

SUBMISSION TO THE FINANCIAL SERVICES TAX REFORM WORKING GROUP
RE FATCA

15 April 2013

Dear Rep Adrian Smith and Rep John Larson,

I am an American citizen who has lived and worked abroad and is now retired. The purpose of this letter is to ask that the Financial Services Tax Committee of the Ways & Means Committee for Tax Reform seriously consider repeal or revision of 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 us working abroad and for the US economy. I am describing my personal experience below to expand on problems itemized by American Citizens Abroad.

- **Even being treasurer of a community or retired persons group in a foreign country is not possible because no group wants the IRS to have access to its accounts – and why should it? More importantly for U.S. trade, business opportunities for Americans overseas are blocked due to the 10% American ownership reporting threshold for start-ups and business ventures.**
- **FATCA creates problems for marriages in which one member is a U.S. citizen and the other not. Given that one major reason people move abroad is to be with wives or husbands, the impact is huge. Non-citizens do not want to have their financial details known by the United States – and why should they, simply because they are married to a U.S. citizen?**
- **FATCA puts Americans working overseas at personal and financial risk due to unsecured data transfer of highly sensitive financial and personal information. We are advised to take very good care not to divulge our Social Security numbers to anyone, not even to carry the Social Security card, to prevent identity theft. Yet FATCA will disclose not only Social Security numbers but also private financial details that will leave us, especially in this cyber-age, more vulnerable to theft and fraud and in some countries even vulnerable to kidnapping and extortion.**
- **American citizens because of FATCA are being denied financial tools essential for survival such as checking accounts, savings accounts, retirement accounts, and insurance.**
- **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 and 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 has created backlash among countries whose sovereignty is threatened by U.S. overreach; we are hearing “U.S. imperialism” in ways we have not heard it before – by friendly countries including our own – and no wonder, since the U.S. is threatening foreign financial institutions if they do not conduct onerous investigation and reporting that will affect the bottom line not only for the institutions themselves but also for their native-born as well as emigrant clients. Furthermore, foreign governments are being “strong-armed” into signing Intergovernmental Agreements in order to rescue their financial institutions from being caught in a bind between internal privacy laws and the U.S. threat of 30% withholding on investments in U.S. stocks and bonds.**

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,

Sue Latham