April 13, 2015

Concern: individual@finance.senate.gov
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Dear Finance Committee Chairman Senator Orrin Hatch,
Dear Ranking Member Senator Ron Wyden,

I am writing on behalf of my daughter, Alice Emery-Goodman and her husband (Dr. Timothy P. Goodman PhD). They are overseas voters from Ann Arbor, MI. and have lived in Switzerland and worked for the Swiss Federal Polytechnical University (Ecole Polytechnique Fédérale de Lausanne –EPFL) for 25 years, making them Swiss federal employees. Swiss financial institutions are turning away American citizens because of the difficulty and expense of complying with FATCA. My daughter works in administration and deals with visiting students for a summer research program. American students are now refused accounts by the Swiss banks. And because of the FATCA rules, they have been required to sign forms authorizing their bank to disclose all financial information to the IRS, or close their accounts.

More recently, T. Rowe Price informed them that they are prohibited from additional purchases or exchanges in our American mutual funds because we are not permanent residents of the US, citing "growing complexity in complying with international regulations and recent changes to federal tax law … with respect to investors residing outside United States". FATCA has had the effect of removing their ability to invest in the US as well as making them American "pariahs" where we live.

They pay Swiss taxes and have filed our US Federal Tax forms including reporting our foreign accounts since they arrived; *however, US taxes have now become so complicated that we must seek tax professionals' help*. (Unhelpfully, reports here inform us that the tax professionals are not clear, nor consistent, as to how to comply – adding to our anxiety and confusion.)

Recently, they have been informed that our Swiss federal pension funds should be included as wages for our US taxes. This additional "income" puts them over the threshold of the foreign exclusions and foreign tax credit meaning that they will be double taxed on our pensions. They understand that Americans who reside in the US do not include their pensions because their pensions are considered "qualified". Also if we lived in Canada, the UK or Belgium, where the pension funds have been deemed as "qualified" by a treaty, they would not be required to include our pensions as wages. No one has yet investigated the Swiss pensions to see if they would be considered "qualified" by US standards so we are required to include our pensions as income and pay double taxes. *This needs to normalized where all Americans whether living at home or abroad are taxed equally, using the same rules.*

While we support the US government's efforts to find tax evaders and money launderers who are hiding their money in foreign accounts, the law as written is very harmful to average US citizens and US interests overseas in general.

You are certainly aware that, even though US citizens abroad who work in their host countries are taxed by those same countries, they are also subject to income taxation by the United States, virtually the only country to tax internationally on the basis of citizenship.

What you may not realize is that, in addition to this potential double tax liability, many American citizens face problems abroad that are directly the result of legislation crafted in the United States without taking into account the particular circumstances of overseas Americans. Currently the most harmful for US Americans overseas is **the loss of access to financial services, both at home and abroad, largely due to FATCA**. American entrepreneurs and NGO leaders are becoming unwelcome in joint business ventures and non-profit organizations abroad, etc. As a personal example, as an Elder of the Church of Scotland, my daughter's husband has lost the ability to serve our local church community (co-signatory of church accounts for bill paying) because of the way Swiss banks view Americans. This type of impact from FATCA is certainly not intentional, but is the reality of the knock-on effects of the legislation.

In addition to the trouble caused by FATCA, the high cost of living in Switzerland is not taken into consideration by the US tax laws. An example of this is the deduction for paying university tuition. This year, they will have 2 children attending US universities, paying out-of-state tuition for both and will not receive any deduction in our US taxes because their combined salary is over the limit. However, if the Swiss cost of living were somewhere included in the calculation, the real burden of double out-of-state tuition would be recognized and we would be treated more fairly by the tax regulations.

We need your help.

As I'm sure you know, according to State Department estimates, there are **7.6 million Americans living and working around the globe.** The vast majority of these people are law-abiding citizens who feel strong ties to their homeland and serve as *unofficial* ambassadors for the United States; its goods and services and Universities around the globe.

I am writing you in hopes that you will help overseas Americans by supporting legislation that takes into consideration the plight of our many citizens abroad.

As an American citizen, I strongly urge you to consider these possible solutions:

1. Support current legislation introduced by Rand Paul (S.663) to repeal the Foreign Account Tax Compliance Act (FATCA)
2. Support Residence-Based Taxation when tax reform is reviewed in Congress, or
3. Support a definition of "foreign" in Treasury and IRS regulations which excludes financial accounts already reported in the country of bona fide residence.
4. Support a general and complete IRS amnesty for a limited period of time to allow the *non-willful* non-compliant US taxpayer to enter the system without fear of penalties.

With your help, I look forward to a more fair treatment of American citizens abroad by the American tax laws.

Sincerely,

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