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US Senate Finance Committee

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I write in response to your request for stakeholder input (press release dated March 11th, 2015). I am an American who has been living and working in Switzerland for some years now. My co-workers come from all over the world. All of my colleagues pay the same taxes; all except the Americans, that is. We Americans pay Swiss *and* US taxes, and our effective tax rate is nearly double – or in some cases, *more than double* – the tax rate of everyone else. In my case, I pay *more* in taxes to Uncle Sam than I pay (in federal, state, and local taxes *combined*) to Switzerland, the country *where I actually live*.

Americans overseas are caught between the gears of two different tax systems, and the IRS rules are so complex and unclear that even CPA's, *even tax attorneys*, and *even IRS personnel* are not sure how to comply with them. The US rules fail to distinguish between Americans who are hiding money overseas, and Americans who have money overseas *because we live overseas*. Thus the IRS treats us like criminals for perfectly ordinary activities, like having bank accounts (if we can even *get* bank accounts; many banks have been refusing to take American customers out of fear of what the IRS might unilaterally decide to do next).

One particular rule stands out as particularly onerous and unfair. Almost all of us living overseas are supposed to pay US taxes on our pension contributions (and those of our employers) as if these contributions were *current income*... even though we do not and cannot receive any benefits from these pensions until we retire (and therefore we do not have the corresponding income to pay the taxes with). There is no good reason for this; our pension plans are essentially the same as US pension plans, but because ours just happen to be overseas pensions we are subjected to this arbitrary rule. I am aware that in theory I will not have to pay US taxes on the corresponding retirement income (if I live long enough to collect it, of course). But that really does not help, because then my retirement income will be taxed again by the Swiss. I will be *taxed twice on the same money* – by the Americans when the pension contributions are made, and by the Swiss when the pension benefits are received – at a *combined tax rate of 60 to 70 percent*.

The single most effective thing you can do to make the tax code fairer for overseas Americans is to make mandatory pension contributions to overseas pension plans tax-deductible, just as they are for Americans who live in the US.

Thank you for considering these remarks.