

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>

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 have been personally affected by this situation:

- my wife and I have been denied banking services due to my US citizenship
- although we have a fairly simple tax situation, we were no longer able to prepare the filing alone and had to hire a tax consultant, forcing us to spend at least \$700 to \$1000 each year. This is mainly due to the complexity of tax forms, tax preparation publications, legal language of such documents, inability to reach a physical person over the phone at the IRS to discuss simple questions without being put on hold for extended periods of time and only to find out that no answer could be provided
- the fact, that the US Embassy in our jurisdiction no longer provides tax consultations but refers us to centers e.g. in Paris, many hundred miles away, where one runs into the same hold-call phone problems or requires to take a foreign trip is not acceptable for elderly people (nor for working people)
- banks and pension plan administrations and local social security administrations were unable or unwilling to provide complicated and expensive-to-produce documentary evidence (not to speak of in English language) that is not required in our jurisdiction
- duplicate and redundant filing of FBAR and Form 8938 with different requirements and confusing instructions for the use of foreign currency rates FX (where even the FX rates posted on the Embassy website differ from the recommended FX rates as

instructed in IRS publications has created an immense workload and expense and forced us to hire a tax adviser even for those forms

- the highly encouraged and recommended filing of the FBAR via the FINCEN electronic system is very complicated, especially for the elder
- The fact, that various countries have negotiated vastly different tax related contracts with the US IRS resulting in very different treatments of very similar tax situations (a good example are the treatment of pension funds and pension income) are difficult to understand at least seem to breach the principle of "equal treatment" of all.

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,

Rene Bettschen