

ATTN: International Tax Reform Working Group 3 April 2013

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/finalsbrbtmarch2013.pdf>

As 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 our country.

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 and my family have been personally affected by this situation. I have been a permanent resident of Germany for 25 years and our children – born and raised in Germany – are dual citizens. In 2011 my German husband went to a great deal of trouble to set up an investment account for our 15-year-old daughter with the Dutch bank IngDIBA, The purpose of this account was to save for her college expenses and – equally importantly – to teach our daughter how a monthly investment in a low-risk financial instrument such as a mutual fund produces a solid long-term yield. Our daughter understood the concept and decided to contribute a part of her own allowance.

Last summer the Ing-DIBA notified us that they are closing all investment accounts held by US citizens, including our daughter's. The reason? FATCA compliance will be too costly and burdensome. In the meantime other financial institutions such as all the non-profit German savings banks ("Sparkassen"), the Deutsche Bank, Fidelity Frankfurt and Franklin Templeton Germany have followed suit. What shall we do with the money? Shall we put it into a savings account that has a negative yield in real terms? My daughter has lived all her life in Germany. She has no property in the U.S. and earns no income there – and yet her U.S. citizenship means she has far fewer investment options that a U.S. citizen living in the U.S. Imagine how our daughter, now almost 17, feels now that she is being shut off from investing in the stock market because she is an American. She says if she is required to file two tax returns and is still cut off from investing when she starts to work, she will renounce her U.S. citizenship. In her words: "The United States has sent me a clear signal that I am – because I live outside the U.S. – unwanted as a citizen of the United States."

My husband has also invested in a mutual fund for our retirement. I have no signature authority over this account, because the bank would close it if I were involved. This puts me in a precarious financial position. If my husband were incapacitated due to illness, I would

have no access to the funds. Our eldest daughter is studying law. She may be refused partnership in a German law firm after graduation if she doesn't renounce her U.S. citizenship. German law firms understandably don't see why they should disclose their finances to the IRS because one of their partners is an American.

In short, citizen-based taxation places an unfair burden on U.S. citizens living abroad. Every year I have to submit two tax returns, one to Germany and one to the U.S. Add FATCA to this tax system and you have a grossly unjust regulatory framework that punishes Americans for living and working abroad. In casting a huge net to catch tax evaders hiding money abroad – whom I believe overwhelmingly reside in the U.S., not abroad – the IRS has created two classes of U.S. citizens: Those who live at home, who enjoy all the freedoms of being an American and those who live abroad, who are subject to punitive tax filing requirements and have fewer rights than their counterparts at home.

I would like to think that I used to be an ambassador of goodwill for the U.S., often defending and trying to explain the actions of the U.S. government when it was criticized by Europeans. Every year I dutifully filed two tax returns. Since FATCA was passed I no longer feel patriotic. A third-generation member of the DAR, I have withdrawn from the society and my children from the CAR.

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,

Genevieve Besser

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