

ATTN: International Tax Reform Working Group

Dear Representatives 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 have been personally affected by this situation in terms of probable decreased opportunities for job advancement within the foreign company in which I work and in terms of difficulties in opening certain types of bank accounts. For instance, it is not possible for me to save for retirement by investing in a mutual fund: foreign mutual funds are considered passive foreign investment companies (PFIC's) and are off limits to Americans while U.S.-based funds will not accept investors without a valid U.S. address due to restrictions imposed by the Patriot Act. Preparing U.S. tax returns is also a challenge since tax preparers that have experience in both U.S. and foreign tax systems are beyond my financial means. I generally earn below the FEIE (although this is somewhat exchange-rate dependent). Despite this, I still have to file form 8938, which is technically only applicable to U.S. citizens with foreign assets exceeding \$200,000. However, contributions to (often mandatory) foreign pension plans are included in this \$200,000 limit, which means that even middle-class Americans are affected if they have lived several decades abroad (due, for instance, to marriage to a foreign spouse).

Please be aware that most Americans who live abroad are neither tax evaders nor anti-patriotic. The vast majority of Americans who live abroad went there for personal reasons or for professional development. Many of us do not even receive lucrative expatriate compensation but are hired on local terms and fall solidly within the middle class, even if the exchange rates can sometimes make our incomes appear inflated. We are not seeking special privileges but merely wish to live some portion of our lives in another country without undue financial or bureaucratic penalties due to our U.S. citizenship.

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,

Susan De Paul