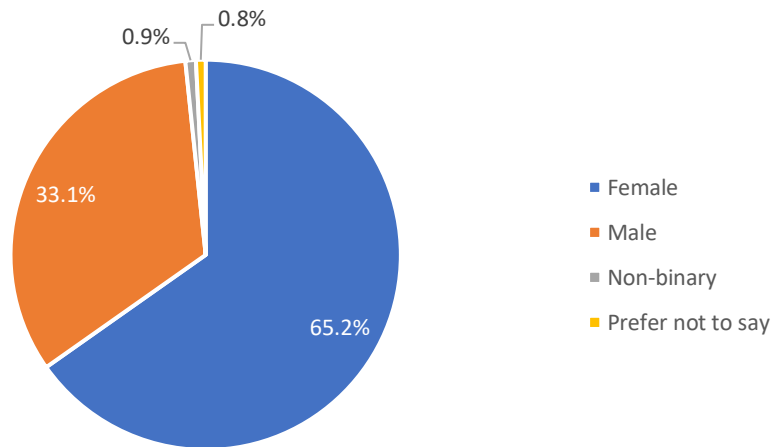


Fig. A2 Citizenship N=4355

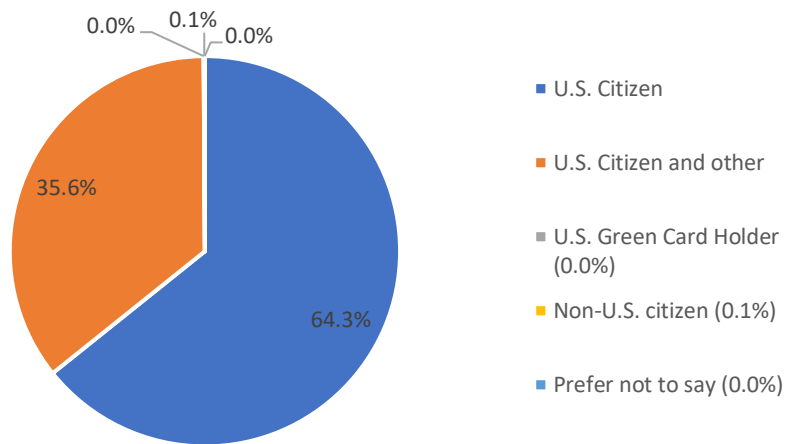
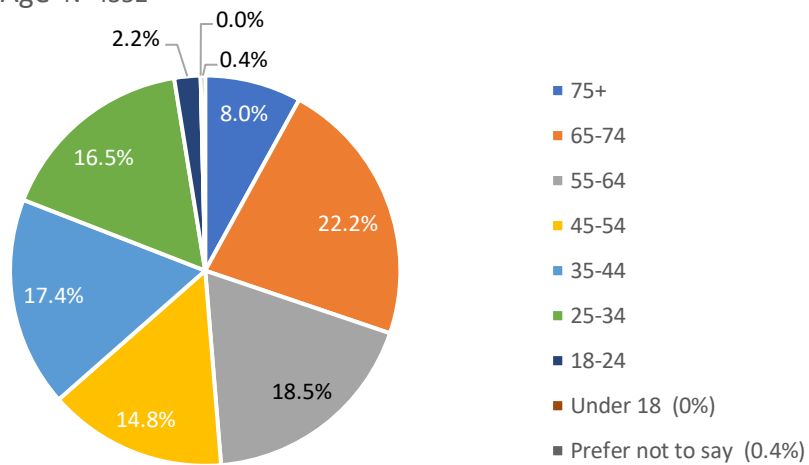


