

SURVEY OF EUROPEAN DIGITAL NOMAD PROGRAMS AND THEIR TAX IMPLICATIONS FOR AMERICAN EXPATRIATES

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I. *THESIS STATEMENT*

This Article will analyze digital nomad programs for Americans to live, work, and start businesses in European countries. It will argue that the current cross-border taxation systems in Europe are overly complicated and not uniform across the continent. This Article will focus primarily on the European Union (EU) as a governmental body behind immigration and taxation policies but will also discuss a few European nations that are not part of the Union. It is difficult for Americans to fully take advantage of the available digital nomad visas, which is an immigration tool that professionals can use to gain legal residency in a foreign country while continuing to work remotely for a company in their home country. This Article will explore solutions to make this taxation and immigration regime simpler.

II. *SIGNIFICANCE OF THE TOPIC*

A. Personal Anecdote

I was fortunate to study abroad in Madrid from 2022 to 2023, where I have personally gone through immigration challenges. As an American who did not understand the complexity of immigration policies in the Schengen Region, it was interesting to learn how Spain operates.¹ The Schengen region of Europe is a zone of both EU and non-EU countries, and is an area where people can easily move around without cumbersome border checks.² Each country in Europe has different immigration laws,³ making it

1. *Schengen, borders and visa*, EUR. COMM'N (Feb. 18, 2024), https://home-affairs.ec.europa.eu/policies/schengen-borders-and-visa_en.

2. *Id.*

3. *Immigration to the European Union*, EUR. UNION, https://european-union.europa.eu/live-work-study/immigration-eu_en (last visited Mar. 9, 2025).

challenging to navigate when you are allowed to be in different countries, and for how long.

I experienced this complexity while making plans to travel for Christmas break while living in Spain. My ninety-day American tourist visa had expired, and I was going through the process to get my Spanish Foreign Identity Card (Tarjeta de Identidad de Extranjero, or TIE) card, which would grant me a temporary residency. While I waited many months for my application to be processed with an expired student Visa, I feared I would not be able to leave Spain for Christmas. If I went home to the United States, I would leave the EU and perhaps not be able to re-enter Spain. If I visited family in Denmark, I would be traveling in the EU without valid documents and therefore could be subject to fines and deportation. This time caused me significant anxiety. I wanted nothing more than to spend the holidays with loved ones, but I did not want my time in Spain to unwillingly come to an end. After weeks of independent research, applying for a Danish visa, and working with Spanish authorities, I sorted out my plans. Denmark allowed Americans an additional three months visiting despite other time spent in the EU. I woke up early for weeks, trying to present my case to immigration authorities. Spain eventually granted me an 'Autorización de Regreso' (Authorization of Return), which allowed me to return to the country after visiting America while my application was processed.

While trying to solve this problem, I consulted with various individuals and authorities. The consensus from the US Embassy and Danish Embassy in Spain was that if you had an expired Visa and your new immigration papers were not yet processed, you should not leave Spain. If you left, you ran the risk of not being allowed back into Spain. My situation was fortunate since I received the paper indicating permission to return to Spain and Denmark had an extended visitor's policy, but others were not so lucky. The penalties for Americans overstaying their allowed time in Europe can be harsh. Online authorities on the issue report that overstaying in Europe never goes unnoticed- even if someone is allowed back into a specific country, authorities can pick up on the violation months later and begin disciplinary proceedings.⁴

4. *What are the Consequences of Overstaying in the Schengen Area*, SCHENGENVISA INFO, <https://www.schengenvisa.info/consequences-of-overstaying-in-schengen-area/> (last visited Mar. 10, 2025).

Consequences include deportation, where Americans are forced out of the country, hefty fines, and even a possible ban from the Schengen Area (the area of European countries where people can freely move without borders).⁵ Though some people are lucky and face no consequences, it is not wise to risk this system. This story is told to show the disruption that these immigration challenges cause. Many people do not have the knowledge or resources to work through these complex systems and miss out on incredible opportunities.

In taking several cross-border taxation courses in Spain, I read the tax treaties the US has with several EU member states⁶ and noticed how difficult they are to navigate. Learning about this topic inspired me to suggest ways for the US to collaborate with EU countries in making digital nomad programs more successful and attractive if that is the goal of the governments. I will also explore the underlying reasons why digital nomad programs are so complex. This Article is designed to better outline the process for Americans interested in living abroad.

B. History of Digital Nomad Visas

The concept of a digital nomad is new and emerged after the prevalence of the internet entered daily life.⁷ A digital nomad is someone who works remotely and moves from location to location while working.⁸ Many programs are now offered for a year at a time, easily renewed for up to five years, and provide opportunities to convert to permanent residency or citizenship.⁹

COVID-19 pushed many people who had never considered this lifestyle into the digital nomad world; companies allowed remote working not just for the short term but indefinitely, saving

5. *Id.*

6. *U.S. Income Tax Treaties- A-Z*, IRS, (Jan. 3, 2025), <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>.

7. Jessica Elliott, *What is a Digital Nomad?*, U.S. CHAMBER OF COM.: CO (Aug. 22, 2022), <https://www.uschamber.com/co/grow/thrive/what-is-a-digital-nomad>.

8. Nadia Ponomareva, *What is a digital nomad? Should I start living as a Digital Nomad?* HORIZONS (Aug. 8, 2022), <https://nhglobalpartners.com/what-is-a-digital-nomad/#:~:text=The%20digital%20nomad%20lifestyle%20allows,as%20their%20money%20goes%20further.>

9. Albert Loffe, *41 Digital Nomad Visa Countries: A Complete List*, Immigrant Invest (Mar. 20, 2025), <https://immigrantinvest.com/blog/countries-digital-nomad-visa-en/>.

companies money on office spaces and operational costs¹⁰ while improving workers' quality of life by letting them work in a more comfortable environment. Many people decided to abandon their suburban houses, car payments, and daily lives for something far more exciting.¹¹

European countries were popular destinations for digital nomads and quickly needed to adapt to this large influx of people. Americans typically only had a 90-day tourist visa for every 180 days spent in the EU, which presented a problem for those who overstayed their time. This essentially meant that Americans could spend up to three months at a time, twice a year, in the Schengen area. Countries hosting these digital nomads also received no taxation benefits for hosting digital nomads in the country.¹² Thus, many EU countries quickly developed legislation to set up organized digital nomad programs.¹³

Expanding upon simply allowing foreign-employed workers to live and work in their country, some EU member states are now creating programs for entrepreneurs to start their businesses in the new countries.¹⁴ With residence permits and tax incentives on the table, these have proven to be great opportunities for those starting a business abroad.¹⁵

This Article will focus on immigration law and cross-border taxation law. It will analyze double taxation treaties between the United States and other European countries. In looking at the treaties, it will comment on how the agreements are similar and what general tools could be taken away to create a harmonized double taxation agreement between the US and EU member states. The Article connects digital nomad visas and taxation so that Americans who want to take advantage of these immigration schemes long-term will have the tax knowledge to apply

10. Branch Silverman, Does Working From Home Save Companies Money?, BUSINESS.COM, <https://www.business.com/articles/working-from-home-save-money/> (last updated Nov. 6, 2024).

11. Aman Kidwai, *How much money employers can save when they switch to remote or hybrid work*, FORTUNE (Aug. 15, 2022, 9:15 AM), <https://fortune.com/2022/08/15/how-much-money-employers-save-switch-remote-hybrid-work/>.

12. *What are the Consequences of Overstaying in the Schengen Area*, *supra* note 4.

13. *Digital Nomad Visas in EU Countries*, ETIAS VISA (Sept. 29, 2022), <https://www.etiasvisa.com/etias-news/digital-nomad-visas-eu-countries>.

14. *What is the best startup visa scheme in Europe?*, EUROSTART ENTERPRISES (Apr. 22, 2024), <https://www.eurostartenterprises.com/en/business-advice/what-is-the-best-startup-visa-scheme-in-europe>.

15. Ponomareva, *supra* note 8.

throughout Europe. These suggestions will consider how European countries have different values and priorities of concepts like growth, fertility, and the environment. The following sections will explore the appeal of moving to Europe, and why so many digital nomads are taking advantage of the European lifestyle.

