

April 7, 2015

To Senate Finance Committee responsible for rules, regulation and laws on Individual Taxes

(Republican Co-Chairs Chuck Grassley and Mike Enzi and Mike Crapo, John Cornyn, Pat Toomey and Democrat Co-Chair Debbie Stabenow and Charles Schumer, Bill Nelson, Robert Menendez and Michael Bennet.

I appeal to members but most especially to my Senator (Charles Schumer) to use their powers to reform the unwieldy tax demands now made on us, the 7.6 million US citizens living abroad. Unknown to many in the Senate and in Congress is the fact that our reporting burden has increased exponentially while help with new forms and new demands from local IRS offices has been sharply reduced.

The first point I make concerns fairness: Is it reasonable to demand that we navigate the inordinate complexities of FACTA and FBAR with no assistance whatsoever from the Internal Revenue Service? Moreover these forms increase the risk to us of identity theft because we are required to provide in one form detailed information, information which would need many hours to compile for those resident in the US, making the theft of our details much easier.

The second point I make concerns natural justice. How would members of the committee advise us to disclose information about so-called financial interests when the US legal system has no name for the type of financial instrument we purchased abroad? Even more basic: Is a checking account a deposit account or a financial instrument of some other type? Is a savings account that pays no interest until a certain time has elapsed to be referred to as a bond? In this type of bond, best classified as a deposit account? *The IRS provides no country-specific information to assist us in the most basic classification of the foreign financial instruments we have purchased with our savings.*

The third point I make concerns the effectiveness of current practice. Everywhere in the world (save Eritrea) tax is residence based (RBT) meaning nationals of other countries face only one tax authority—the one in place where they earn and live. Resident overseas—no matter for how long, 18 months to 18 years—are given the same filing thresholds; any one-off increase in savings due to the sale of a house is treated as equivalent to a months salary appearing in one's check account. Surrounding everything is are threats about failures to disclose—when did being employed overseas become grounds for suspicion rather than for celebration of the evidence that the skills and abilities of US citizens are valued in the global economy?

The best remedy is to move to residence-based taxation—so insuring we have the same rights as other citizens in the global companies and institutions for which many of us work. Short of that, please consider implementing at least some of the following reforms so that our US citizenship is a precious benefit rather than an awful administrative burden:

1. Eliminate reporting requirements on *accounts held in the country of bona fide residence* abroad, OR
2. *Use the same filing threshold* for FBAR and FATCA as the one applied to the deposit insurance limit in the US (circa \$250,000) as this will avoid one-off filings by those who have sold their home and are waiting to buy another or returning to the US to buy one there.
3. Requiring filers to give *ranges of values* for foreign accounts rather than highest values, as was the case until 2003—the highest value can simply be the result of the sale of their primary residence which will in due course be used to purchase their home in the US AND
4. Those who file FATCA form 8938 should be *deemed to have filed* FinCEN Form 114.

Best regards,

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