Fig. A3 Age N=4352



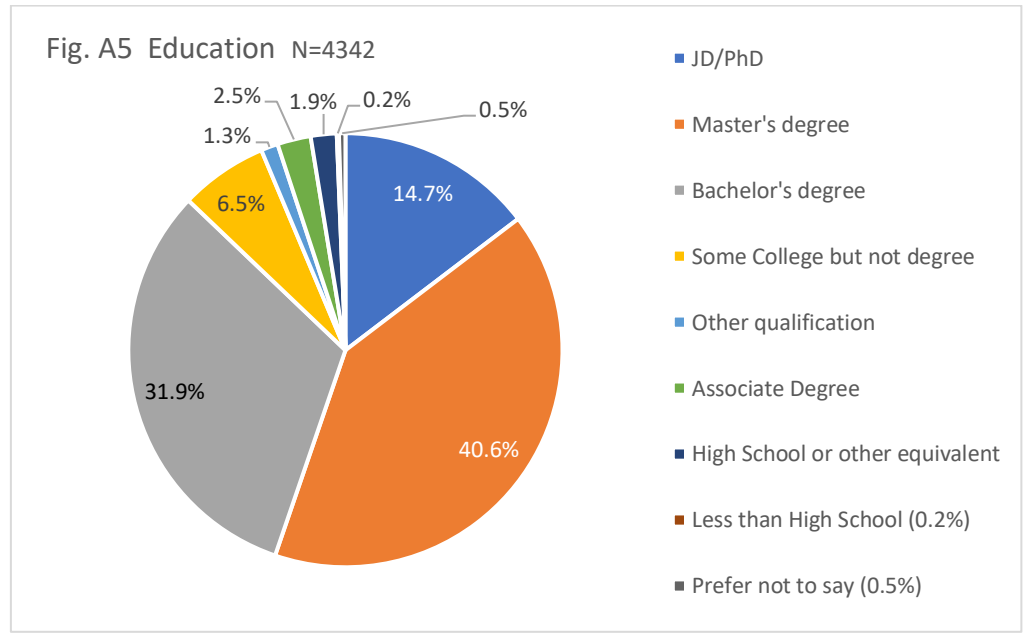
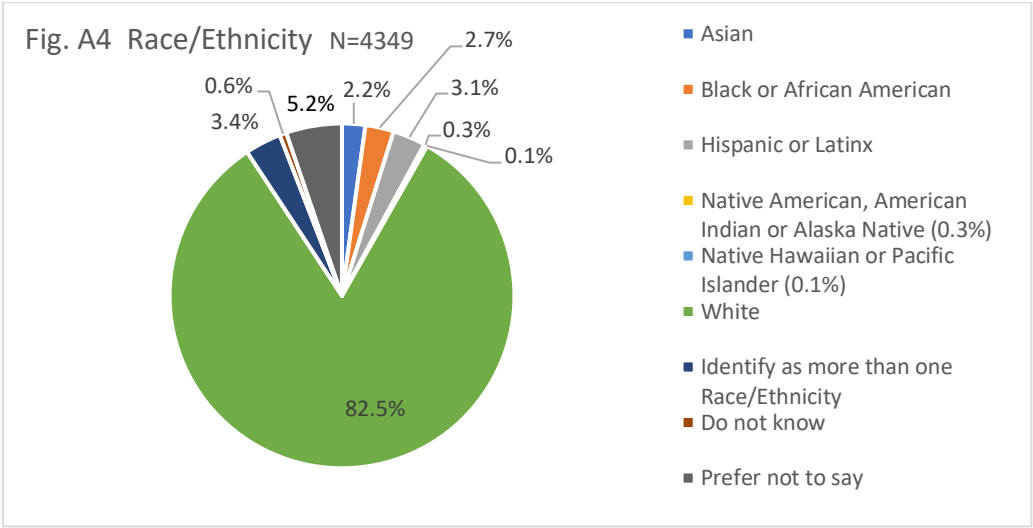


