**Janelle Allen**

[redacted] • [redacted], AB [redacted]

Date: March 13, 2015 Phone: [redacted] • Cell: [redacted] • E-Mail: [redacted]

Dear Bi-Partisan Tax Reform Committee:

My name is Janelle Allen, email janellejowsey@gmail.com phone number 403-261-3984 and 403-869-5282. I'm an American citizen residing in Canada. I was born in Aberdeen SD in 1974, and was registered at birth as a Canadian citizen by my Canadian parents. My family returned to Canada when I was 2 and I have lived in Canada ever since. I'm writing this letter to detail to you my problems with the tax filing requirements, how there are situations where I'm being double taxed, where I'm being taxed on a foreign persons income, and how hiring tax professionals with regards to filing US taxes abroad is very expensive and necessary. I'll illustrate how the US tax laws are currently interfering with my ability to live a life as a Canadian citizen living in Canada by limiting my ability to save for my retirement, save for my children's educations, limit the amount of money I can transfer to my spouse and impact the administration of my estate should I die.

**Onerous and Expensive Accounting fees and Double taxation**

For the 2014 tax year, I paid over $1579USD in accounting fees and I owe $146 dollars to the IRS. My accountants tell me that despite that I've paid tax to the Canadian government on my investment income, and despite the is a US / Canada tax treaty preventing double taxation I'm being levied a tax of $146 and is due to the new Form 8960. I have decided that I will be contacting the Competent Authority Assistant to appeal this $146 tax obligation. In 2013, I paid $1333 USD in account fees and I owed $0 to the IRS. I work for an employer in Canada, I'm part owner of one renal property, and I have less then 25000 in investments but none-the-less I pay very hefty accounting fees and that do not even include the filing of the Foreign Bank Account Report. I have in the past attempted to file my taxes on my own but have found some of the forms almost impossible to decipher such as the Form 3520 and 3520-A as well as I don't know how to declare certain items that the accountants file under a treaty position. I find it onerous I have to frequently read the US / Canadian tax treaty in order to even attempt to file my taxes on my own and attempt to understand when I'm to invoke a treaty position just to file my US taxes.

**No Access to Child Tax Credit**

Because I do not meet the physical presence test, my children and not considered US citizens making me ineligible for the Child Tax Credit. This is unfair, if I'm eligible to file tax returns and pay taxes to the US my children should be eligible to be considered my dependent and I should have access to the Child Tax Credit if I'm required to file.

**Interference with Retirement savings and Educational Savings**

In 2009, Canada introduced a tax savings program similar to what in the US is called a ROTH IRA the Canadian program is called a Tax Free Savings Account (TSFA). Despite that the US/Canadian Tax Treaty offers tax relief to American's with ROTH IRA's in Canada there is not a reciprocal arrangement for the Canadian TSFA and are subjected to US tax. Because all of my tax is excluded on the form 2555 with the IRS I'm not eligible to have a ROTH IRA. I'm essentially denied access to a retirement program in both the USA (ROTH IRA) and Canada (TSFA). I'm prevented as a Canadian living in Canada from participating in a savings program designed for Canadians living in Canada because I was born on US soil.

In Canada there is a program designed to save funds for a child's education it is called the Registered Education Savings Plan in Canada or RESP. If a parent opens an account such as this for their child the Canadian government will contribute grants towards the child's education when this account is opened. The child receives the grant when the account is opened but if they fail to attend an accredited post secondary school the grant is returned to the government. I was completely unaware the US government would tax me on the income and the

educational grant given to my daughter in this account. I was unprepared for the complicated 3520 and 3520-A forms and I was shocked when professional tax accountants charged me over $652 (USD) to prepare the forms. Thus negating the benefit of educational savings for my daughter's education. I'm essentially taxed on my daughter's income and if she doesn't attend post secondary school, I've been taxed on income she may never receive and I could never personally benefit from. I've since transferred ownership and control of this account to my non-resident alien spouse. I'm prevented as a Canadian from contributing to my Canadian child's education because I happen to be born on US soil and have been taxed by participating.

**Foreign Bank Account Reporting Act**

I was caught off guard to learn I had to report on my foreign bank accounts. I became compliant but find having to report on over 16 accounts to be very onerous. Because the requirement is to file the highest balance in the account a person is required to pour over every page of the financial institutions statements and then calculate the exchange rate. As a Canadian living in Canada it would be reasonable that my banking and investments would be located in Canada but it is unreasonable the I'm required to report these accounts annually. Because this is exceptionally onerous, I'm now reducing the number of intuitions and accounts that I'm conducting business with to lighten my annual burden. I do not participate in my children's banking because I do not want to have to report on their small bank accounts. I prepare these forms myself because the professional accountants charge over $570 to report the FBAR.

I find it incredibly unfair that the US government requires me to report income on a foreign persons account if I happen to be managing that on their behalf but have no financial interest in the accounts. Example, if I'm a power of attorney for my Canadian family member, I'm required to report on their bank account balances to the US government. This is a violation of privacy of foreign persons. I've personally had to report on my deceased Canadian father's bank accounts because I'm the estate administrator despite I have no financial interest in these accounts. The penalty for failing to do so is 100,000 or half the value of the accounts. This is draconian and completely unfair.

**Limits to Gifts to a Foreign Spouse and Estate Planning**

It is reasonable since, I've lived my life as a Canadian in Canada that I would marry a Canadian spouse. I find it ridiculous that I'm limited for transferring funds to my spouse under the foreign gift tax. I wonder how this will impact my husband in the event of my death.

**My Recommendations for Tax Reform**

I have the following recommendations:
1. Adopt Residency Based Taxation as opposed to the current Citizenship Based Taxation
2. Remove all filing requirements for US citizens who are bona-fide residents and/or citizens of foreign countries
3. Remove the requirement to file FBAR and Foreign Asset reporting for bona-fide residents and/or American living as foreign citizens living in foreign countries.

The impacts of the current US tax laws as detailed above have made me seriously consider renouncing my US citizenship but I feel that I would be penalized if I should wish to return to the US one day. I'm caught between the laws of two countries and I'm being penalized because I happen to have been born on US soil but gain none of the benefits from being American; my children are not considered American, I receive no US social security benefits, nor no affordable medical care benefits, no ROTH IRAs but I pay hefty accounting fees, have had to pay US taxes and have to report every bank account I touch. Please consider citizens such as myself for relief from these laws.

Yours truly,

Janelle Allen