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Hong Kong

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Committee on Finance
United States Senate
219 Dirksen Office Building
Washington, DC 20510

To whom it may concern:

Via its website, the American Citizens Abroad advised that the Senate Finance Committee had working groups requesting comments on reforming the nation's tax code. I am an American citizen residing and working in Hong Kong. I moved here with my wife and two children from New York City in 2009 for a job transfer. Everybody has settled well and my career has progressed positively.

While I feel I could write quite extensively on the topic, I will limit my comments to those most relevant as I am sure you are all well acquainted with the difficulties and frustrations Americans living abroad have with complying with two tax systems. My primary concern is the unfairness of taxing income earned outside the United States by citizens working abroad. The basis for the worldwide taxation seems not to be for ensuring that citizens living and working abroad pay their fair share but to make sure that nobody pays a low rate of taxes. Workers with identical gross incomes in London and Hong Kong use the same level of US government services, yet the US tax code will require payment from the Hong Kong earner as the tax rate in Hong Kong is lower than in London. While the system seems fair in ensuring there is no double taxation, the US citizen in a lower tax environment like Hong Kong is at a competitive disadvantage to his peers in the Hong Kong work force. I took the personal risk of moving my family to Hong Kong, yet I am not allowed to fully financially benefit from my career progress. For the past three years in particular, I have had to pay excess taxes to the US Treasury that none of my non-US peers have to pay, an amount that would otherwise constitute a significant part of my liquid net worth.

This is particularly frustrating because it is evident that this is an outdated aspect of the tax code that did not anticipate the labor mobility of highly skilled Americans and the desirability of having highly skilled Americans living and working abroad, integrating with their communities and promoting positive American values. I lead my team at work, I am in visible within my international company as well as among my peers in Hong Kong and I am active in the local community, participating in sailing races and coaching my son's Little League baseball team. It may not be a big role, but I feel I am doing my part positively representing my country in the international community. I believe Americans should be encouraged to live and work abroad if

they have the ability and inclination to do so. They should not be unfairly burdened or penalized.

My concern is not limited to the significant financial handicap I am maintaining as an American expatriate. I am also considerably distressed at the time commitment I expend to research, comply and file my US taxes and various other financial and foreign bank account disclosures. Nothing is straight forward. Company benefits can turn into a filing and paperwork nightmare because the US tax system has no sensible way to categorize what should be fairly simple and analogous benefits and savings plans. To make matters worse is FATCA, which has made its presence well known outside US borders. In addition to being an embarrassment, having often to defend or justify what appears to many to be a gross overreach of US authority (this is not my personal opinion, I am only conveying others' sentiment), it is perversely punishing ordinary Americans who are just trying to earn a living in another country. I can do nothing with my Hong Kong dollar earnings because any investment option beyond a basic checking and savings account (and we are lucky to have this) is not available to US citizens. I helped launch and co-managed an Asian high yield fund, which peaked in value at over $1.5 billion, but in a bizarre twist of irony my firm would not allow me to buy shares in my own fund as any other non-American member of the public could. It was ok to have an American make investment decisions on a $1.5 billion fund, but not to own it because of concerns over FATCA compliance. We Americans have so much for which we can be proud, but FATCA, FBARs and our byzantine, obtrusive tax code are quite hard to explain to international peers, friends and employers.

It is my sincere hope that my input can help you relate to just some of the challenges Americans working and living abroad face as a result of our tax code and other filing requirements. If others are similarly challenged, then together with your help positive changes can be implemented that can allow all of us to focus on more productive and constructive tasks.

Kind regards,

Jim Veneau