C. Why People are Moving to Europe

Americans in particular are flocking to Europe like never before for various reasons.¹⁶ As political unrest and gun violence builds in the United States, people of all ages are seeking the safety of Europe.¹⁷ With very low violence rates and strong social programs to support family development, European countries can seem like utopia.¹⁸ The cost of living in America continues to rise, making the idea of buying a home and living the ‘American Dream’ increasingly out of reach. So, Americans are pivoting and embracing a new kind of dream. One where they can live in walkable cities and safely get to work, school, and play on foot. One where expenses are more reasonable, and they have more money to enjoy at the end of the month. One where they may trade their long commute for a Spanish siesta. There is a cultural shift among some in the U.S., where quality time is becoming far more valuable than the promise of wealth that many have chased. These, among many others, are reasons why living in Europe has become a new goal for many Americans.

Finally, with digital nomad visas and golden visas on the rise, entire families can relocate together.¹⁹ While in the past, expats (individuals who leave their home country to live and work in another) would leave their families behind to pursue the European life, now, there are more options than ever for family units to remain together.²⁰ This Article mentions how many digital nomad visas allow immediate family to travel with the visa holder, including a spouse and children. Golden Visas are simultaneously

16. *Americans Moving to Europe*, GLOBAL CITIZEN SOL. (Feb. 5, 2024), <https://www.globalcitizensolutions.com/americans-moving-to-europe/>.

17. *Id.*

18. *Safest Countries in Europe 2024*, WORLD POPULATION REV. <https://worldpopulationreview.com/country-rankings/safest-countries-in-europe> (last visited Mar. 9, 2025).

19. Brittany Leoffler, *Digital Nomad Visas vs. Golden Visas: Which is Right for You?*, NOMADS EMBASSY (Apr. 22, 2024), <https://nomadsembassy.com/digital-nomad-visas-vs-golden-visas/>.

20. Julia Kagan, *Expatriate (Expat): Definition and Pros/Cons of Living Abroad*, INVESTOPEDIA (Nov. 8, 2024), <https://www.investopedia.com/terms/e/expatriate.asp>.

gaining popularity, which allows retirees to pursue residency in the same countries where their working children may be pursuing digital nomad visas.²¹

D. The Birth of Digital Nomad Visas

A digital nomad visa is an immigration tool that professionals can use to gain legal residency in a foreign country while working remotely for a company in their home country.²²

During the COVID-19 Pandemic, working remotely became the new normal for millions of professionals around the globe.²³ This drastically changed the nature of the workday, allowing people to structure their lives less around their work and more for their pleasure, giving power back to the employee.²⁴ It promoted the 'work to live' philosophy, giving parents more time with their children, kids more time to play outside, and people of all ages the ability to work from anywhere; many people took this as an opportunity to try living in a new place, albeit in the short term, while working.²⁵

As a result of this movement, European countries began providing digital nomad visa programs to encourage foreign remote workers to stay in their country while working.²⁶ This Article explains extensively how digital nomads can take advantage of opportunities in Europe. They can work from anywhere and are not bound to one specific area.²⁷ The difference between remote work and digital nomad work is that with remote positions, most people are bound to work in a set geographic area.²⁸ For example, in the United States, someone may be allowed to work from Florida, Georgia, and Alabama. This has a lot to do with tax laws and time zone restrictions. A digital nomad is different because all they need is a secure Wi-Fi connection to complete their

21. Leoffler, *supra* note 19.

22. *Americans Moving to Europe*, *supra* note 16.

23. Kim Parker et al., *COVID-19 Pandemic Continues to Reshape Work in America*, PEW RESEARCH CTR. (Feb. 16, 2022), <https://www.pewresearch.org/social-trends/2022/02/16/covid-19-pandemic-continues-to-reshape-work-in-america/>.

24. *Digital Nomad Visa*, VISAGUIDE.WORLD, <https://visaguide.world/digital-nomad-visa/> (last visited Mar. 11, 2025).

25. *Id.*

26. *Id.*

27. Ponomareva, *supra* note 8.

28. *Id.*

job.²⁹ Workers must be careful when accepting a remote job, to understand if they are geographically restricted, or if they can truly work from anywhere.

Remote workers employed by an American company, for example, would have difficulty getting a traditional work Visa in EU countries, since a company from that new country would not be sponsoring them.³⁰ A typical three-month tourist Visa also would not work, as many digital nomads wish to stay longer in their new home.³¹ These digital nomad Visas offer typically a year or more, which makes the move more attractive.³² The potential for professionals to continue earning an American salary while paying a lower cost of living in a European country has been an optimal situation for many to take advantage of.³³

Though digital nomads existed to some extent before the pandemic, the first digital nomad program was not created until COVID-19 was well underway. Estonia was the first to release a digital nomad program, being a trendsetter in July of 2020.³⁴ It was used as a tool to boost its economy after the recession of COVID-19 began to impact society.³⁵ Many other European countries followed suit after seeing the enormous success and potential of such a program.

E. Challenges for Digital Nomads

Due to the rise of people immigrating to the EU, issues in complex taxation and difficulty starting businesses abroad have been revealed.³⁶ While people now have more opportunities than ever to make the move, the complexity of how to pay taxes deters

29. *Id.*

30. *Can I Work Remotely for a US Company from Europe*, IMMIGRATION ADVICE SERVICE, <https://iasservices.org.uk/can-i-work-remotely-for-a-us-company-from-europe/> (last visited Mar. 11, 2025).

31. *Applying for a Schengen Visa from the U.S.: Documents Required and Step-by-Step Application Process*, SCHENGEN VISA INFO, <https://www.schengenvisa.info.com/us-citizens/> (last visited Mar. 11, 2025).

32. *Digital Nomad Visas in EU Countries*, *supra* note 13.

33. *Id.*

34. Katelynn Minott, *The Estonia Digital Nomad Visa for Remote Workers*, BRIGHT TAX (Sept. 4, 2024), <https://brighttax.com/blog/estonia-digital-nomad-visa/#:~:text=In%202014%2C%20the%20Estonian%20government,remained%20closed%20to%20foreign%20visitors.>

35. *Id.*

36. *The Refugee Surge in Europe: Economic Challenges*, INTERNATIONAL MONETARY FUND (2016), <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1602.pdf>.

many from doing so.³⁷ The United States has a different double taxation agreement with each EU member state, all having their own tax rates, rules, and regulations.³⁸ Additionally, entrepreneurs familiar with starting businesses in the US may avoid European nations due to different company incorporation procedures. The US is known as one of the best places to start a business.³⁹ This has to do with taxation rates, the potential for profitability, and a fairly simple process to legally register a business, as compared to other countries.⁴⁰ Regardless of which state the business will operate in, many large-scale companies incorporate in Delaware for a variety of advantages.⁴¹

An astounding over 65% of Fortune 500 companies in the United States are incorporated in the state of Delaware, which is considered a company-friendly state.⁴² One compelling reason is the Delaware Court of Chancery, which uses highly educated judges instead of juries to solve business disputes.⁴³ Companies incorporated in Delaware can take advantage of this favorable judicial system and experience less liability.⁴⁴ There are also strong corporate laws that protect Delaware incorporated companies from liability, providing more protection than any other US state.⁴⁵ Finally, companies that incorporate in Delaware do not pay Delaware taxes if all their business is out of state.⁴⁶ This provides large savings for companies who use it as their incorporation base.⁴⁷ The EU's implementation of a Delaware equivalent would be highly advantageous for foreign entrepreneurs wishing to start a business in Europe.⁴⁸

37. *Id.*

38. *Double taxation*, YOUR EUROPE (Apr. 9, 2024), https://europa.eu/youreurope/citizens/work/taxes/double-taxation/index_en.htm.

39. *How to start and fund your own business*, USA.GOV (Feb. 10, 2025), <https://www.usa.gov/start-business>.

40. 9 Best Countries to Start a Business, GLOBAL EXPANSION (Jan. 17, 2024), <https://www.globalexpansion.com/blog/9-best-countries-to-start-a-business#:~:text=The%20United%20States%2C%20with%20its,status%20as%20a%20leading%20economy>.

41. Harvard Bus. Servs., Inc., *Why Companies Incorporate in Delaware*, DELAWAREINC.COM, <https://www.delawareinc.com/before-forming-your-company/benefits-of-incorporating-in-delaware/#:~:text=One%20of%20the%20main%20reasons,Incorporation%20Capital%20of%20the%20World> (last visited Feb. 23, 2025).

42. *Id.*

43. *Id.*

44. *Id.*

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.*

F. Opportunities of Programs

Though many Americans avoid moving to Europe because of these confusing taxation and immigration regimes, they are often missing out on great opportunities that European countries have established to bring more talented foreigners in. For example, Spain in early 2023 released a new digital nomad program in which people can gain residency for one year at a time, renewed for up to five years.⁴⁹ This can convert into permanent residency, which is something many Americans are seeking.⁵⁰ Most importantly, people only need to pay a fifteen percent tax rate to Spain for the first five years.⁵¹ This is a huge saving compared to the high rate that most Spanish citizens need to pay. Italy has a unique program as well, with very attractive tax incentives for digital workers.⁵² The country offers freelancers who create legal residency there a seventy percent detaxation on all income generated in Italy.⁵³ If there was a simpler and more harmonized version of these programs among Europe, more Americans would take advantage of them.

