

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 Americans 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. My wife and I have filed a 1040 annually since we moved abroad 25 years ago. This has become increasingly complicated and time consuming. The past few years we have spent several days each year studying the relevant publications, doing complicated calculations, and filling out forms.

Despite the fact that there are thousands of pages regarding CBT, there is very little support provided to those of us living abroad. I have contacted the IRS in Bern, Paris and the International Tax Law Hotline with specific questions, but none of these offices could give me definitive answers, suggesting instead that I call a different IRS location (which I also did) and hire a tax lawyer. Contact with experts inside and outside of the IRS has resulted in contradictory answers to very basic questions. Not having the necessary information to fill out our forms correctly causes us a lot of anxiety and stress.

There is also the additional insecurity regarding maintaining a bank account. Many Swiss banks are requiring American citizens living abroad to close their accounts. We have already been required to change bank representatives and locations because we are Americans, but thankfully we are still allowed to keep our accounts. There is no guarantee that this will be so in the future, and of course it would be impossible to live a normal life without a bank account.

CBT leads to discrimination against Americans living abroad. Because we are taxed by Switzerland and the U.S., there is no incentive to invest in our pensions, pay off our mortgage, make charitable contributions, or even to save for the future, all of which are normal activities for Americans living in the U.S. Under CBT, what is tax deductible or tax deferrable in one country is not so in the other.

We are currently grappling with whether to renounce our U.S. citizenship merely in order to live normal lives. It would be a shame to feel like we are being forced to take such a drastic step, but we do not appreciate how we have been treated and are dismayed by what CBT means for us long-term. In addition, the tax situation has not been a positive calling card for the U.S. in many countries, and many people are appalled by how the U.S. has been treating its own citizens.

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 has, would not only be simpler and fairer for Americans living abroad, but it would actually bring in MORE tax revenue than the current system, something which would benefit all Americans.

Sincerely,

Lawrence R. Swanson