Fig. A6 Marital Status N=4348

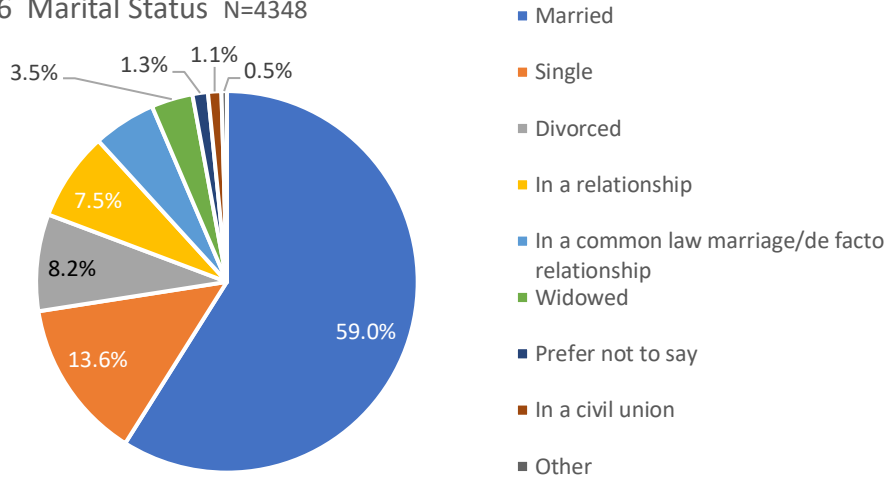


Fig. A7 Nationality of Spouse N=4113

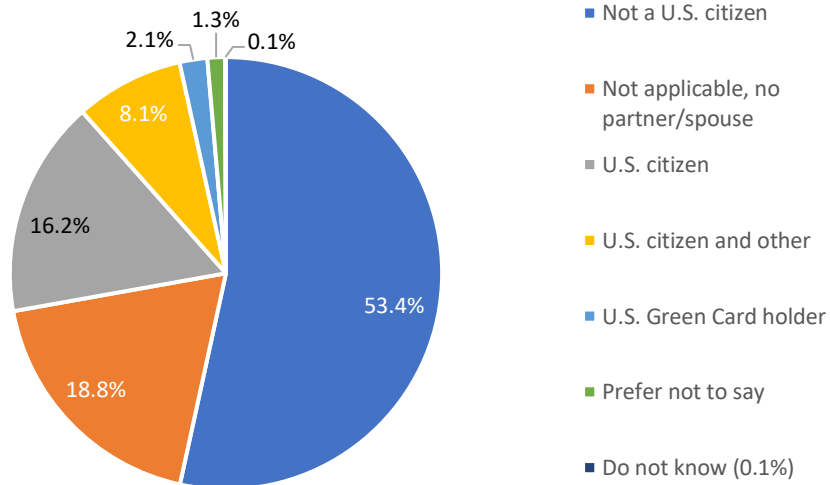