G. Why This Will Be Important in the Future

The development of digital nomad programs will be increasingly important in the future, as remote work continues to sweep across the world. This is prevalent as global issues such as fertility, economy, climate change, and population start to be tackled more globally rather than individually. Countries in Europe can either get on board by creating simple regimes that attract Americans and bring in foreign investment, or lag, continuing with confusing programs that many people will not choose to navigate.

The birth rate in Europe is showing a downward trend, making the need for individuals and families to populate its

49. Rosie Frost, *Spain has Launched a Digital Nomad Visa - Here's Everything You Need to Know Before you Apply*, EURONEWS TRAVEL (May 24, 2023, 10:11 AM), <https://www.euronews.com/travel/2023/01/30/always-wanted-to-move-to-spain-a-new-digital-nomad-visa-could-let-you-stay-for-5-years#:~:text=Digital%20nomad%20visas%20in%20Spain,than%20six%20months%20per%20year>.

50. *Id.*

51. *Id.*

52. *Digital Nomad Visas in EU Countries*, *supra* note 13.

53. *Id.*

countries prevalent.⁵⁴ Between 2001 and 2021, the fertility rate in Europe decreased in eleven of the twenty-seven EU member states.⁵⁵ France has the highest European fertility rate with 1.84 live births per woman, and Malta has the lowest with 1.13 live births per woman.⁵⁶ This may have to do with family planning, contraception, or a societal shift regarding the ‘obligation’ to have children.⁵⁷ Regardless, economies need a certain number of births each year to sustain economic progress. Digital nomad programs can be a great solution to bring current talent to countries where it is needed. They can also help bring new individuals of child-bearing age to a country. If these families settle in Europe, they could help increase the birth rate for decades to come.

H. Developing Talent Pipelines Through Migration

Europeans may argue that expanding the digital nomad programs for Americans is not a wise choice when there is so much untapped talent in the present and future migrant populations entering the continent. This section will explore alternative views about how migrant talent can be leveraged within Europe, lessening the need for digital nomads.

One of the big areas of the political divide in Europe is migration. Based on their southern European locations, Spain and Italy experience high rates of migration from Northern African and Middle Eastern nations.⁵⁸ While northern European countries argue that Europe should be better at embracing migrants and providing opportunities for them, Spain and Italy often argue that

54. Servet Yanatma, *Fertility in Europe: Which Countries Have the Highest and Lowest Numbers of Live Births per Woman?*, EURONEWS.HEALTH (Jan 2, 2024, 6:38 PM), <https://www.euronews.com/next/2023/03/17/fertility-in-europe-which-countries-have-the-highest-and-lowest-numbers-of-live-births-per#:~:text=More%20than%204%20million%20babies,4.07%20million%20babies%20were%20born.>

55. *Id.*

56. *Id.*

57. United Nations Expert Group Meeting on Policy Responses to Low Fertility, *The Influence of Family Policies on Fertility in France*, Policy Brief No. 7, https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/undp_egm_201511_policy_brief_no._7.pdf (last visited Mar. 11, 2025).

58. Inmaculada Serrano Sanguilinda et al., *Surveying Immigrants in Southern Europe: Spanish and Italian Strategies in Comparative Perspective - Comparative Migration Studies*, SPRINGER INT'L PUBL'G (Nov. 3, 2017), <https://comparativemigrationstudies.springeropen.com/articles/10.1186/s40878-017-0060-4>.

it is a crisis that leads to economic harm and contributes to their high unemployment rate.⁵⁹

Creating structured programs in Europe that bring in skilled migrants on a work visa could be beneficial in two ways. First, it would work against the argument that migrants are not beneficial to Europe's economic and social development. Harnessing the incredible skills that these individuals have would give them a purpose and benefit European countries. Second, this would provide migrants with a safe and clear path to a better future for themselves and their families. Illegal migration is rarely anyone's choice. It is a journey of danger, uncertainty, and fear. Creating a safe and feasible way for migrants to move to Europe would incentivize working through the legal system.

The European Commission⁶⁰ created a Talent Partnerships Initiative in June of 2021.⁶¹ This program works to combine worker and student mobility programs for countries in Africa and the Eastern Neighborhood, including countries such as Ukraine, Belarus, Moldova, Georgia, Armenia, and Azerbaijan, and the Western Balkans.⁶² After COVID-19, it was clear that EU countries were struggling and realized how beneficial immigrant workers are to the economies at all levels.⁶³ The idea is to match workers in these outside countries with jobs inside the EU, to create a reliable talent pipeline.⁶⁴

One big concern about these mobility schemes is how they work in practice. The idea is to provide professional and language training to allow migrants to adapt to the new labor market and community in a safe environment where they can learn.⁶⁵ The issue up to this point is that these trainings have been poorly developed and lack a formal program for workers to go through.⁶⁶

59. Arbërie Shabani, *Unemployment in EU Is Relatively Low, But Spain Still Has the Highest Rates*, SCHENGENVISA NEWS (Sept. 2, 2022), <https://www.schengenvisa.info/news/unemployment-in-eu-is-relatively-low-but-spain-still-has-the-highest-rates/>

60. The European Commission is a respected regulatory body in the EU that shapes the EU's strategy by creating laws and regulations to be implemented throughout its member states.

61. Kate Hooper, *How Can Europe Deliver on the Potential of Talent Partnerships?*, MIGRATION POL'Y INST. 1, 1 (Dec. 15, 2021), https://www.migrationpolicy.org/sites/default/files/publications/mpie-talent-partnerships_final.pdf.

62. *Id.*

63. *Id.*

64. *Id.*

65. *Id.* at 2.

66. *Id.*

If the European Union could collaborate more closely with universities and training centers in third countries that wish to be a part of these talent pipelines, the training and integration process would be far more effective in Europe.

This discourse on using the large migrant pool in Europe to fill talent gaps is used to demonstrate possible pushback about Americans coming to work in Europe through digital nomad programs. While the above arguments show valid points to how already-present migrants can be utilized in European countries, the migration and digital nomad issues do not fully overlap. Digital nomad programs generally do not ‘steal’ work from migrants or natives in Europe. This is because most programs require the individual to bring remote work from outside of their host country. For example, an American pursuing a digital nomad visa in Spain would likely remain employed by an American company. Regardless, it is important to consider issues like migration when understanding hurdles to digital nomad programs.

I. Resistance to Americans Living in Europe

As mentioned above, migration is a reason why many Europeans may not want to allow more non-native people to enter their borders to live and work. There is much discourse about how European resources are already stretched from the migration issue, and bringing more outsiders in would only worsen this.⁶⁷

One theory is that immigration and taxation programs are overly complex to deter Americans (and expats from other countries) from immigrating to Europe. First, the American political system is different than that of many in Europe. While the United States has taken more of a right-wing conservative dive in the past few years, many European countries are still fighting to maintain their liberal and socially focused views. Italy is beginning to take this extremist conservative approach, which has surrounding EU countries worried.⁶⁸ Letting too many Americans in with culturally shocking views could change the values that the

67. Gabriela Baczynska, *EU wants to send more migrants away as irregular arrivals grow*, REUTERS (Jan. 26, 2023, 8:05 AM), <https://www.reuters.com/world/europe/eu-wants-send-more-people-back-africa-middle-east-asia-2023-01-26/#:~:text=The%20issue%20has%20become%20toxic,external%20borders%20and%20asylum%20laws>.

68. Steven Erlanger, *Europe Looks at Italy's Meloni With Caution and Trepidation*, N.Y. TIMES (Sept. 26, 2022), <https://www.nytimes.com/2022/09/26/world/europe/european-union-italy-meloni.html>.

EU has developed, such as that of human rights and readily available social resources.

Another issue is that wealthy Americans coming to live in Europe put a strain on things like housing for people in some European countries.⁶⁹ Lisbon was a hotspot for digital nomads; its perfect weather and low cost of living brought many Americans to live and work there.⁷⁰ However, this caused Portuguese neighborhoods to lose some of their culture and flair.⁷¹ Historic restaurants and shops were traded out for co-working spaces.⁷² Residential properties were taken over by foreigners, leaving locals who earned far less stranded.⁷³ Housing prices also rose to accommodate the Americans and other high-earners who were able to pay more.⁷⁴ This is especially an issue in countries like Spain and Portugal, where the cost of living is low because the wages for locals are relatively low.⁷⁵

These issues have put a sour taste in some Europeans' mouths regarding a continued influx of Americans living in their countries. However, there are arguments on the other side suggesting that digital nomads provide a positive boost to their host country's economy. The arguments are that Americans bring in wealth that can boost local economies, skills that are sometimes scarce in their host countries, and cultural diversity to remote European locations. All things considered, it is crucial to be aware of this political climate that digital nomads are entering.

