Switzerland, April 14, 2015

As one of nearly seven million US citizens living and working abroad—subject to taxation and yet without representation[1] in Congress—I am writing to ask that you seriously consider reform in favor of residency-based taxation. The issue of citizenship-based taxation is completely separate from that of tax evasion by US residents hiding unreported income and assets in foreign bank accounts. Citizenship-based taxation is creating an enormous hardship for US citizens living abroad as bona fide foreign residents.

The following are some examples of the fallout from current citizenship-based taxation on Americans living and working in other countries:

- Closure or denial of financial instruments (pensions, insurance policies, bank accounts, etc.)
- Rejection by local banks because of the paperwork hassles
- Exposure to double taxation or increased tax burden
- Inability to own property in their country of residence
- Discrimination through punitive measures in the US tax code
    - Excessively complex reporting requirements (not applicable to US domestic citizens) that require prohibitively expensive expat tax preparation assistance
    - Financially ruinous penalties due to broad application of criminal tax evasion regulations on those making simple filing errors because of complexity of the US tax code
    - Exposure to double taxation or increased tax load

I, along with many others, am experiencing these challenges personally. I am a US citizen married to a German citizen. I have been living abroad since 1999 and in Switzerland since 2003. I have no plans to return permanently to the United States. Specifically for me, the tax situation has made it nearly impossible to save for my retirement.

I am a stay-at-home mother. I work from home on a limited basis and earn very little. Under the current regulations as I understand them, though I worked for many years in the US, I stand to collect no US social security whatsoever simply because I live in a foreign country. Because of my low earnings as a stay-at-home mother, my Swiss pension projection is also quite small. Private (IRA-type) savings are my best chance of saving for my retirement. However, many of these options are closed to me (both in the US and in Switzerland) for the reasons above.

Despite never owing taxes in the US—I have always dutifully filed my US tax returns. However, the tax reporting requirements have become so complex and labyrinthine that—for fear of the draconian penalties for possible filing errors—I now pay monstrous sums for expat tax preparation assistance. These enormous fees consume a large portion of my limited salary and retirement money.

Although I live in a different country, I am a proud US citizen, and I do not wish to be forced to surrender my citizenship for economic reasons—as so many others are doing now for the reasons listed above.

Eliminating citizenship-based taxation would streamline the US tax code substantially. It would result in cost efficiencies for the IRS, thereby increasing US competitiveness. A move towards a residence-based system would help eliminate the discrimination of Americans living abroad. Furthermore, it would help eliminate the number of US citizens abroad surrendering their citizenship because of the economic consequences of citizenship-based taxation and thereby greatly improve the relationship between Americans abroad and their home country, which they dearly love. Finally, it would align the US with international norms of taxation in nearly every other country[2] in the world.

Sincerely,

Bouqui Stautmeister
[redacted]
[redacted]
Switzerland
[redacted]
[redacted]

[1] "*No taxation without representation*" is a slogan originating during the 1750s and 1760s that summarized a primary grievance of the British colonists in the 13 Colonies, which was one of the major causes of the American Revolution.
[2] Only the US and Eritrea tax the worldwide income of *nonresident* citizens.