

To the International Tax Reform Working Group

I support the proposal for Residence Based Taxation made by American Citizens Abroad.

I have been living and working in the United Kingdom since 1982, and as a law-abiding American citizen I have always filed U.S. tax returns and paid any taxes due. For most of past 31 years I have owed little if any U.S. tax after factoring in the foreign earned income exclusions and foreign tax credits for which I have been eligible. (The major exception was in 1995 when higher tax rates on income above the earned-income exclusion level were suddenly imposed. That's when I found it necessary to start taking foreign tax credits.)

For 2012, for example, my net U.S. tax bill was some \$750. A small portion of this was U.S. tax on a tax-free savings account I maintain in the U.K; most was tax on U.S.-based interest, dividends, literary royalties and an occupational pension I am now receiving for my academic employment prior to 1982. Fortunately I feel competent to complete my own tax returns, because if I had resorted to a local accountant qualified to handle international returns I would have had to pay the equivalent of \$1,000 for that service – considerably more than I owed in tax!

I don't know what it costs the IRS to process an individual return, but the net proceeds to the Treasury in my case must be pretty meager.

Having retired recently, I am now on a relatively fixed income, but even so I expect my U.S. tax liability to increase next year, simply because the dollar has weakened relative to sterling. Instead of about \$750, I am likely to owe well over \$800. As I am permanently resident abroad and have no need or desire to convert my U.K. income into dollars, this is patently unfair.

Were Resident Based Taxation to be enacted, I would probably opt to continue filing U.S. tax returns on account of my U.S. income (about 17% of my total income). But millions of other ex-pat Americans who are still in gainful employment abroad and who do not have much if any earned or unearned income in the U.S. would benefit greatly, saving themselves both time and money. The IRS would save time and money, too!

Yours sincerely,

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