J. Considerations for American Companies

This new era of remote working has meant a drastic change for American-run companies. While Americans have, for decades, complied with traditional nine-to-five arrangements in office settings, the onset of remote work changed the reality for thousands. This newfound freedom gave people a taste of the opportunities that were beyond their office jobs and created a hunger to experience more travel, perspectives, and life.

69. *Are Digital Nomads Destroying Local Economies?*, ANDY STO (May 2, 2023), <https://andysto.com/are-digital-nomads-destroying-local-economies/>.

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.*

74. *Id.*

75. *Id.*

There is currently a debate amongst American companies on whether they should allow their remote employees to work abroad on a semi-permanent basis.⁷⁶ Forbes reported that even the CEO of Zoom has ordered their employees back into the office, signaling a distinct shift from the COVID-19 era.⁷⁷ While a few weeks working on a European vacation is generally fine, remaining out of the country the entire year presents complications.

One challenge for American companies is taxation. While their remote employees are working abroad, there are tax complications that arise. Taxes may not just be owed in America, but also in the second country where the individual is working. This may mean that both the American employee and their company need to work through cross-border taxation hurdles. While this is an issue that can be solved through tax consulting for the company, many organizations do not want to devote the time or resources to help employees relocate abroad for their leisure. They feel that allowing the individual to work remotely is enough, and they do not need to extend the privilege to working abroad.

Another issue is labor laws that exist in EU countries but not in America. Countries like Spain, for example, require a minimum of thirty vacation days given to workers per year.⁷⁸ There are also very liberal laws governing mandatory sick time and parental leave in all the EU countries. These laws are far more robust than what the United States offers, so employers must consider whether they are willing to comply with these European regulations when allowing workers to work abroad.

Despite the challenges that American companies face, there is an incentive to allow workers to live abroad when they wish to retain talent. First, it avoids the brain-drain phenomenon that can be seen all around the world.⁷⁹ Talented workers are leaving their native countries and seeking opportunities in places with better working conditions, better quality of life, and a lower cost of living. Companies with strong American talent are better off complying

76. Tracy Brower, *The Productivity Problem with Remote Work*, FORBES (Aug. 6, 2023, 7:30 PM), <https://www.forbes.com/sites/tracybrower/2023/08/06/the-productivity-problem-with-remote-work/?sh=569982a134b3>.

77. *Id.*

78. Marie Laure Troadec, *Guide to Labor and Employment Law in Spain*, HORIZONS (June 22, 2024), <https://nhglobalpartners.com/spanish-labor-and-employment-law/>.

79. Sunita Dodani & Ronald E. LaPorte, *Brain drain from developing countries: how can brain drain be converted into wisdom gain?*, 98 J. OF THE ROYAL SOC'Y. OF MED. 487, 487 (Nov. 2005), <https://pmc.ncbi.nlm.nih.gov/articles/PMC1275994/pdf/487.pdf>.

with European labor laws and allowing employees to work abroad rather than losing talent. Many digital nomad programs require formal permission from the employer, acknowledging that they are aware of the EU working arrangement. This helps to ensure that there will be no taxation or labor law compliance issues down the road due to the company's lack of knowledge. Now that this Article has discussed the interest and general hurdles for Americans moving abroad, it will transition to programs available to live and work in Europe.

III. CURRENT DIGITAL NOMAD PROGRAMS AVAILABLE

A. Overview of European Programs

This part will survey the variety of digital nomad programs that are offered in Europe. It will discuss factors like who can use the programs, whether they extend privileges for families to join, the minimum income needed, limitations on working while in the host country, and prerequisites for getting accepted to a digital nomad visa program. This part will serve to provide an overview of what is currently available to Americans.

1. Albania

Albania offers a program that is initially available for a year and can be renewed for up to five years.⁸⁰ It requires an estimated income of €9,800 per year to be eligible.⁸¹ This was introduced in 2022 and requires digital workers to prove they have an employment contract that allows for remote work.⁸² They must set up a local bank account, and procure a housing contract and insurance for their application to prove that they could move to Albania.⁸³ Proof of self-sufficiency is needed through these digital nomad programs.⁸⁴

80. *Want to move to Europe? Here are all the countries where you can apply for a digital nomad visa*, EURONEWS TRAVEL (July 19, 2024, 10:40 AM), <https://www.euronews.com/travel/2023/04/21/want-to-move-to-europe-here-are-all-the-digital-nomads-visas-available-for-remote-workers>.

81. *Id.*

82. *Id.*

83. *Id.*

84. *Id.*

2. Croatia

Croatia is an increasingly popular location for its warm weather and incredible views.⁸⁵ Croatia's program offers a one-year visa, with the potential to renew.⁸⁶ The application is €60, and applicants must prove that they earn at least €2,500 per month to qualify.⁸⁷ This is specifically open to non-EU or European Economic Area (EEA) citizens that hold jobs in communication technology for a company registered outside of Croatia.⁸⁸ Workers should move to Croatia first, and then apply for the one-year residence permit once they have arrived.⁸⁹ It also provides an avenue for immediate family members to apply for residence.⁹⁰

3. Cyprus

Cyprus offers another one-year program, which allows participants to renew for up to another two.⁹¹ It costs seventy euros to apply and requires a proven €3,500 per month in earnings.⁹² Only non-EU citizens can take advantage of it, and the government will grant up to 500 of these visas each year.⁹³ The digital nomads can bring their immediate family in, though those family members will not have permission to work in the country.⁹⁴

4. Czech Republic

The Czech Republic grants digital nomads residency for up to one year, with an application fee of €200.⁹⁵ Though they do not require monthly earnings, applicants must prove they have at least €5,000 in their bank account.⁹⁶ Recipients can choose between either a long-term business visa or a freelance license.⁹⁷ This

85. *Id.*

86. *Want to Move to Europe?*, *supra* note 80.

87. *Id.*

88. *Id.*

89. *Id.*

90. *Id.*

91. *Id.*

92. *Want to Move to Europe?*, *supra* note 80.

93. *Id.*

94. *Id.*

95. *Id.*

96. *Id.*

97. *Id.*

allows entrepreneurs to run their own businesses in the country.⁹⁸ The catch is that the work must be tied to the Czech Republic somehow, so providing services to people in the country, like music lessons, could qualify.⁹⁹

5. Estonia

Estonia was one of the pioneers in the digital nomad visa world, launching its program in 2020 around when COVID-19 began.¹⁰⁰ People may live and work for a year with this visa and apply for a six-month extension if they wish.¹⁰¹ Applicants need to prove earnings of at least €3,500 per month for the six months leading up to their application.¹⁰² Once they arrive in Estonia, the monthly required is €4,500 Euros a month. An important caveat to this program is that people remaining in the country for more than six months become tax residents and must pay Estonian taxes.¹⁰³ The final section of this Article will explain how American expatriates can handle double taxation if they fall into this situation.

6. Finland

Finland has often been ranked the happiest country in the world, which makes its program attractive.¹⁰⁴ It offers a six-month visa, with a €400 application fee and €1,220 per month income requirement.¹⁰⁵ Finland allows people who are self-employed or run an independent business to gain this temporary residency.¹⁰⁶ Like most of the others, it is exclusively open to non-EU citizens, making it a great fit for Americans.¹⁰⁷

98. *Want to Move to Europe?*, *supra* note 80.

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.*

103. *Id.*

104. Michel Martin, *Finland is the world's happiest country for the 6th straight year*, NPR (Mar. 27, 2023, 5:46 AM), <https://www.npr.org/2023/03/27/1166180048/finland-is-the-worlds-happiest-country-for-the-6th-straight-year#:~:text=Finland%20is%20the%20world's%20happiest%20country%20again.,expenses%2Dpaid%20trip%20for%2010>.

105. *Want to Move to Europe?*, *supra* note 80.

