

Dear International and Individual Tax Reform Sub-Group Members,

I wanted to take an opportunity to share you some information I shared with Democrats Abroad as it relates to the consequences of FATCA in Sweden.

To summarise, the effect of FATCA is that a growing number of small and mid-sized companies (mostly in financial services) are making the decision that having Americans as clients isn't worth the additional trouble. These companies decide this not because they want to do anything illegal, but rather, when the majority of the client base doesn't fall under US law, it doesn't make business sense to them to make the investment to accommodate the small proportion of their client base subject to US laws.

I know that there are discussions about a so-called Safe Harbor provision that would shield companies from having to do FATCA reporting so long as the American citizen was also resident in that country. This is something that I know 7.5 million of your fellow citizens living abroad would appreciate bi-partisan support for implementation.

Thanks very much for your time.

Best Regards,
Rodney Cornelius

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From: Rodney Cornelius <[REDACTED]>
Date: Sun, Mar 15, 2015 at 8:10 PM
Subject: FATCA Impact Example - Sweden
To: <FATCA@democratsabroad.org>

Good evening,

I wanted to provide you with an example of how FATCA impacts Americans living abroad.

Avanza is a Swedish online brokerage firm with fast service and inexpensive rates compared to traditional brick-and-mortar brokerage houses.

You'll notice here that when I try to open an account, they specifically ask if the applicant is considered a taxable US person. Once you select "yes", you then get the message you are not allowed to open an account.

Note here that I am a Swedish citizen as well, I have a local address, and work on a local contract, so the issue is not due to failure to meet some residence or other requirement. This is only happening because the company wishes to avoid the requirements of FATCA and thus will not take on US citizens.

This story is not unique. Many small and mid-sized firms (particularly in financial services), have no problem to take on customers from anywhere else in the world, or to do business with

US companies. However, the benefits of having US taxable persons as clients are less than the costs. As a consequence, this ends up meaning that I cannot fully participate in the economy in the country in which I live (Sweden), and because I don't live in the US, many US companies refuse to provide service to me as well, thinking that I should get these services from a country in which I am a resident. So we are now placed in a sort of limbo.

I just wanted to share this with whomever is listening. The reach of this law will soon become disproportionate if we don't focus on it addressing the real issues for which the law was created.

Best Regards,
Rodney