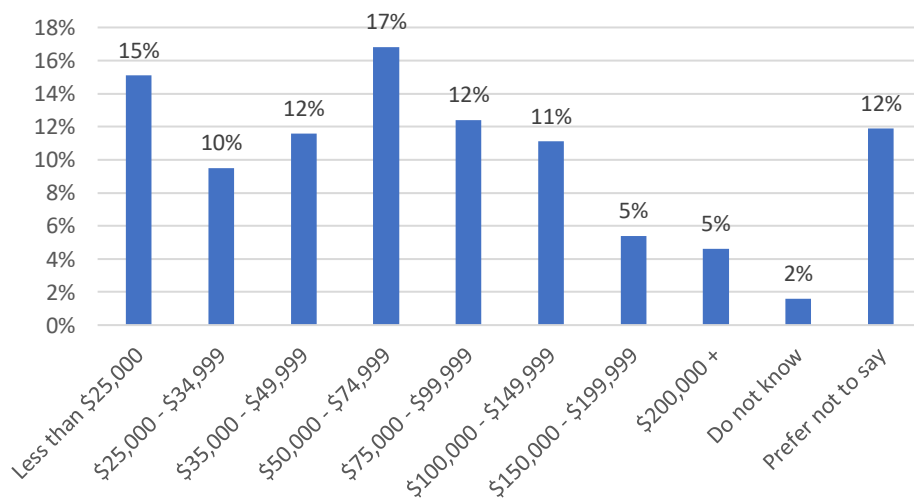
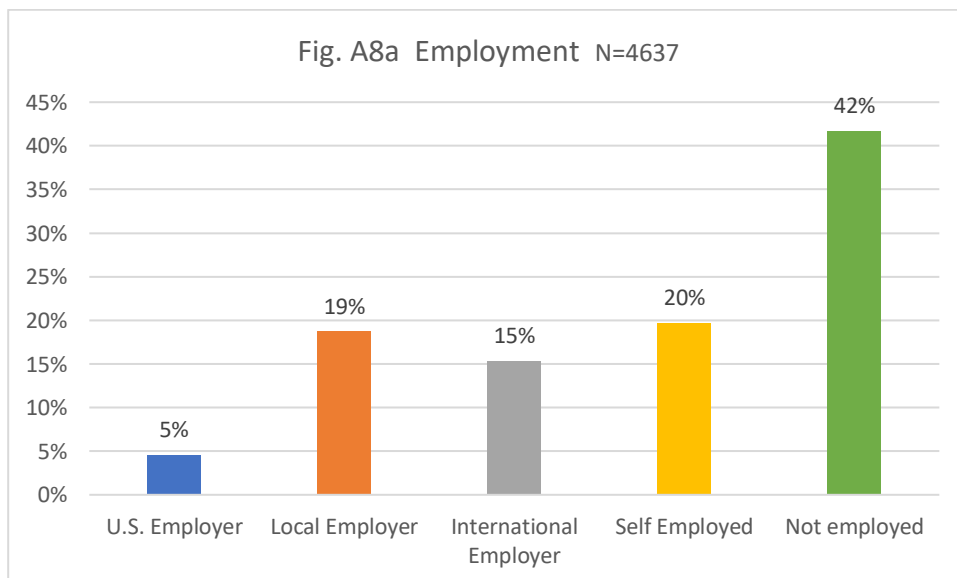
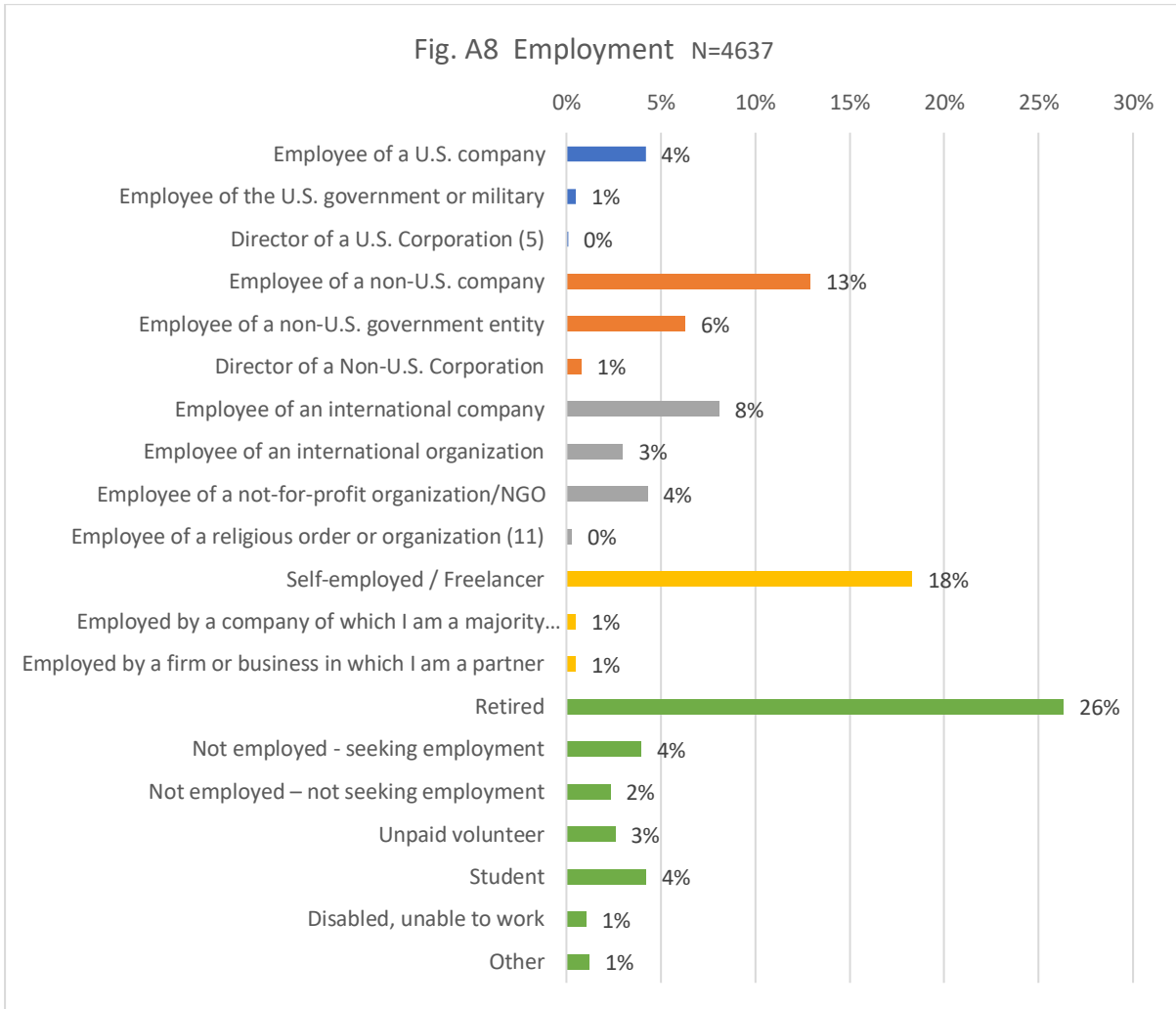