106. *Id.*

107. *Id.*

7. Greece

When people think of Greece, they imagine idyllic islands, deep blue waters, and white-washed homes on cliffs. Now, the country has become more of a reality for American expats to relocate to. Greece's program also provides a one-year residence permit with the possibility to extend.¹⁰⁸ The application costs €75 and applicants must prove earnings of at least €3,500 per month.¹⁰⁹ These digital nomads must be working for companies outside of Greece to qualify.¹¹⁰

8. Hungary

Hungary provides digital nomads one year of residence for an application fee of €110.¹¹¹ Applicants must prove earnings of at least €3,000 per month.¹¹² It is called the 'White Card' visa program and is open to non-EU citizens working for a company outside of Hungary.¹¹³ This requires individuals to remain in-country for at least 90 days within the 180 days, and they will not need to pay Hungarian taxes for the first six months.¹¹⁴

9. Iceland

Iceland is an attractive option for nature-loving digital nomads. It requires one of the highest monthly incomes, making the program exclusive.¹¹⁵ The visa is valid for six months and requires an application fee of €86.¹¹⁶ It requires monthly earnings of €7,075 per month, making it out of reach for many.¹¹⁷ The benefit is that participants will not be taxed as Icelandic residents, and can continue solely paying U.S. taxes for the six months there.¹¹⁸

108. *Id.*

109. *Id.*

110. *Id.*

111. *Want to Move to Europe?*, *supra* note 80.

112. *Id.*

113. *Id.*

114. *Id.*

115. *Id.*

116. *Id.*

117. *Want to Move to Europe?*, *supra* note 80.

118. *Id.*

10. Italy

While Italy does not have a Digital Nomad Visa per se, it also has an alternative route to obtain a visa through its Italian Self-Employed Visa program.¹¹⁹ It allows a “highly specialized” remote worker from outside the EU to move to Italy to live and work for at least a year, which can renew.¹²⁰ Individuals must have an annual gross income of at least €8,500 earned a year before their visa application.¹²¹ They also need to show a clean criminal record, full health insurance, and arrangements for accommodation while in Italy.¹²² By registering their residency in Italy, participants of the program can enjoy a 70 percent tax decrease from their global income.¹²³

11. Latvia

Latvia is a Baltic country in Eastern Europe known for gorgeous lakes, mountains, and natural scenery. Its cost of living is low, making it an increasingly popular spot for vacationers and digital nomads alike.¹²⁴ A furnished large apartment only costs around €580 per month.¹²⁵ Latvia’s digital nomad program is offered for one year with the possibility of extension.¹²⁶ Applicants must demonstrate an income of at least €2,857 per month.¹²⁷ Covered in lush green forests, outdoor activities are endless here.¹²⁸

12. Malta

Malta is an attractive destination for cannabis enthusiasts from the United States because it was the first EU country to

119. *Italy Digital Nomad Visa: A 2025 Guide*, GLOBAL CITIZEN SOLUTIONS (May 19, 2025), <https://www.globalcitizensolutions.com/italy-digital-nomad-visa/>.

120. *Id.*

121. *Id.*

122. *Id.*

123. *Id.*

124. Nadia Dardón, *Latvia Digital Nomad Visa*, CITIZEN REMOTE, <https://citizenremote.com/visas/latvia-digital-nomad-visa/> (May 24, 2023).

125. *Id.*

126. *Id.*

127. *Id.*

128. *Id.*

legalize recreational cannabis.¹²⁹ It provides a one-year digital nomad program and is open to non-EU citizens.¹³⁰ Malta is working on a longer Startup Residence Scheme for 2023, which would give a three-year residence permit to nationals outside the EU.¹³¹ The catch is they must invest €25,000 in Malta.¹³² If this startup scheme goes well, the residency can be renewed for another five years, and eventually become permanent.¹³³ This is a great option for people wanting to check out a location through its digital nomad program but have the potential of staying long-term.

13. Montenegro

Montenegro's gorgeous coastline and abundant nature are attractive, especially paired with a two-year digital nomad visa that can be renewed for another two.¹³⁴ It is in the early stages of development and will not be available until 2025.¹³⁵ The country is working out a scheme to provide tax breaks for up to four years of residency.¹³⁶

14. Norway

Norway allows digital nomads to enjoy its stunning sights and friendly people for up to two years.¹³⁷ It costs €600 to apply to the digital nomad program, and the income requirement is €3,000 a month.¹³⁸ Along with a residence permit, recipients can get an independent contractor visa.¹³⁹ They must have at least one client native to Norway and pay Norwegian taxes as if they are a full resident.¹⁴⁰ Though Norwegian taxes are notoriously expensive,

129. *Malta Becomes First EU Nation to Legalise Cannabis*, BBC NEWS (Dec. 14, 2021), <https://www.bbc.com/news/world-europe-59660856>.

130. *Want to Move to Europe*, *supra* note 80.

131. *Id.*

132. *Id.*

133. *Id.*

134. *Id.*

135. *Id.*; *Montenegro Digital Nomad Visa*, LAWYERS MONTENEGRO (Oct. 29, 2024), <https://lawyersmontenegro.eu/montenegro-digital-nomad-visa/>.

136. *Want to Move to Europe*, *supra* note 80.

137. *Id.*

138. *Id.*

139. *Id.*

140. *Id.*

Norway's quality of life is extremely high due to its strong government services.¹⁴¹

15. Portugal

Portugal is one of the most popular European destinations for American expats to move to.¹⁴² Delicious food, sunny days, high quality of life, and the prevalence of English speakers make it an attractive option.¹⁴³ Its digital nomad visa has an income requirement of €3,480 per month and an application fee of around €93, depending on the applicant's country of origin.¹⁴⁴ Users of the program must be non-EU citizens and be employed by a non-Portuguese company.¹⁴⁵

16. Romania

Romania is an affordable country that offers a one-year digital nomad visa.¹⁴⁶ Applicants must prove earnings of at least €3,950 per month.¹⁴⁷ To apply, one must also show health insurance and a clean criminal record.¹⁴⁸ Their income source must be from a company outside of Romania.¹⁴⁹ Participants have the option of avoiding Romanian taxes, by ensuring that they do not stay in the country for more than 183 days in the twelve months.¹⁵⁰

141. *SGI Data*, SUSTAINABLE GOVERNANCE INDICATORS, <https://www.sgi-network.org/2020/Data> (last visited May 21, 2025) (ranking Norway as second in the world for democratic government, fifth for governing with foresight, and tied for second for sustainable policymaking).

142. *Id.*

143. *Digital Nomads in Portugal*, HOME IN PORTUGAL, <https://home-in-portugal.com/digital-nomads-in-portugal/> (last visited Feb. 22, 2025).

144. *Portugal Digital Nomad Visa: Ultimate D8 Guide 2025*, GLOBAL CITIZEN SOLUTIONS, <https://www.globalcitizensolutions.com/portugal-digital-nomad-visa/> (May 21, 2025).

145. *Id.*

146. *Want to Move to Europe*, *supra* note 80.

147. *Id.*

148. *Id.*

149. *Id.*

150. *Id.* (participants who do not stay for more than 183 days do not have to pay income tax, social security, or social health insurance contributions; those with a tax residence in another country are also exempt).

17. Spain

Spain's recent legislation of a digital nomad program has many people excited, as Spain is a growing economic force and offers an attractive Mediterranean lifestyle. For this program, the application fee is €80, and it requires an annual monthly income of at least €2,334.¹⁵¹ The legislation passed in February of 2023 and allows for residency of up to five years.¹⁵² This program also allows immediate family members to join along.¹⁵³ Perhaps the most attractive aspect is the taxation, where remote workers will only need to pay 15% Spanish tax for the first 4 years, so long as they earn below €600,000 per year.¹⁵⁴

IV. ENTICING AMERICANS TO COME AND STAY THROUGH DIGITAL NOMAD PROGRAMS

A. Strategies to Motivate Americans to Relocate Permanently

Europe can gain economic benefits from having Americans move to its countries.¹⁵⁵ Workers spend money on housing, leisure, food, and more. These opportunities create awareness of what life can be like in lesser-known European countries, further encouraging tourism.

Europe can use the digital nomad program as a longer-term solution to the talent deficit.¹⁵⁶ Based on a report from Eurostat, over 75 percent of EU companies are challenged when finding workers to fill positions.¹⁵⁷ This is especially the case with workers specializing in the green and digital transition that is pivotal to the EU's current initiatives.¹⁵⁸ When skilled workers enter Europe

151. *Id.*

152. *Want to Move to Europe?*, *supra* note 80.

153. *Id.*

154. *Id.*

155. Philipp Engler, Margaux MacDonald, Roberto Piazza, & Galen Sher, *Migration to Advanced Economies Can Raise Growth*, IMF BLOG (June 19, 2020), <https://www.imf.org/en/Blogs/Articles/2020/06/19/blog-weo-chapter4-migration-to-advanced-economies-can-raise-growth> (discussing a study finding that immigrants have a positive impact on output and productivity in advanced economies).

