

TTN: 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 me as a current U.S. Citizenship and permanent resident abroad in Spain with the current based taxation:

- 1) Closure or denial of financial instruments (pensions, insurance policies, bank accounts, etc.)
- 2) Exposure to double taxation or increased tax burden -

I have been personally affected by this situation (include your story here).

- 1) Exposure to double taxation or increased tax burden - there are different taxation rules: for ex, Spain has some tax benefits (non-taxable items) that are then taxed in the US. The current deduction for taxes paid abroad to avoid "double taxation" does not avoid it- I pay about 25% more taxes between the two countries than if I only declared in one country (the USA does not deduce the full amount of taxes I pay in my country of residence)

- 2) Some banks have refused to me to invest in certain products or to even have an account there. As I am a Spanish (Spain) permanent resident, married to a Spanard, this causes some hardship in living conditions and loss of possible income.

- 3) The FBAR form plus the form that now must be filled out with the tax declaration cause extreme financial burden - it takes many hours to convert to \$ , etc. when I am already declaring the dividends, interests, business etc in my 1040 tax declaration. The FBAR and the 8938 (almost the same form, but with duplicity and need to pay someone to do them) is an added burden to someone living abroad as a permanent resident and not evading taxes.

- 4) I am penalized due to the fluxuation in exchange rates -

- 5) I would understand that I would have to pay taxes on the accounts I still hold as an American citizen in the USA (although these accounts are also subject to taxation in Spain as I am a permanent resident). However, if I were only paying taxes on what I actually have in the USA, this tax would be deductible in Spain in my tax declaration. That is not true for the taxes I pay on what I have in Spain and declare in the USA - the double taxation is only partially deductible. Also, some taxes that are reduced amounts for special products (deposits without taxes) are taxed in the USA although not in Spain)

- 6) The FBAR and form 8938 have failed to take into account certain peculiarities of European banking system. For example, if I have an account in a bank, EACH AND EVERY DEPOSIT I MAKE HAS A SEPARATE ACCOUNT NUMBER. So if you make 10 different deposits in one year (as you receive income from your work, for example), you have 10 different accounts to declare on the FBAR (each perhaps of only \$1000 or less dollars). It would make much more sense to ask each person - if the unfair FBAR is still required of an American citizen with permanent residence in another country - to declare the amounts they have in each bank or financial site without having to declare each and every deposit at that bank (for example: 10 deposits and savings accounts for the total amount of \$10000 at bankia). You would still have the same control of the amounts because this would be linked to a certain bank and client.

- 7) the information provided leaves us open to identification theft.

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,

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