

April 12, 2013

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. I have filed my tax returns in each of the 14 years I have lived abroad (I moved to Europe so my wife could be closer to her family). I have always declared all of my bank accounts as required to both the Treasury Department and the IRS. Although I have never had any net US tax liability thanks to existing treaties on dual taxation, I have had incurred substantial additional costs and complexity as I have to prepare and file tax returns in both my country of residence and in the US. In addition, my husband and I find ourselves increasingly unwelcome by local banks due to the growing complexity of US rules on foreign bank accounts. Simply opening up a checking account has become an ordeal; investing for our retirement is nearly impossible. Banks won't handle our investments, and we cannot fully benefit either from the US 401k/IRA retirement plans or their local equivalents, as the tax agreements don't recognize them. Social security benefits and pension plans are also penalized due to differences in the two systems. In short, the cost and complexity are growing, and have led many overseas Americans to renounce their US citizenship. All this because of out-dated laws that don't reflect the reality of an increasing number of Americans overseas.

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,

Dominique Schmitz
US Citizen living overseas