156. Ivan Jiménez, *Europe Is Facing a Shortage of Skilled Workers. The Basque Experience Could Be the Answer*, EURONEWS, <https://www.euronews.com/2023/07/18/europe-is-facing-a-shortage-of-workers-the-basque-experience-could-be-the-answer> (July 18, 2023, 7:32 AM).

157. *Id.*

158. *Id.*

for remote jobs, they would begin working for companies in outside countries. However, once they have settled into life in Europe and gotten things like housing, language, and culture acclimated, they may be open to more permanent opportunities with a European company years down the road.

European governments would be wise to provide a pipeline for these digital nomad workers. Many EU countries have offered a one-year digital nomad program, which allows people to assess whether a given country is the right permanent move for them.¹⁵⁹ Governments could create a network of companies and opportunities for foreigners wishing to stay and plant their roots in Europe.

B. Strategies for Europe to Entice Workers to Come and Stay

Developing an attractive employment market in a country is not a simple task. It must be reevaluated, changed, and improved to keep up with the changing ways that people live and work. There are many strategies Europe can implement to continue becoming an attractive market for workers near and far.

1. Create a Robust Training Program from the Beginning

Confidence is essential for success in any work environment. If workers feel like they can learn and develop early in their jobs, they will feel empowered to continue this learning process as they progress. In our digital age, the most crucial skills are “written and verbal communication, collaboration and teamwork.”¹⁶⁰ Numerical and analytical skills will also be key as we continue shifting to a data-driven world.¹⁶¹ Training should not end after the first week on a job.¹⁶² Instead, it should be a progressive process that continuously evaluates worker skills, leans into them, and proactively works to improve areas of weakness.¹⁶³ This empowerment will help workers feel fulfilled in their jobs.

159. *Want to Move to Europe*, *supra* note 80.

160. Andy Baldwin & Hanne Jesca Bax, *Eight Ways Europe Can Stay Attractive for Future Talent*, EY (Mar. 28, 2019), https://www.ey.com/en_gl/foreign-direct-investment-surveys/leaders-europe-attractive-future-talent.

161. *Id.*

162. *Id.*

163. *Id.*

2. Embrace Technology

Technology can be viewed positively or negatively, depending on who you ask. European companies must ensure that they are up to speed with the latest industry practices.¹⁶⁴ Skilled workers will seek efficiency and productivity and may get frustrated by the lack of modern technology if a good infrastructure is not set.¹⁶⁵ Technology helps to accelerate skills, which eventually can improve a company's bottom line.¹⁶⁶

3. Develop a Work Culture of Empathy and Creativity

One thing on Europe's side in the skilled worker battle is its incredibly high quality of life.¹⁶⁷ The U.S. News & World Report's survey of the ten countries with the highest quality of life included seven countries in Europe.¹⁶⁸ EU values in particular include human dignity, democracy, equality, and human rights.¹⁶⁹ Leaning into these strong points on a corporate level can help Europe to remain an attractive place for skilled workers who want to stay long-term.

No matter how advanced technology gets, there are some things that humans will do better than machines.¹⁷⁰ Our sense of reasoning and compassion cannot be found in a computer. Empowering employees to use their unique skills in the workplace will remind them that they have an impact on the work that they do. This creates a sense of satisfaction, which will persuade them to stay in their current role. The digital nomad programs are relatively new for European countries, which must employ long-term strategies for continued success.

164. *Id.*

165. *See id.*

166. Baldwin & Bax, *supra* note 160.

167. *Quality of Life*, U.S. NEWS & WORLD REP., <https://www.usnews.com/news/best-countries/rankings/quality-of-life> (last visited May 21, 2025).

168. *Id.*

169. *Aims and Values*, EUROPEAN UNION, https://european-union.europa.eu/principles-countries-history/principles-and-values/aims-and-values_en (last visited May 21, 2025).

170. Baldwin & Bax, *supra* note 160.

V. TAXATION SECTION: WHY EUROPEAN TAXATION PROGRAMS ARE OVERLY COMPLEX FOR AMERICANS

A. Introduction to Taxation

The taxation part of this Article will first explain the basics of how taxation works when Americans choose to live and work in Europe. It will overview the concept of double taxation and how the US has tax treaties with most European countries. This ensures that Americans are not paying full taxes to their host European countries as well as to the US. The tax systems for Americans living in Europe are overly complex and cause unnecessary confusion. This part will explain the double taxation programs in European countries. Readers will see how although similar in many ways, their nuances and changes can create confusion for users. The Article will take the next step after explaining these challenges by proposing a harmonized system of taxation for Americans living in Europe.

B. General Rule

The general rule is this: if the tax rate in the European country is more than that of the US, the expat will not need to pay American taxes.¹⁷¹ However, if the tax rate is lower in the host country, as offered by digital nomad programs like that of Spain, the expat may need to pay that European tax plus an additional amount. This effectively makes it as if the expat is paying in total what they would have paid if they were still living in the US.

C. Current Taxation Schemes between American and EU Countries with Digital Nomad Programs

To dive into potential tax issues that arise with Americans using digital nomad visas, this Article will explain double taxation in each European country described above.

171. See *20 Things Americans Overseas Should Know about Taxes for Expats*, H&R BLOCK (Feb. 9, 2023), <https://www.hrblock.com/expat-tax-preparation/resource-center/filing/20-things-americans-overseas-should-know-about-taxes-for-expats/>.

Double taxation is the “act of paying income taxes twice on the same income.”¹⁷² This can be a concern for both companies and individuals.¹⁷³ Double taxation is addressed here in a legal context, where two countries may try to claim an American expat as their tax resident.¹⁷⁴ The tax treaties explained below were created to avoid imposing double taxation. Only the European countries that have a tax treaty with the United States will be discussed.¹⁷⁵

D. Common Policy for Double Taxation

Many European countries have similar double-taxation agreements with the United States. Common among these treaties is that money earned by an American expat in Europe can be used as a “credit” towards their American taxes. Simply speaking, if a U.S. resident who lives in Cyprus pays \$15,000 worth of Cypriot taxes and owes \$25,000 in U.S. taxes, they will only need to pay the remaining \$10,000 to the U.S. Since European taxes tend to be higher than American taxes, an expat in that situation would likely not need to pay income tax to America if they already exceeded the amount they would pay in the U.S.

The countries that follow this simple provision include the Republic of Cyprus, the Czech Republic, Estonia, Finland, Hungary, Italy, Latvia, and Portugal (see the referenced taxation treaties). The following parts will explain the double taxation provisions present between the U.S. and European countries with more complex guidelines.

172. Mike Enright, *Double Taxation What is it and Why Should Businesses Care*, WOLTERS KLUWER, <https://www.wolterskluwer.com/en/expert-insights/double-taxation-what-is-it-and-why-should-businesses-care> (Mar. 12, 2021).

173. *Double Taxation*, CORNELL L. SCH. LEGAL INFO. INST., https://www.law.cornell.edu/wex/double_taxation (last visited May 21, 2025).

174. *Id.*

175. Albania and Montenegro do not yet have a tax treaty with the U.S. Croatia and the U.S. signed a new tax treaty on December 7, 2022, but as of this writing, it has not yet taken effect. See *United States Income Tax Treaties – A to Z*, IRS, <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z> (last visited May 21, 2025); see also Press Release, U.S. Dep’t Treasury, United States, Croatia Sign Income Tax Treaty (Dec. 7, 2022), available at <https://home.treasury.gov/news/press-releases/jy1148>.

1. Greece

Greece and the U.S. have a tax treaty that went into effect on January 1, 1953.¹⁷⁶ Article XVI handles the Elimination of Double Taxation.¹⁷⁷ The treaty states that “The citizens or subjects of one of the Contracting States shall not, while resident in the other Contracting State, be subjected therein to other or more burdensome taxes than are the citizens or subjects of such other Contracting State residing in its territory.”¹⁷⁸ This is best construed to mean that if U.S. citizens are residing in Greece, they should not be responsible for taxes any greater than those other residents and citizens of Greece pay. In simpler terms, it means that U.S. citizens and residents can use the taxes paid to Greece as a credit against their U.S. taxes owed.