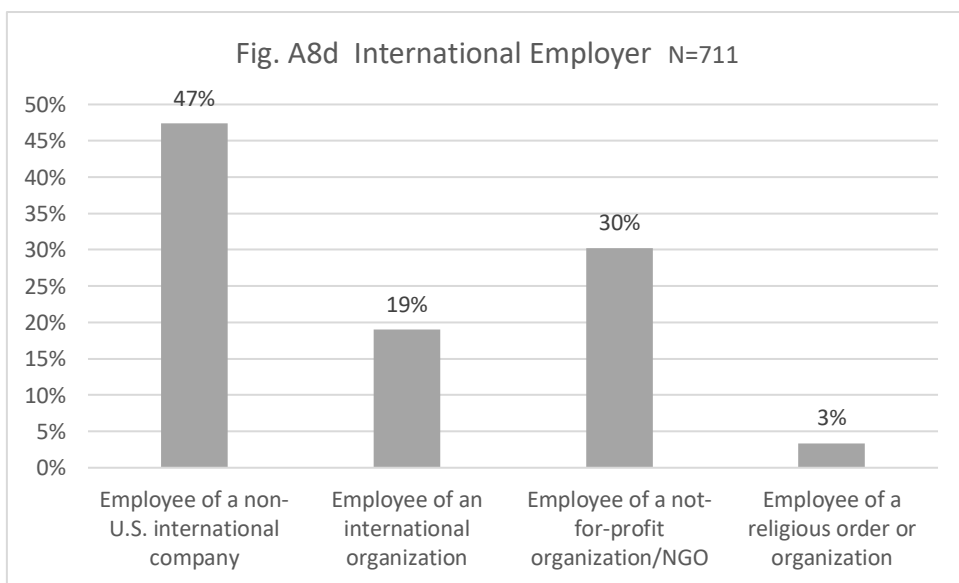
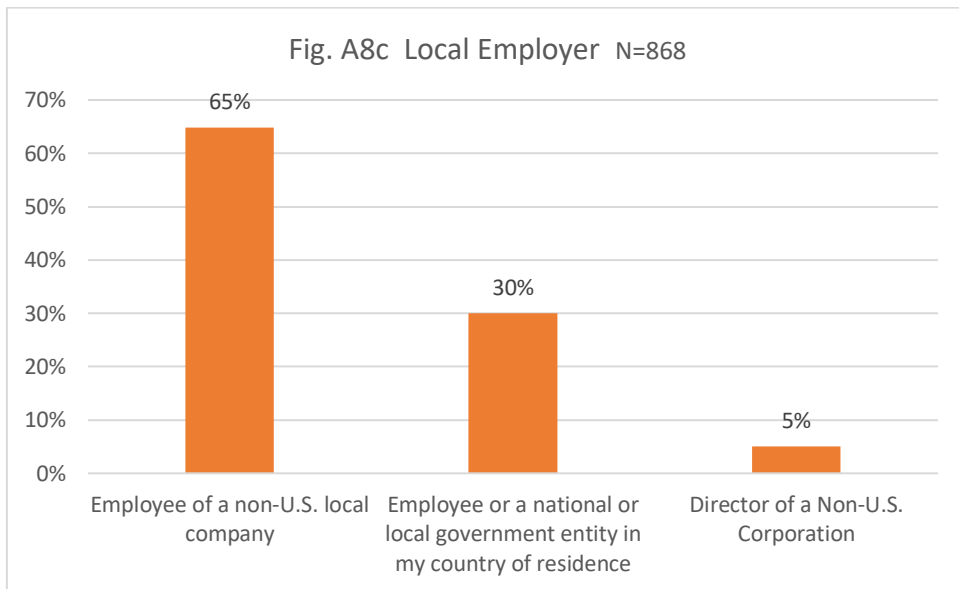
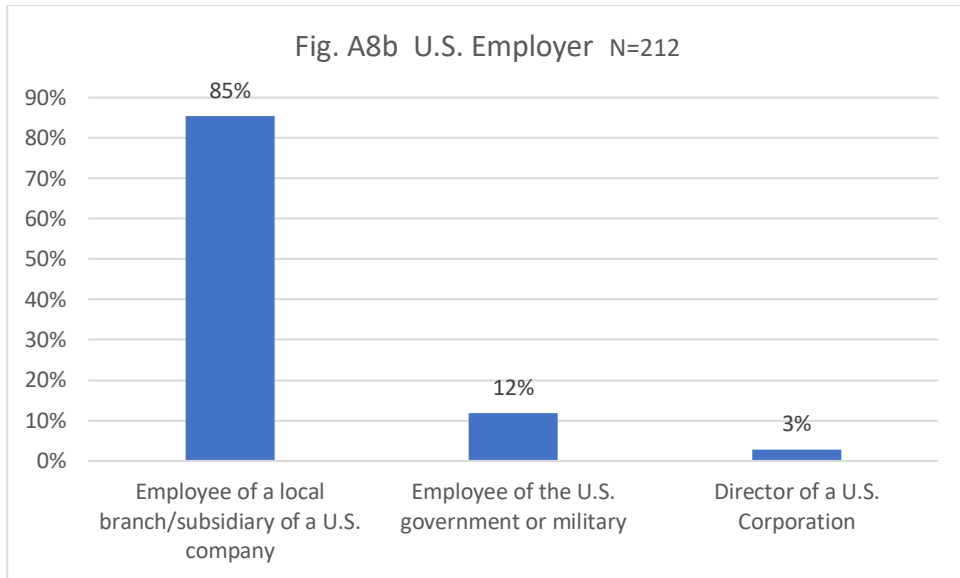


