

**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 am an American citizen living in Australia and I have been personally affected by this situation as my household is straddle with an unfair and unrealistic tax burdens. The United States is the only industrialized country in the world that subjects its citizens, who live abroad to double taxation. WHY ?

There is only one other country that taxes based on citizenship, a very small underdeveloped country in Africa by the name of Eritrea. Eritrea subjects its citizens living abroad to a 3% tax on their foreign income when they live abroad. Interestingly, this tax was condemned by a UN resolution at the Security Council in 2011 for violating the human rights of its expatriate citizens.

**Fact on Eritrea our International Tax Model:**

Eritrea is a single-party state.

In its 2010 Press Freedom Index, [Reporters Without Borders](#) classified the media environment in Eritrea at 178 out of 178, the lowest possible rating and below that of totalitarian [North Korea](#) at 177.

In October 2008 when U.S. [Assistant Secretary of State Jendayi Frazer](#) called the nation a '[state sponsor of terrorism](#)' and stated that the U.S. government might add Eritrea to its list of [rogue states](#), along with [Iran](#) and [Sudan](#).

US modeled its tax laws in accordance with similar Eritrea tax guidelines in 2010. September 2001 the government closed down all of the nation's privately owned print [media](#), and outspoken critics of the government have been arrested and held without trial.

The above is clearly not the lead the American Congress or your Committee should aspire to. But that is the reality and we need to do better. We need to take a grounded approach to our International tax laws. 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,

Bruce Costella