April 11, 2015

Dear Senate Finance Committee,

Thank you for your initiative to launch tax reform and the opportunity to comment on this initiative.

I am writing to share my experiences as an American living abroad, currently in Switzerland. I highlight three specific areas that impact me negatively:

- US tax on foreign pension funds: My employer sponsored pension fund is not taxed in Switzerland until distribution while in the US it is considered a non-qualified pension fund and taxed as current income. This mismatch means that I receive "income" without the "cash" to support the tax payment. It would seem more consistent that the US recognizes the pension status of other countries.

- Complexity of the tax system: In principle I pay the tax owed, even if it feels like a mismatch. That being said, the system is so complicated, and more so for foreigners, that it feels impossible to get it right. When I send in my taxes, there is a high probability that I did something wrong unintentionally. That makes me afraid because the penalties for mistakes are significant. It would seem that with a simplified system more of the population could do things correctly, so the IRS could focus on addressing the real tax evasion issues.

- Access to financial institutions: With the introduction of the FATCA legislation, Americans are third class citizens in the foreign banking system. The compliance requirements for banks are so stringent soon I may not have access to a basic bank account. A specific instance where I have been impacted is that I am on the board of my church. Recently I have taken a role where I should have signature authority on the bank account, but the bank would not accept me because I am American. They did not want to deal with the extra paperwork.

The American Citizens Abroad has submitted a Residence Based Taxation Initiative. Please consider this initiative as it would go a long way to addressing the issues above.

Thank you for your efforts.

Kind regards,

Janet Shaner

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