

ATTN: International Tax Reform Working Group

Dear Representative Nunes and Blumenaur,

I am writing to ask that the International Taxation Committee of the Ways & Means Committee for Tax Reform seriously consider the ACA proposal for reform to Residency-based taxation RBT. See link:

<http://americansabroad.org/files/6513/6370/3681/finalsubrbtmarch2013.pdf>

Until recently I was one of nearly 7 million American citizens living, working and voting from abroad, and contributing to the economic growth of the U.S. Economy. I believe the current Citizenship based taxation regime must be reformed. Current tax policy is negatively affecting this important sector of American and their ability to compete for jobs, grow the US economy through international business and exports, and live overseas. Current tax policy damages both individuals and the welfare of the United States.

The following are some examples of the fallout on Americans working overseas from current U.S. Citizenship based taxation:

- Inability to relocate and work internationally
- Denial of job opportunities or job advancement
- Refusal of entry into business partnerships
- Closure or denial of financial instruments (pensions, insurance policies, bank accounts, etc.)
- Exposure to double taxation or increased tax burden
- Financially ruinous penalties due to broad application of criminal tax evasion regulations on those making simple filing errors due to complexity of the US tax code.

I have been personally affected by this situation. As an American citizen living and working in Germany with my German husband, I was subject to German income tax. I also had to file extraordinarily complicated US tax returns. As German income tax rates are significantly higher than the US taxes, it was obvious that I would never actually owe US taxes on my income after taking foreign tax credit. Nevertheless, I was required to waste a great deal of time on the Micky Mouse exercise of filling out numerous and very complicated forms. And the IRS had to waste effort too, processing my form. Every time I did this, I contemplated the idiocy of it all: why did the US government want to waste its resources processing forms from me, when it was a foregone conclusion that I would owe no money? And why did the US think it ought to tax me since I did not receive any services or nor was eligible for any benefits, the way a resident of the US would be? It seemed that the Micky Mouse tax form filing exercise was designed to punish me for living outside the US.

Then FATCA was passed. That was far worse than the inconvenience of the nonsensical, time-wasting tax form exercise. FATCA was going to turn me into pariah, what bank would want to have my account? As an American I would cost them far more than I was worth. Why did Congress pass FATCA? Was it because they wanted to make life outside the US impossible? Was it because they were ignorant of or simply did not care about citizens living abroad? For whatever reason FATCA was passed, it became obvious to me that my elected representatives were not representing me at all and probably never would. I felt betrayed. That's when I decided I had to become a German citizen and renounce US citizenship. I feel like I was kicked out. And the Germans down at the naturalisation office were quite happy to welcome me in, even enthusiastic. Feeling "kicked out" has shifted my loyalties. Where before at work during business discussions with Americans, I would try to help both sides understand each other better, I'm now more likely to just passively sit by and let misunderstandings continue.

But I still hope that the US will stop being so stupid. Please seriously consider the RBT proposal submitted by American Citizens Abroad (ACA). A move towards a residence-based system, like the rest of the world, not only would it be simpler and fairer for Americans living abroad, but it would actually bring in MORE tax revenue than the current system, which wastes compliance resources for very little return. RBT would increase United States exports strongly by facilitating American mobility in the global business environment of today's world.

Yours sincerely,

Cynthia Bennett