

March 27, 2013

US House of Representatives
Ways and Means Committee
Washington, DC

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/finalsubrbtmarch2013.pdf>

Personally, I struggle with my US taxes every year. I am a middle income earner with a middle class house. I work for a large company and have no side income (although I do have several different pensions because of several past employers – fairly typical for an expat). This should be about as simple as a declaration as it gets. Despite not owing any money to the US government since I moved to Sweden ten years ago, I still stress over filing my tax returns every year – the complexity of the requirements, vague answers by the IRS (especially regarding form 8938 – statement of foreign accounts) keeps me awake at night.

Further, the Dual taxation treaty between Sweden and the USA is a farce at best – I point you to Article 1, paragraph 4

4. Notwithstanding any provision of the Convention except paragraph 5, the United States may tax its residents (as determined under Article 4 (Residence)), and by reason of citizenship may tax its citizens, as if the Convention had not come into effect. For this purpose, the term "citizen" shall include a former citizen whose loss of citizenship had as one of its principal purposes the avoidance of tax, but only for a period of 10 years following such loss.

If the IRS can choose to ignore the treaty, what is the point of it? How is anyone ever to file their taxes with any certainty?

In addition to this problem, there are also holes in how the IRS accounts for income. In Sweden, if you are unemployed and receive unemployment insurance, this is untaxed, as it is considered insurance. The gross payment level is adjusted to fit your previous post-tax salary (So if I earned \$100, and took home \$60 after tax, my unemployment benefit is \$48 (80% of \$60). However the IRS considers this Unearned Income, and therefore I am fully liable for US tax on this. I was lucky – I was only unemployed for part of the year and my standard deduction covered this income, but others are not so lucky. This is truly hitting a person when they are down. This needs to be fixed.

Finally, although I now live in Sweden, I earned money prior to moving here and have a 401k in the USA. Even though I am a US citizen, many (most) US based banks refuse to do business with me because I live outside of the USA. Between banks outside the USA that have refused to do business with me because of my US citizenship and US based banks that refuse to service my existing 401k, my

investment options have become extremely limited. Short-sighted financial monitoring policies are causing us real financial harm.

But in the bigger picture, the US needs to enter the twentieth century and reform how it taxes expats. Expats bring value to the US – we defend policies, (try to) convince people that the DHS is not that bad of an organization and that the fun they will have in the USA should not be ruined by a few hours at the airport, and help to foster bridges between countries. We are cultural ambassadors. In return, short-sighted US policies beat us down on a constant basis.

Yours sincerely,

Josh Renzema (voter in Pennsylvania)