

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/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.

I have been personally affected by this situation. In this regard I would like to make the following points:

1. I am hardly in the proverbial "1%". Indeed, near the top of my career as a researcher in computer science in France, I earn substantially less than the starting salary of many of my colleagues who live in the US.
2. The US tax system puts substantial roadblocks in the way of anyone wanting to save for retirement in the country in which they live and work. Each country sets up various savings plans with various costs and benefits, based on that country's laws and priorities. If one lives outside the US, any encouragement to save is essentially nullified, because taxes that one doesn't pay to the country in which one lives have to be paid to the US instead. This seems to affect even employer provided retirement contributions; one has to pay taxes on earnings where one has no access to the money and no control over how it is invested. It is furthermore impossible to do any planning with respect to this kind of savings, because in the countries in which I have lived (Denmark and France), one is only informed about how much money such accounts have earned at the end of the year.
3. The US tax system actively discourages people living abroad from maintaining and preserving work-related contacts in the US. I am subject to US tax on any money I earn while attending a work-related event in the US, even though I am paying taxes to the country in which I live on the same money. This represents both an unreimbursed business expense and a tiresome reporting burden. At this point, I seriously consider not attending important conferences related to my work, because of the tax issues.
4. The FBAR and FATCA forms represent a tiresome reporting burden, because they require providing the exact maximum amount in each account over the course of the year. My bank in France does not provide that information. If these forms are really needed, thresholds like 0-10,000, 10,000-100,000 as were in place 10 years ago should be largely sufficient.
5. The foreign tax credit system is bizarre and complex. Intuitively, if one has paid more in foreign taxes than one owes in US taxes, one should not have to pay any taxes in the US. But this is not the case. The amount that one can take a credit for is limited to a percentage of the tax one owes to the US for the given type of income. The percentage is somewhat reduced by one's ordinary deductions, which are compared to total income, and substantially reduced by mortgage deductions and losses, which are compared to unexcluded income. Since one only pays tax on unexcluded income, one is essentially double taxed on the amount of one's mortgage, if one takes the

mortgage deduction. Further taxes are then owed on savings, for retirement or otherwise, if that is not taxed by the country in which one lives.

6. Finally, while the people at the IRS office try to be helpful, their main advice is ultimately that one should hire a tax accountant. In my case, because I have FATCA filing obligations due to having sold an apartment (and then used the money to buy another), the cost of such an accountant seems to be around one month's salary. Given that I am already paying full taxes to the country in which I live, just like people who live in the US pay full taxes to the country in which they live, this is clearly absurd.

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,

Julia Lawall