

# MODERNIZING PAYMENTS FOR AMERICANS ABROAD





## AGENDA.

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1. About Americans Abroad
2. The Problem
3. Electronic Payments
4. Case Study
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# ABOUT AMERICANS ABROAD.

## DESPITE STEREOTYPES, WE ARE NOT ALL RICH

- An estimated 9 million Americans live outside the United States.<sup>1</sup> The Federal Voting Assistance Program estimated 4.4 million in 2022.<sup>2</sup>
- 170,000 active military personnel stationed abroad.<sup>3</sup>
- Most move abroad for work, family, or school.<sup>4</sup>
- Income distribution is similar to domestic Americans. 80% of 2022 returns filed from abroad had an AGI of \$100,000 and under.<sup>5</sup>

1. <https://travel.state.gov/content/dam/travel/CA-By-the-Number-2020.pdf>

2. <https://www.fvap.gov/info/interactive-data-center/overseas>

3. <https://geographical.co.uk/news/where-are-americas-troops-the-worlds-largest-u-s-military-bases>

4. [https://www.democratsabroad.org/2022\\_report](https://www.democratsabroad.org/2022_report)

5. <https://www.irs.gov/statistics/soi-tax-stats-historic-table-2>



# THE PROBLEM.

## AMERICANS ABROAD STRUGGLE TO MAKE OR RECEIVE IRS PAYMENTS VIA WIRE TRANSFER

1. Not all U.S. citizens living abroad have a U.S. bank account since most U.S. banks will not accept non-residents.
1. Difficulties paying tax due by international bank transfer because instructions on IRS website are too complicated.
2. International banks have largely stopped accepting U.S. based checks, necessitating direct deposits.



# ELECTRONIC PAYMENT MODERNIZATION.

## UNCLEAR HOW MODERNIZING PAYMENTS WILL IMPACT AMERICANS ABROAD

- We appreciate your work to modernize payment systems, but concern remains if Americans abroad are being considered as one of the groups that will still be able to receive paper checks.
- There remains lack of clarity if international transfers will be possible or are being prioritized before paper checks are phased out on September 30, 2025.



# U.S. BANKING ACCESS PROBLEMS.

## AMERICANS ABROAD STRUGGLE TO MAINTAIN U.S. BANK ACCOUNTS

- Americans abroad need U.S. bank accounts in order to receive retirement distributions, pay taxes, and make federal student loan payments, etc.
- Very few U.S. banks accept non-residents (even U.S. citizens) as customers, making it difficult for Americans abroad to open a U.S. bank account once living abroad.
- Americans abroad often rely on the U.S. address of a family member or friend to open or maintain a U.S. bank account.

*“We have to lie and PRETEND we live in the U.S.”  
- American from California living in France*

*“It always seems vaguely uncomfortable, since we use other people's addresses, and some bankers have advised us under the table to say we live at those addresses.”  
- American from Texas living in Germany*



## CASE STUDY.

### EVEN FEDERAL EMPLOYEES STRUGGLE TO ASSIST TAXPAYERS ABROAD TO RECEIVE ELECTRONIC REFUNDS

- A woman in Cyprus received a refund via paper check and could not deposit it at her bank in Cyprus.
- She requested the IRS make a direct deposit to her bank in Cyprus; they instead issued another paper check.
- A state Department employee and two IRS employees intervened to help arrange a direct deposit of the refund to her bank in Cyprus.
- Multiple federal employees intervened, resulting in considerable time and effort wasted.

***Enabling international bank transfers would increase efficiency, reduce costs, and enhance the security of Federal payments.***



**STILL UNCLEAR.**

## SOURCES OF CONFUSION

- IRS website says that it's possible to pay tax using international wire transfer, but instructions are confusing. <https://www.irs.gov/individuals/international-taxpayers/foreign-electronic-payments-tax-type-codes>
- Stuck in a catch-22: Many Americans abroad receive a paper check, yet they live in a country where usage and acceptance of checks has been discontinued, so they have no ability to access the funds.

### Breach of Taxpayer Bill of Rights:

- Right to be informed
- Right to a quality service



## THE ASK.

### MAKE INTERNATIONAL BANK TRANSFERS EASY AND SIMPLE, AND KEEP PAPER CHECKS AS A BACKUP OPTION

- In the absence of international bank transfer facilities, paper checks need to remain an option until the ability to easily make/receive payments via international bank transfers is available.
- Provide clear and simple instructions for how to pay tax due from an international bank account, e.g., provide the IRS SWIFT/BIC code and allow taxpayers to make a payment directly to the IRS and/or via the taxpayer's online IRS account. Alternatively, use 3rd parties, e.g., WISE to facilitate international bank transfers.
- Add international IBAN number as a field under bank details on Form 1040 to enable Americans abroad to receive payments directly from the IRS if a refund or credit is due.
- The Social Security Administration is able to make international transfers to beneficiaries around the world, why not the IRS?

# THANK YOU!

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