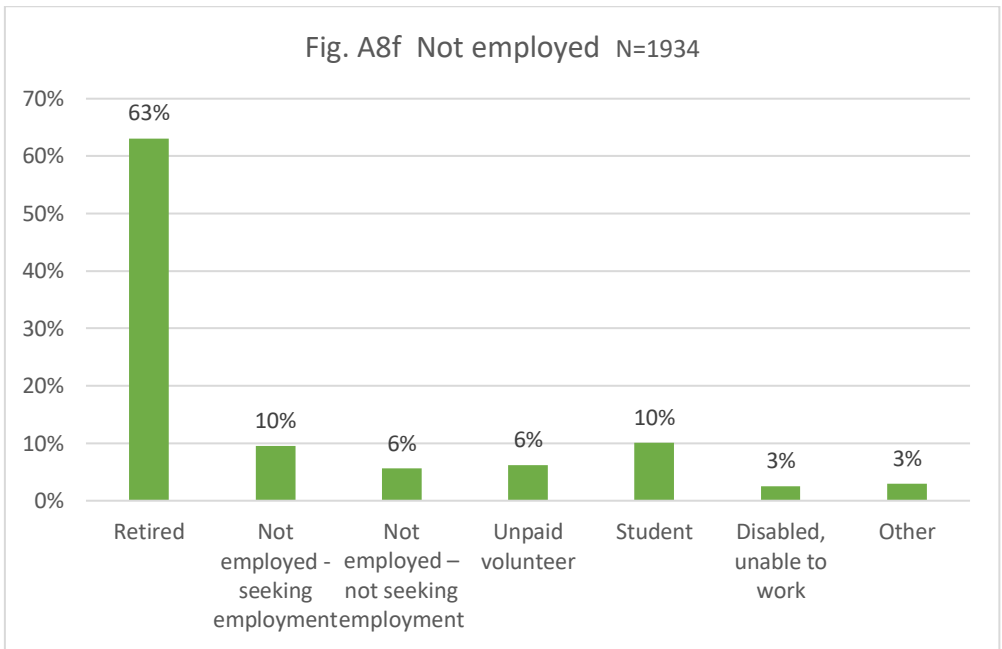
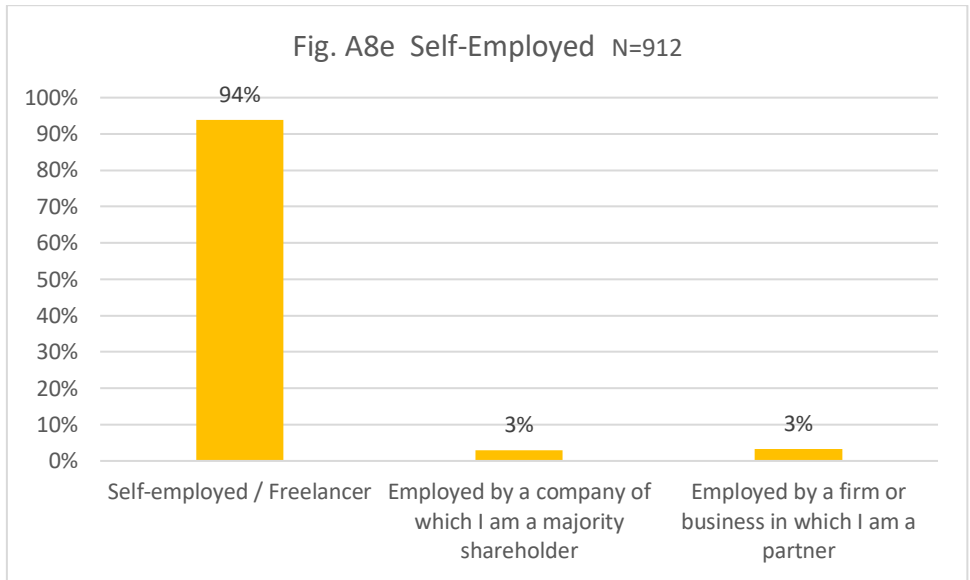
Fig. A9 Household Income N=4337