2. Iceland

The U.S. and Iceland’s current Tax Convention became effective on December 15, 2008.¹⁷⁹ Article 22 addresses Relief from Double Taxation.¹⁸⁰ Relief shall be granted to a U.S. citizen or resident as a credit against the U.S. tax, “the income tax paid or accrued to Iceland on behalf of such citizen or resident.”¹⁸¹ Paragraph (3)(a-b) of Article 2 addresses the taxes covered, which would be considered income taxes.¹⁸² These are:

(a) In Iceland:

- (i) The income taxes to the state (tekjuskattar ríkissjóðs); and
- (ii) the income tax to the municipalities (útsvar), (hereinafter referred to as “Icelandic tax”);

176. Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Greece-U.S., art. XXI, Feb. 20, 1950, 5 U.S.T. 47 [hereinafter Double Taxation Convention with Greece].

177. *Id.* at art. XVI.

178. *Id.*

179. Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Ice.-U.S., Oct. 23, 2007, T.I.A.S. 08-1215 [hereinafter Double Taxation Convention with Iceland].

180. *Id.* at art. 22.

181. *Id.*

182. *Id.* at art. 2(3)(a-b).

(b) In the United States:

(i) the Federal income taxes imposed by the Internal Revenue Code; and

(ii) the Federal excise taxes imposed with respect to private foundations (hereinafter referred to as “United States tax”).¹⁸³

Iceland is not a member of the EU, so it is no surprise that its tax treaty is a bit more complex than the EU nations that have similar formats.

3. Malta

The U.S. and Malta entered their tax treaty¹⁸⁴ in August 2008, and has been effective since November 2010.¹⁸⁵ Relief from Double Taxation is discussed in Article 23.¹⁸⁶ This treaty states that income tax paid to Malta can be a credit against U.S. taxes if the provisions do not change on the U.S. end.¹⁸⁷ Malta’s treaty defines these income taxes as “the Federal income taxes imposed by the Internal Revenue Code (but excluding social security and unemployment taxes), and the Federal excise taxes imposed with respect to private foundations.”¹⁸⁸ As recommended for countries with a provision that the rule could change if U.S. law changes, it is wise to refresh on the updated policy before making the move.

4. Norway

The U.S. and Norway have an income tax treaty that went into effect on November 29, 1972.¹⁸⁹ Article 23 covers Relief from Double Taxation.¹⁹⁰ Like most other agreements, “the United

183. *Id.*

184. Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Malta-U.S., Aug. 8, 2008, T.I.A.S. 10-1123 [hereinafter Double Taxation Convention with Malta].

185. U.S. DEPT OF STATE, TREATIES IN FORCE: A LIST OF TREATIES AND OTHER INTERNATIONAL AGREEMENTS OF THE UNITED STATES IN FORCE ON JANUARY 1, 2020, at 286 (2020).

186. Double Taxation Convention with Malta, *supra* note 184, at art. 23.

187. *Id.*

188. *Id.* at art. 2.

189. Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Property, Nor.-U.S., Dec. 3, 1971, 23 U.S.T. 2832 [hereinafter Double Taxation Convention with Norway].

190. *Id.* at art. 23.

States shall allow to a citizen or resident of the United States as a credit against the United States tax the appropriate amount of Norwegian tax.”¹⁹¹ The taxes that apply to this are highlighted in Article 24, “Sources of Income.”¹⁹² An important piece from this section is that “[i]ncome received by an individual for his performance of labor or personal services, whether as an employee or in an independent capacity, shall be treated as income from sources within a Contracting State only to the extent that such services are performed in that Contracting State.”¹⁹³ It is important for expats to consider this when working remotely for an American company and wanting tax exemptions. This text is still grey, but it could mean that an American who is doing remote work for an American company while working in Norway is not earning income from sources “within the contracting state” of Norway. Therefore, they may not qualify for this double taxation credit and need to pay taxes in both places.

5. Romania

The United States and Romania entered into a tax treaty effective on January 1, 1974.¹⁹⁴ Article Twenty-one handled Relief from Double Taxation.¹⁹⁵ The treaty described that U.S. citizens or residents living in Romania would receive a credit to their U.S. taxes, based on the amount of Romanian taxes paid.¹⁹⁶ The treaty specified that “the credit shall not exceed the portion of United States tax which such citizen’s or resident’s net income from sources within Romania or on income from sources outside of the United States bears to his entire net income for the same taxable year.”¹⁹⁷ The sources described in paragraph (1)(a) of Article One are the taxes considered income, which include the following:

- (i) wages, salaries, fees, copyrights, and income from any other source received by individuals;

191. *Id.*

192. *Id.* at art. 24.

193. *Id.*

194. Convention with Respect to Taxes on Income, Rom.-U.S., Dec. 4, 1973, 27 U.S.T. 165 [hereinafter Double Taxation Convention with Romania].

195. *Id.* at art. 21.

196. *Id.*

197. *Id.*

- (ii) profits of mixed companies;
- (iii) enterprises other than mixed companies or state enterprises;
- (iv) agricultural activities;
- (v) rentals; and
- (vi) nonresidents.¹⁹⁸

U.S. citizens moving to Romania must consider these implications to fully enjoy the double taxation relief.

6. Spain

Finally, Spain and the U.S. have an income tax treaty that came into effect on November 21, 1990.¹⁹⁹ Article 24 handles Relief from Double Taxation.²⁰⁰ Its policy is that taxes paid to Spain by a U.S. citizen living in Spain shall be handled like a credit toward U.S. taxes.²⁰¹ The policy is further clarified in paragraph three, stating that:

In the case of an individual who is a citizen of the United States and a resident of Spain, income which may be taxed by the United States by reason of citizenship in accordance with paragraph 3 of Article 1 (General Scope) shall be deemed to arise in Spain to the extent necessary to avoid double taxation, provided that in no event will the tax paid to the United States be less than the tax that would be paid if the individual were not a citizen of the United States.²⁰²

For more complicated evaluations like that of Spain, getting professional tax advice will be crucial for an American expat.

198. *Id.* at art. 1(1)(a).

199. Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Spain-U.S., Feb. 22, 1990, 1591 U.N.T.S. 41 [hereinafter Double Taxation Convention with Spain].

200. *Id.* at art. 24.

201. *Id.*

202. *Id.* at art. 24(3).

E. Implications of FATCA on American Expats Living Abroad

The section will discuss the implications of the Foreign Account Tax Compliance Act (FATCA), which can be problematic for high net-worth individuals who are U.S. citizens or green card holders living abroad.²⁰³ Once these people have a certain value of assets outside of the U.S., they must adhere to filing a form and following a process to register their assets under FATCA. This portion will highlight these, as well as other, issues that often come up with Americans living abroad.

FATCA is a U.S. tax law that began in 2010 in President Obama's administration, under the Hiring Incentives to Restore Employment (HIRE) Act.²⁰⁴ It is controversial in that it requires extra taxes from a wealthy portion of expats living outside of the United States.²⁰⁵ FATCA requires "[c]ertain U.S. taxpayers who hold foreign financial assets with an aggregate value of more than the reporting threshold (at least \$50,000) to report information about those assets on Form 8938, which must be attached to the taxpayer's annual income tax return."²⁰⁶

F. Renouncing Citizenship Due to FATCA

Because of FATCA's complexity and high cost to some American citizens, an increasing number have renounced their citizenship to avoid paying taxes under FATCA.²⁰⁷ The estimated nine million Americans that have settled abroad are affected by this law.²⁰⁸ From 2005 to 2009, only 2,500 people renounced their American citizenship, a relatively small number.²⁰⁹ However, that amount drastically increased, with 36,840 people renouncing from

203. Foreign Account Tax Compliance Act, I.R.C. § 6038D (2010); *Summary of FATCA Reporting for U.S. Taxpayers*, IRS, <https://www.irs.gov/businesses/corporations/summary-of-fatca-reporting-for-us-taxpayers> (last visited Feb. 24, 2025).

204. Foreign Account Tax Compliance Act, I.R.C. § 6038D (2010).

205. *Id.*

206. *Summary of FATCA Reporting for U.S. Taxpayers*, IRS, *supra* note 203.

207. *Bloomberg: Americans Abroad Renounce Citizenship to Avoid FATCA Tax Law*, AMERICANS OVERSEAS, <https://americansoverseas.org/en/news/americans-abroad/> (Apr. 23, 2024).

208. Kathleen Peddicord, *Does Renouncing U.S. Citizenship Make Sense for the Average American Abroad?*, FORBES (July 28, 2022, 11:19 AM), <https://www.forbes.com/sites/kathleenpeddicord/2022/07/28/does-renouncing-us-citizenship-make-sense-for-the-average-american-abroad/>.

