

Dear Rep Adrian Smith and Rep John Larson,

I am writing to ask that the Financial Services Tax Committee of the Ways & Means Committee for Tax Reform to repeal or revise the Foreign Account Tax Compliance Act (FATCA) that is destroying the community of Americans working overseas.

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, FATCA legislation along with FBAR (Foreign Bank Account Report) is having serious negative consequences for those of use working abroad and for the US economy.

American citizens have become pariahs in the international financial community because of FATCA and are being denied financial tools essential for survival.

Business opportunities for Americans overseas are blocked due to the 10% American ownership reporting threshold for start-ups and business ventures

Foreigners are backing away from investments in the US due to the increased oversight, risks and dangers of financial reporting in the United States

FATCA creates a new barrier to U.S. exports as companies, start ups are loath to hire Americans or deal with Americans due to increased exposure to the IRS/Treasury and reporting requirements

FATCA creates systemic risks for the entire international financial community

FATCA puts Americans working overseas at personal and financial risk due to unsecured data transfer of highly sensitive financial and personal information.

I have been personally affected by this situation in terms of probable decreased opportunities for career advancement since foreign companies do not want to be exposed to IRS/Treasury reporting requirements. For instance, if I had signature authority over a foreign bank account belonging to a business, I would have to report it on my FBAR even though I am not the owner of the account. Consequently, I cannot advance to a management position that entails financial responsibility.

Opening new foreign bank accounts is also difficult ever since FATCA has been passed, and many foreign banks have either kicked out their American customers or refused to open new accounts for U.S. citizens. The FATCA regulations were developed to catch American tax evaders who stash their money abroad, which is a noble cause, but it is important to keep in mind that many legitimate reasons for having a foreign bank account also exist. In particular, Americans who live abroad both earn their salaries and pay their expenses in a foreign currency. They need a local, non-U.S.-based bank account in order to carry out everyday tasks such as paying their rent, their utility bills, and their local (foreign) taxes. This has nothing to do with tax evasion and should not be treated as such.

Filing form 8938, a requirement implemented as part of FATCA since tax year 2011,

has been an additional burden. When this form first appeared, I could not find any tax preparer within my budget (I generally earn below the FEIE) who knew how to fill it out. I called the IRS's international tax hotline for help, but they claimed the form was "too new" for them to have been trained in supporting it. On paper it might seem as if form 8938 only applies to wealthy expatriates since those living abroad must have \$200,000 of assets in order to be required to file it. However, foreign pension (retirement) funds, including work-based ones that are often required by local law, are included in this calculation. Thus, even an individual with a modest income can easily exceed the \$200,000 threshold if he or she has lived and worked abroad for several decades, as is often the case for a U.S. citizen with a foreign spouse. I should point out that comparable retirement accounts in the U.S. are often tax-deferred and have no reporting requirement until the pension is paid out. Americans who live abroad are being held to far more rigorous reporting standards than their counterparts at home.

Please repeal or revise FATCA and 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, would resolve the issues of FATCA and FBAR while creating a simpler and fairer system for Americans living abroad and increasing more tax revenue than the current system, which wastes compliance resources for very little return.

Yours sincerely,

Susan De Paul