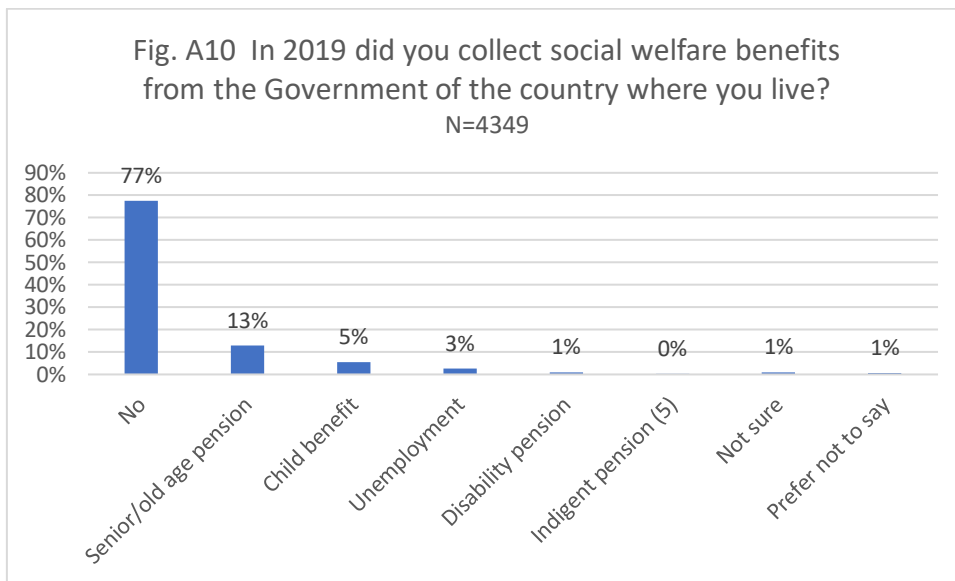


Respondents could choose multiple options to describe their employment.

