

April 8, 2015

Dear Working Group on Tax reform,

I am writing to express my sadness and frustration at the way that I, and hundreds of thousands of other ex-pat Americans, are treated by the US Government with regard to the filing of annual taxes, FBAR's and FATCA. Despite the fact that I have not lived on US soil since 1998, and do not currently plan to live there again (I have married a UK national), and therefore do not make use of taxpayer-funded services, I am required to file simply because I hold a non-US based bank account (in the country that I reside). I am an advocate for the payment of taxes where I am resident, but the current system seems burdensome and unfair. Despite the fact that I have no income in the US or the UK, other than a small amount of savings interest, I am still required to annually file a 1040, as well as other schedules and the FBAR. The threshold for filing the FBAR is very low and by routing filers through the Financial Crimes Enforcement Network, those who comply are made to feel like criminals. While there are undoubtedly wealthy resident Americans who may be trying to hide their money outside the US to evade taxes, the people who are being caught up in this heavy-handed approach are invariably law-abiding citizens who are living abroad and merely trying to go about their daily business of living, studying, working, and raising families.

I was fortunate in that I knew that I was supposed to continue filing taxes when I moved abroad, but did not learn about the FBAR filing requirement for many years. The threat of fines and criminal prosecution on the FBAR website led me to suffer acute anxiety, sleeplessness and weight loss. Furthermore, \$10,000 appears to be a very low amount to be the threshold for filing, and places a high administrative and cost burden for the vast majority of U.S. citizens living abroad.

The chilling effect of FBAR reporting requirements is also felt more broadly, even reaching into the community and volunteer lives of Americans living overseas. For example, I was asked to step down from being the Treasurer for a local community group due to the requirement that the group's bank account details should be included on my FBAR. All concerned felt that the group's financial details were not the business of the U.S. Government.

I ask that you consider moving to a Resident Based Tax System rather than a Citizen Based Tax System, as supported by the American Citizens Abroad advocacy group. Such action would allow those of us who live abroad to fully engage in our resident countries without having to constantly consider US tax law in our decisions, or face the anxiety about the potential consequences if we misinterpret the existing rules and law. The most unfair aspect of the citizen based system is that foreign born children (who have US citizenship through one of their parents) are currently beholden to a country that they may never visit, nor use its services. Please consider that for these children foreign financial institutions are anywhere outside of their own country of residence, not anywhere outside of the US.

Finally, this does not make America look like a country committed to fairness and justice. It is one of only two nations in the world that place this requirement on its citizens. I love America, no matter where I reside.

I hope that this is taken under consideration, and I thank you for your time.

Sincerely,

Miriam Parfitt