209. *Id.*

2010 to 2020.²¹⁰ Some Americans who committed to moving abroad want to fully pursue their lives overseas, and do not feel they need their American citizenship when it produces negative financial consequences. FATCA aside, even preparing an American tax return can be extremely difficult, expensive, and burdensome.²¹¹ Mistakes on tax returns can cause penalties and criminal liability—which expats do not want to deal with.²¹²

Though renouncing U.S. citizenship is a way to avoid FATCA, it is not as easy as some imagine.²¹³ While people think they can simply throw away their U.S. passports and embrace their new nationality, there are legal steps to handle this appropriately.²¹⁴ The first step is to gain another citizenship and passport reflecting the change in citizenship.²¹⁵ So, if one did a digital nomad program in Spain, they would need to follow the steps to become a Spanish citizen before thinking of renouncing. They would work with either the U.S. Department of State or Homeland Security, who would conduct interviews in person.²¹⁶ The renunciation fee is steep at \$2,350, in addition to legal fees.²¹⁷ There are also additional taxes that individuals worth over \$2 million will need to pay.²¹⁸ Overall, a thorough cost-benefit analysis is needed to determine whether renouncing one's American citizenship can lead to financial gains.

G. Further Challenges with FATCA

The law has presented several problems for expats, including Americans in Europe being denied banking services, expensive Internal Revenue Service (IRS) penalties for noncompliance, and general frustration with the unclear process.²¹⁹ The renouncing of citizenship to avoid FATCA is especially beneficial to 'accidental Americans.'²²⁰ These are people who have never lived, or intended

210. *Id.*

211. *Id.*

212. *Id.*

213. *Id.*

214. Peddicord, *supra* note 208.

215. *Id.*

216. *Id.*

217. *Id.*

218. *Id.*

219. Bloomberg: *Americans Abroad Renounce Citizenship to Avoid FATCA Tax Law*, *supra* note 207.

220. *Id.*

to live, in the United States.²²¹ It can happen by being born in the U.S. or having a parent who is a U.S. citizen.²²² While citizenship is helpful for many, it can be an extreme financial burden if the individual does not wish to take up U.S. residency in the future.²²³

FATCA was implemented to get data from American citizens' bank accounts that were in foreign banks, known as foreign financial institutions (FFIs).²²⁴ This data collection helps in administering taxes for the IRS.²²⁵ If expats need to comply with FATCA and fail to report their assets, there is a punitive thirty percent withholding on any U.S. source income that the FFI is holding.²²⁶ Consequently, all foreign banks now need to provide financial information on accounts of U.S. citizens.²²⁷ This was a strategy to work against tax evasion, for those who were holding large sums of money outside of U.S. territory.

FATCA can apply to both U.S. citizens living abroad and those in the U.S.²²⁸ For those living abroad, the requirements are as listed below:

You must file a Form 8938 for FATCA if you file for an income tax return and:

You are married filing a joint income tax return and the total value of your specified foreign financial assets is more than \$400,000 on the last day of the tax year or more than \$600,000 at any time during the year. These thresholds apply even if only one spouse resides abroad. Married individuals who file a joint income tax return for the tax year will file a single Form 8938 that reports all of the specified foreign financial assets in which either spouse has an interest.

You are not a married person filing a joint income tax return and the total value of your specified foreign financial assets is

221. *See id.*

222. *Id.*

223. *Id.*

224. *See Foreign Account Tax Compliance Act (FATCA)*, IRS, <https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca> (last visited Feb. 24, 2025).

225. *Summary of FATCA Reporting for U.S. Taxpayers*, *supra* note 203.

226. *FATCA Information for Foreign Financial Institutions and Entities*, IRS, <https://www.irs.gov/businesses/corporations/information-for-foreign-financial-institutions> (last visited Feb. 24, 2025).

227. *Summary of FATCA Reporting for U.S. Taxpayers*, *supra* note 203.

228. *Id.*

more than \$200,000 on the last day of the tax year or more than \$300,000 at any time during the year.²²⁹

FATCA is a tax implication that primarily applies to high-net-worth individuals. For those in this income category, it can be a significant deterrent from moving themselves and their lucrative assets outside of the U.S.

One hundred and thirteen countries have FATCA agreements with the U.S., meaning their Financial Institutions will comply with U.S. requests for information.²³⁰ For this report, all countries mentioned have FATCA agreements with the U.S., except for Albania.²³¹

H. Foreign Earned Income Exclusion (FEIE)

While FATCA can have negative implications for high-net-worth Americans living abroad, the Foreign Earned Income Exclusion (FEIE) can provide benefits.²³² This allows an American to exclude up to \$112,000 of their earned income from taxes (as of 2022) if they lived and worked outside of the United States.²³³ The IRS provided the following guidance regarding eligibility for this program:

To claim these benefits, you must have foreign earned income, your tax home must be in a foreign country, and you must be one of the following:

A U.S. citizen who is a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year,

A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect and who is a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year, or

229. *Id.*

230. U.S. Dep't of Treasury, *Foreign Account Tax Compliance Act*, <https://home.treasury.gov/policy-issues/tax-policy/foreign-account-tax-compliance-act> (last visited Feb. 24, 2025).

231. *Id.*

232. Peddicord, *supra* note 208.

233. *Id.*

A U.S. citizen or a U.S. resident alien who is physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months.²³⁴

The amount included in the FEIE is adjusted annually based on America's inflation rate.²³⁵ For example, it was \$107,600 in 2020, \$108,700 in 2021, \$112,000 in 2022, and \$120,000 in 2023.²³⁶ Even if there is excluded income through the FEIE, the American must figure out the earnings of non-excluded income, calculate relevant taxes, and pay those taxes to the IRS.²³⁷ Failing to do this properly can result in penalties or criminal liability.²³⁸

VI. HARMONIZED DOUBLE TAXATION SYSTEM

Because Europe and the EU specifically have many laws and governing bodies like the European Parliament, European Council, and European Commission, it is not unreasonable to suppose that there could be a high-level unified treaty for Americans to adhere to.²³⁹ This way, if they chose to live in Spain for two years, then France for one year, and then Portugal for six months under various digital nomad programs, they would know how taxation works and only have to learn the process once.

The above part describes elements of each European country's tax treaty with the United States regarding double taxation. In reading the descriptions, one can see that there are principles that hold true in each country—taxes paid to each EU country could be used as a credit towards the American taxes due. However, things become confusing with the types of taxes that can be considered income, the amount of taxes that can be paid in each place, and other deviations. While reading the "Relief from Double Taxation" section in each treaty, it can be challenging for non-lawyers to read through the legalese and understand what the treaty means. The above section also discusses the implications of the United States' FATCA program. This causes a lot of stress and financial

234. *Foreign Earned Income Exclusion*, IRS, <https://www.irs.gov/individuals/international-taxpayers/foreign-earned-income-exclusion> (last visited Feb. 24, 2025).

235. *Id.*

236. *Id.*

237. *Id.*

238. I.R.C. § 6662.

239. *Types of Institutions and Bodies*, EUROPEAN UNION, https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/types-institutions-and-bodies_en (last visited Feb. 24, 2025).

obligations for expats who are U.S. citizens, many of whom are not even aware of FATCA's pull on them.

If there were to be a harmonized tax treaty between the U.S. and all EU member states, its primary role would be to explain the fact that taxes paid in the EU by American citizens would count towards their U.S.-owed taxes. It would provide a maximum amount of credit that can be provided and highlight situations where the credit would not apply. This may be for certain types of earnings that are not considered 'income' under the treaty, like the sale of real estate. A harmonized treaty would have one uniform list of what is considered income. Since these agreements among the U.S. and EU countries are very similar, it would only take minor tweaks to get the policies to mean essentially the same thing and to create a harmonized version. Finally, regarding FATCA, the provisions of this program would be clearly explained in the harmonized tax treaty. Though it is simple to understand who must file the appropriate form for FATCA, many are unaware that it even exists. Working this into the treaty would provide an integrated document with all the information American expats need for a successful move.

VII. CONCLUSION

In conclusion, Digital Nomad Programs are exciting ways to try living abroad. They can maintain the comfort of an American job and introduce the possibility of changing gears and trying new places in future years. These programs have become extremely popular since the onset of COVID-19 and are picking up pace as more Americans are bringing their families along for these fantastic opportunities.

This Article explored the implications of pursuing a digital nomad scheme, which can include uncertainties for immigration and taxation. Change is difficult, and knowing the options as a potential expat empowers people to make the best choices for themselves and their families.

This guide is a broad survey of the considerations that arise when pursuing an expat life. Program opportunities and taxation laws are often changing and should be scrutinized by legal professionals before relying on any advice in this Article. The next decade brings exciting prospects for global mobility, and it will be

fascinating to see how companies, housing platforms, and immigration services adapt to these growing demands.