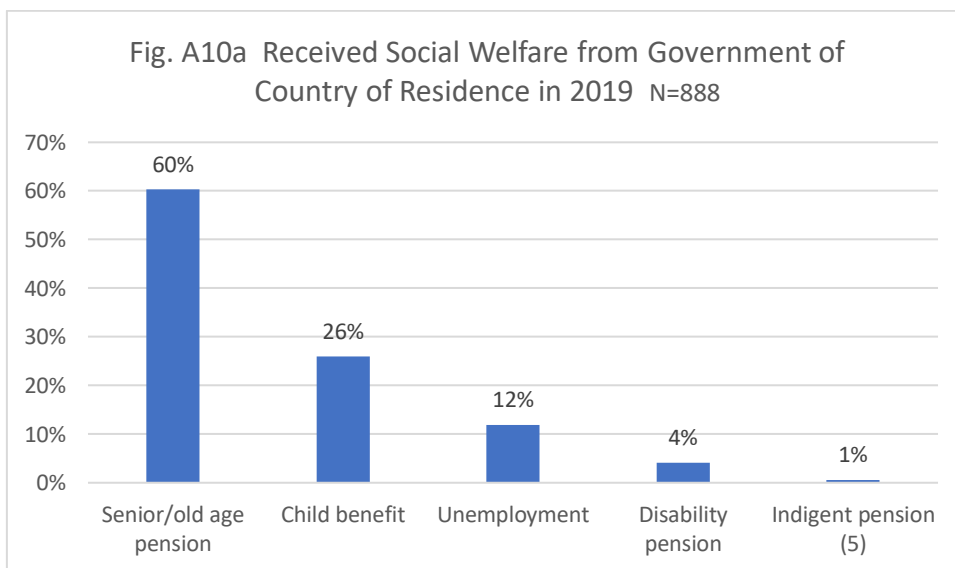


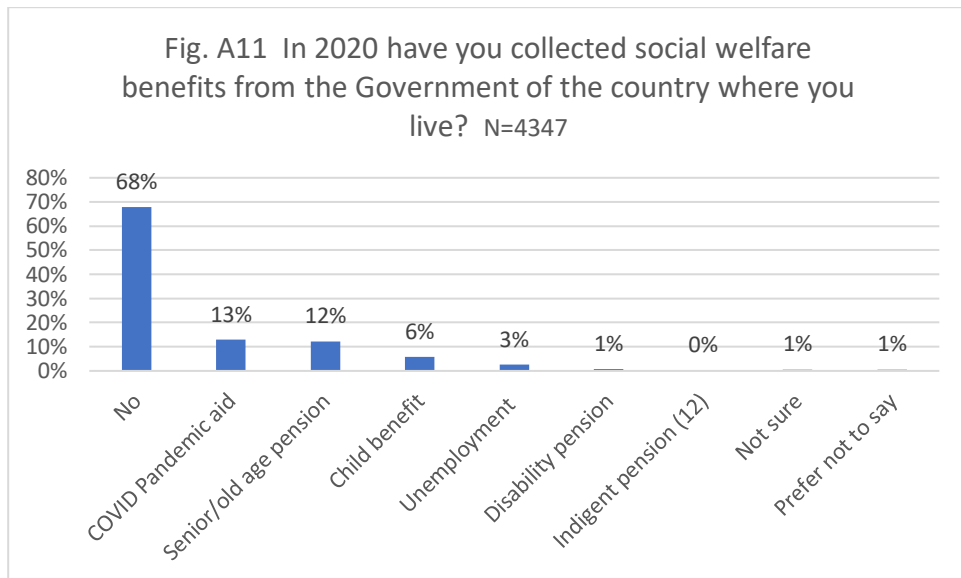






Three percent of those who collected a social welfare benefit from the government of the country where they live in 2019 collected more than one type of benefit.





Nine percent of those who collected a social welfare benefit from the government of the country where they live in 2020 collected more than one type of benefit.

