Dear Mr. Secretary and Commissioner Rettig,

**RE: Coronavirus Aid, Relief and Economic Security (CARES) Act support for Americans abroad**

Democrats Abroad acknowledges the historic and very serious conditions citizens in the U.S. and across the world are facing due to the Coronavirus pandemic. We express our gratitude for the actions our government is taking to alleviate the pain the virus is causing. We also outline herein some issues that will impact the success of the CARES Act in supporting Americans abroad. Democrats Abroad, in association with our fellow organizations representing Americans living outside the United States, wish to ensure that U.S. citizens get the much needed support provided by the Act regardless of where in the world they live.

In particular we want to ensure eligible Americans abroad can access: the Recovery Rebates and take receipt of the much-needed aid as quickly as possible; the SBA loan program for small businesses supporting their employees through the lockdown; and relief for federal student loan borrowers, especially the 60 day payment forbearance.

We also have recommendations for supporting Americans abroad to engage with the aid programs in the CARES Act and future aid and support packages needed to sustain our communities through the pandemic and economic crisis, especially the establishment of an online platform for registering for aid.

**Recovery Rebate Eligibility**

Americans abroad are ordinary, working- and middle-class citizens who have made their lives outside the U.S. predominantly because love, work or education took them there. We are pleased to see that the language in the CARES Act defining Eligible Individual for the Recovery Rebate includes Americans residing abroad. In research on the Americans abroad community undertaken by Democrats Abroad in January 2019 that attracted submissions from 9,885 U.S. citizens living in 123 countries, 45.4% had household income of less than $75,000. A further 15.8% had household income between $75,000 and $99,000. Extrapolating these figures against the Department of State estimate that about 6.5 million Americans adults (citizens over the age of 18) live abroad suggests that more than 3.9 million Americans abroad may be eligible for the CARES Act Recovery Rebate under the Act’s criteria.
Further CARES Act Criteria/Accessing Support

The Act indicates the Recovery Rebate will be accessible to eligible Americans who have made their 2018 and/or 2019 tax filings. We presume the provision in Sec 2201 “2020 recovery rebates for individuals” part (e) “Public Awareness Campaign” that requires Treasury to provide information regarding the availability of the Recovery Rebate “including information with respect to individuals who may not have filed a return for taxable year 2018 or 2019” enables Treasury to accommodate: taxpayers who don’t file because their income is below the tax-free threshold; delinquent filers; or non-filers.

However, if tax compliance for 2018 or 2019 remains a criterion for claiming the Recovery Rebate then it would be useful for the IRS to prepare a 1040-EZ form especially tailored for Americans abroad with income less than $99,000 to remove any eligibility barriers.

Recovery Rebate Delivery Mechanisms

Media reports suggest Treasury will forward Recovery Rebate payments via direct debit or by posting checks/debit cards to aid recipients. Americans living abroad who have no U.S. residential address are unable to open a U.S. bank account; receiving the Rebate via direct deposit is currently not an option for them. Postal system reliability varies tremendously from country to country, making that, generally, a suboptimal mechanism for aid delivery. A CARES Act registration system for eligible Americans abroad would facilitate the provision of local bank account details so that Recovery Rebate payments could be made in a safe and timely way.

Federal Student Aid

Americans abroad paying off federal student loans will be eager to access the CARES Act relief available to them. Though the zeroing out of the federal student loan interest rate until September 30, 2020 will be applied to all loans instantly, the bill appears to leave the outreach about the balance of the federal student loan relief mechanisms in the hands of the Treasury. Other reporting suggests that those paying off federal student loans that would like to take advantage of, for example, the option to suspend payments must reach out to their federal student loan servicer in order to request the suspension. The toll-free phone numbers published by the federal student loan servicers are, of course, inaccessible from abroad, leaving Americans abroad with no access to this benefit. At this time the forbearance option will be enormously appealing.

Small Business Loans

For various reasons an inordinate percentage of Americans living abroad have their own small to medium sized business upon which they and their families rely. While their communities are on lockdown small business owners abroad are suffering in the same ways U.S. based small business owners are suffering. They and their families would benefit enormously from access to the CARES Act small business loans administered through the Small Business Administration and other benefits. (Only a very small number of countries have announced programs providing financial support to small and medium sized businesses struggling to pay employees during the COVID-19 lockdown.)

They will likely fail, however, to satisfy the SBA 7(a) Loan Program eligibility criterion related to the payment of US payroll taxes. If this criterion were relaxed for U.S. citizens abroad
with small businesses in the countries where they live then the support this program provides would help keep those family businesses afloat until communities come out of lockdown.

**CARES Act Information – a Registration Platform**

The CARES Act references a Public Awareness Campaign to be managed by the Department of the Treasury, in collaboration with other government departments, for ensuring Americans are fully informed about the relief available to them under the Act. In order to ensure Americans abroad have access to CARES Act we recommend Treasury:

- work with the State Department to establish how to use its various resources - websites, social media platforms and other mass communications systems - for messaging members of the Americans abroad community about the CARES Act;
- work with the State Department to determine how to use most effectively the email and mobile phone data collected by the State Department from Americans abroad who signed up for Warden System or the STEP Program to message Americans abroad about the CARES Act; and
- establish an internationally accessible telephone help line and email address to facilitate engagement by Americans abroad in the CARES Act.

Further, we recommend the establishment of an online platform in which Americans living abroad can read about and register for the CARES Act aid programs, as well as any future Coronavirus aid programs enacted by Congress, especially aid to owners of small- to medium-sized businesses and those involved in the “gig” economy not presently covered in the CARES Act or other COVID-19 aid mechanisms. We see this support as consistent with CARES Act requirements for Treasury to ensure all eligible citizens can obtain the support Congress has provided to sustain U.S. citizens through this unprecedented public health crisis.

Please contact the Carmelan Polce of our Taxation Task Force (+61 404 767 088 or carmelan@democratsabroad.org) based in Sydney, Australia, or the undersigned with any questions about the information and recommendations provided herein.

Thank you.

Sincerely,

/S/
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