

Former US address

[REDACTED]
Beaverton, OR 97005

[REDACTED] Germany

March 16, 2015

The Honorable Ron Wyden
221 Dirksen Senate Office Building
Washington, DC 20510

Re: The urgency of repealing or reforming the Foreign Account Tax Compliance Act (FATCA) and instituting Residence-Based Tax (RBT) for overseas Americans

Dear Senator Wyden,

I am an Oregonian residing in Germany and I hope you will help me in a matter of great urgency by reforming current taxation laws; specifically, to support Taxation by Residence, as practiced by every country in the world except for the USA and Eritrea, and by repealing or reforming FATCA, in order to allow resident exemptions.

In 1995 I married my German husband and in 1998 I acquired permanent German residence. I have been a stay-at-home mother to three children and US tax filing requirements have not been an issue for me because I was not an earner. I realized that I as a nonresident American could no longer contribute to tax-advantaged retirement funds I had set up before going overseas, but I was resigned to the situation. However, I can't bear for my children to have the same disadvantages.

In June of 2014 I learned about FATCA and the F-BAR filing requirement. I began to get letters from our banks asking me to clarify whether I was a US citizen. My US citizenship imposes a reporting duty on my local bank to the IRS. This is extra time and money for the banks and makes me very undesirable as a customer. The anguish these regulations have caused me – and will cause my children -- cannot be overstated. The root of the problem is the USA's unique system of taxation-by-citizenship.

I want to tell you about the hardship FATCA has caused me, an American residing abroad.

My husband's mutual funds, through HSBC, have barred me as an American from participating. Yet my children and I are not US residents and cannot set up accounts and add to retirement funds in the States. This concerns me greatly for my children's future.

I only learnt last summer of the F-BAR, and additional reporting requirement that especially targets overseas Americans. The F-BAR requires every American

who possesses or has signatory rights to a foreign bank account to file their account numbers and annual highest balance to a website titled "Financial Crimes" if the aggregate total is more than \$10,000. The foreign tax numbers of the joint signatory holders must be reported, even if they are noncitizens. This means I must report my husband's German tax number the USA for our joint accounts. If I held a role as a treasurer of a local club, or through local employment had access to my employer's business accounts, I must report this account and its balance as well.

The penalties for even non-willful noncompliance in F-BAR filing are grievously out of proportion to the extent to which this law is known to Americans living abroad and to the support available in complying. The consequence for me has been that my husband has taken me off our previously joint accounts because he is afraid that his money – earned solely by him, a German, in Germany – could be subject to seizure by the IRS as a consequence a non-willful filing mistake on my part. That leaves me, a middle-aged housewife, without access to our joint savings. I don't know what will happen in the event of his death. This has changed our relationship. I no longer feel like my husband's partner and helpmeet – I am a risk factor.

That is my situation. But I worry most about my children, who have dual US/German citizenship. It is slowly beginning to dawn upon me what it will mean for them, born, raised and educated in Germany, to be saddled with a lifelong US tax filing requirement, F-BAR filing requirement and exclusion from some banking services in Germany.

A person might be persuaded to submit to these filing requirements for the sake of a spouse, but will they do it for their mother-in-law? I can only imagine the conversations my children will have with their future spouses (see attachment).

My children can only escape this situation by renouncing their US citizenship. This would leave them as German citizens – but with less rights than the average German citizen. Every German has the right to potentially become a citizen of the USA. Because giving up citizenship is irrevocable, my children would not have that right. Yet they, with their American heritage, are more likely than the average German to want to work, or study in the US or to marry a US citizen. (My curiosity about Germany was motivated in part by my grandfather, a German emigrant). I worry that a renunciation of American citizenship would mean my children are unable to get work or study visas to the USA. It has even been proposed in state senates that relinquishers should no longer be granted tourist visas to the USA. This cannot be in the interests of the United States – my children love the USA, have close relationships with their American relatives, are well-educated and would be an asset to any community they chose to live in.

The citizenship-based taxation (CBT) custom ironically also punishes the people who cared enough about the USA to register their children as citizens at birth – (my children are not 'accidental' Americans) – had I not done so, my children would still have every option open to them.

FATCA and CBT make American citizenship incompatible with long-term residence in another country by making it difficult to participate fully in the financial systems of another country. I wish my children could resign their US citizenship, lay it dormant upon adulthood, with the option to apply for it again on equal footing with everyone else when they make an informed choice regarding the tax consequences it will bring them. . As it is, I, with the very best of intentions, have made it impossible for them to live normal lives in their home country of Germany by giving them what I thought was their birthright.

Thank you for your time in reading this lengthy letter.

Yours sincerely,

Susan Graunke

Attachment: What if, in Oregon, someone had to have this conversation with their future spouse:

“Honey, remember I told you my mother emigrated from Germany thirty years ago? Because of her I have a lifelong obligation to file an Einkommenssteuerbescheinigung – German taxes. It’s kind of an exercise in futility, since I don’t rarely have any tax liability there, but it does leave me open to all kinds of penalties if I do it wrong, plus the annual stress and bother of filling out two countries’ tax returns. My German’s not too good and you’ll notice the US media doesn’t provide much coverage of German tax laws, so every year I’ll need to pay for expensive bilingual tax service providers to help me file. My mother – although she’s now an American citizen, too -- is also the reason I’m barred from investing in American investment funds, although of course I’m not allowed to invest in pension accounts in Germany. If we sell our house, we’ll be taxed on capital gains in both countries, too. Why, no, we won’t be able to claim in capital losses in Germany, obviously. Don’t worry, the two filings are due at different times of the year, so it won’t come all at once – it’ll just give us the feeling that we’re filling out taxes all year long.

“I hope you studied some German in high school, because in addition to the tax filings we’re going to have to enter all our bank accounts and balances into a German language website – the banner on it translates as ‘Financial Crimes’. If we make a mistake, even in good faith, the penalties could amount to much more than our net worth. It’s a bit tricky, us having a joint account, since any money you contribute to it will raise red flags since I won’t haven’t mentioned this as my earnings on my German taxes. And since we’ve handed the

German tax system all of our financial details, they'll find it easy to collect. Well, yes, you'd think a website dedicated to collecting the financial details of millions of Germans would be a juicy target for hacking – but things like WikiLeaks, the Sony hack or Edward Snowden can't happen again, can they?

“Of course, at the time my mother immigrated, these laws and the electronic data collection didn't even exist, but now Germany requires that I report every bank account I own or have signatory rights over if the total of all accounts is over 10,000 euros. That means our joint accounts and balances, the accounts and balances of our children, too, since as a parent I have automatic signatory rights. I also need to report the Girl Scout club's balance where I serve as treasurer. By the way, that's the reason I never got that promotion at work – the boss doesn't break any laws, but she just feels funny letting a foreign government know all her business' account details. What the heck, I'm sure the extra salary would have made me liable for taxes in Germany, so let's just not go there.

“Hey, why the face? I'm proud of my German heritage. You know how my family organizes the local Oktoberfest and my siblings and I sometimes wear a dirndl and lederhosen to talk to local schools about Germany? In return we are associated with a global player and the world's number one soccer team.

“This system is Germany's way to catch German tax evaders who are hiding money in the USA while living it up in Europe, enjoying German goods and services, which of course we don't have access to. If you don't agree with it, it's kind of like you're a tax cheat yourself, isn't it? Oh, and don't bother to call the German Embassy for help – it's not their problem. They'll refer you to the German Steuerbehörde website where there are thousands of pages written in complicated financial language. No German politician is interested in our opinion, either, since we don't really follow German politics and rarely vote in German elections.”