



Myth vs. Fact: Correcting Misconceptions about Americans Living Abroad

MYTH: AMERICANS LIVING ABROAD ARE ALL RICH; THEY SPEND THEIR TIME ON LEISURE ACTIVITIES AND TRAVEL

FACT: IRS statistics on filers of Form 2555 grouped by level of Adjusted Gross Income showed that 44% of Americans living abroad had average salaries and wages of less than \$46,000.¹ Over two-thirds, 69% of Americans abroad, had average wages of \$81,000 or lower. Only 10% had wages over \$185,000.

MYTH: AMERICANS ABROAD LIVE IN TAX HAVENS, HAVE A TAX BREAK THANKS TO THE FOREIGN EARNED INCOME EXCLUSION (FEIE) AND ARE NOT TAX COMPLIANT

FACT: American citizens live all around the world. The Overseas Vote Foundation (OVF) 2010 Post Election Survey Report received responses from Americans living in 140 countries.² The top twelve countries representing 68% of responses included Canada, United Kingdom, Germany, Israel, France, Australia, Switzerland, Italy, Japan, Netherlands, Mexico and China. The majority of Americans abroad live in high tax countries and pay more foreign taxes than U.S. citizens with comparable revenue residing in the United States; they may in addition owe U.S. taxes. The FEIE is not a tax break, but a necessary measure to attenuate double taxation and improve the competitiveness of Americans working overseas compared to other foreign nationals. Estimates of the American citizen taxpayer population overseas and evidence of tax filing by Americans abroad suggest that the vast majority are tax compliant.

MYTH: AMERICANS ABROAD MOVE AWAY BECAUSE THEY ARE NOT PATRIOTIC AND DO NOT LIKE THE UNITED STATES

FACT: Americans overseas are proud citizens with a profound love of country and flag. But oftentimes, developing a small business, trying to take advantage of exporting a good or service, gaining new education opportunities, volunteering in a developing country, or simple personal reasons such as marriage, require Americans to spend short or long periods of time overseas. The OVF 2010 Post Election Survey found that “the average survey respondent was highly educated and has lived overseas longer than 10 years.”³ According to the survey, Academic (education and research), Retirement, Management, Arts and Entertainment, and Computers and Technology were the top five occupations.

MYTH: AMERICANS ABROAD ARE NOT REPRESENTATIVE OF THE UNITED STATES POPULATION

FACT: Voters who participated in the OVF survey came from all fifty states, with the highest number coming from California, New York, Texas, Florida, Pennsylvania, Illinois, Massachusetts, New Jersey, Ohio and Washington, together accounting for 65% of the responses.⁴ The overseas population is generally well distributed in proportion to state populations, representing from 1.0% to 2.0% of each state population.

MYTH: AMERICANS ABROAD DO NOT VOTE

FACT: In the 2004 presidential election interest was very high among overseas voters. The total voting participation rate among the Uniformed Services members was 79% in 2004, as compared to the 64% rate of the general public. The total voting participation rate among federal civilian employees overseas was 80% in 2004. OVF observed a substantial increase in voting participation of overseas Americans in the 2008 election compared to 2004.

1 <http://www.irs.gov/pub/irs-soi/06in01ic.xls> Table 1. Individual Income Tax Returns With Form 2555: Source of Income, Deduction, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income, Tax Year 2006

2 https://www.overseasvotefoundation.org/files/OVF_2010_Post_Election_Survey_Report.pdf

3 Ibid. p. 9.

4 Ibid. p. 11.



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