M. Carl FARKAS
[redacted]

Senators Orrin Hatch & Ron Wyden
Bipartisan Tax Reform Working Group
US Senate
Washington, DC

21 March 2015

Re: Concern for the current filing requirements for US citizens

Dear Sirs,
I have read that you are soliciting input concerning the Tax Reform. I am a US citizen who has been living abroad (in Paris, France) for the past 34 years. My US nationality is something that I am clearly very proud of. In spite of living abroad for so many years, I do feel closely connected to the USA.

I am 58 years old, and for personal reasons, I have spent my virtually my full career as a salaried employee for IBM in France. As I am approaching the end of my career, I have a few investments that are typical for someone at my age planning for a responsible retirement. In total, the value of my full "investment portfolio" above and beyond my home is probably under $350,000, not a huge amount.

I have always reported my income to the French government, of course, as required by law in France. I have also always reported my income to the IRS. In the past years, my maximum US tax liability has never exceeded $28. In spite of having relatively simple investments, I have found that in the past three years due to the increasing complexity of US revenue reporting requirements I have been obliged to engage a US accountant at the cost of about $1100 per year. With yearly revenue under 130K$ per year, I feel that the amount of time and money I need to spend just to meet the filing requirements is horribly disproportionate. Even with the assistance of the US accountant, I still have to spend literally days of my time every year preparing the data for my accountant and going through various steps of the declaration. To give you an idea of the complexity, my 2013 declaration was 49 pages. I don't mind having to pay some US taxes; this strikes me as reasonable as I am a US citizen and I know that I could always potentially avail myself of the US embassy services, and I have always proudly voted as a US citizen.

I sincerely believe that this system needs to be changed in particular for US citizens living abroad who are not multi-millionaires. A Federal tax system that is Residency-based would be a start. As a French resident, clearly my French accounts and investments should not be considered "foreign". It's natural that I have several "standard" French retirement accounts, and these shouldn't be taxed on a US basis. The tax code really needs to be changed in order to allow US citizens living abroad to be able to fulfill their obligations without the undue complexity and cost of today's system.

Thank you for your help.

Sincerely,

Carl Farkas