

To: United States Senate Finance Committee  
Re: Tax reform, Residence Based Taxation  
From: Alexander Rocke Robertson

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As requested on your website, I would like to submit my support of American Citizens Abroad in their submission to you. Specifically, I would like to advise you of the impact on me as an American living in Canada of the current policy of Citizenship Based Taxation.

Because of the provisions in the Tax Treaty between the US and Canada, a substantial portion of the taxes which I pay to the US are deductible from Canadian taxes, thus reducing the amount of double taxation which I incur. I am advised by my accountant, however, that several thousand dollars each year are paid which are not eligible for tax credits in Canada. I am also advised that a number of provisions of the law prevent me from investing in some "foreign based" mutual funds without incurring significant penalties. Last year I was taxed on capital gains which were not realized in a fund which held several large Canadian banks and insurance companies. I will have to pay taxes on the same profit again in Canada.

The greater concern is the amount of fees which I have to pay to an accountant in order to comply with the ever increasing and changing demands for reporting and forms from the IRS. These come in many forms, some from Fin CEN which I am told stands for financial crime enforcement network. The law reads that each year I must send a list of accounts held in Canada (where I have lived with my Canadian wife for 44 years) and that transactions and yearly balances must be converted to US funds for reporting purposes. Also required are endless pieces of paper which in aggregate comprise over 2 inches of stacked sheets.

My yearly accountant fees are 12-15 thousand dollars. All of this results in a much smaller amount paid to the IRS, and reduces money available for me to spend in travel to the US, which is something I try to do regularly. In paying my taxes to the IRS, I am paying for nothing received since I do not have any benefits coming from the US government and am already paying high taxes in Canada for health care and other social services.

I am now 68 years old. I will not be working much longer and will likely not be able to afford accountant fees on retirement income. I see nothing but trouble ahead in what should be my "golden years" due to inability to meet demands of the IRS for such complex paperwork each year. I cannot imagine that the paltry amount paid even covers the cost of the employees who must examine my return. It seems that the current situation benefits nobody.

Please reform our tax law to allow residents of foreign countries to be taxed as all other residents, and repeal the provisions which require us to continue to be taxed unfairly.