April 9, 2015

Finance Committee
United States Senate

Re: Individual Income Tax; American Overseas – Input to Senate Finance Committee

Ladies and Gentlemen,

Thank you very much for your solicitation of input from Americans on how to address fundamental issues in our individual taxation system for United States Citizens and Residents.

I write to you as a United States citizen that resides outside of America. I reside in Taiwan and have done so since 1999.

There are five issues that are critical to me as an American residing overseas:

- Repeal of FATCA (Foreign Account Tax Compliance Act)
- Remove the FBAR reporting requirements for Americans residing abroad
- Adopt a Residence-based Taxation System like the rest of the world
- Allow voluntary contributions to social security and medicare
- Allow Americans abroad to contribute to their IRAs without having earned income from US sources
- Allow Americans abroad to start re-investing in USA mutual funds again

I urge your committee to change how Americans abroad are taxed. ACA's recommendation as well as my comments are a guide for your committee. ACA's proposal can be found here: https://www.americansabroad.org/files/6414/2352/3607/rbt-and-tax-reform-feb-2015-final.pdf

I would just like to provide you with some concrete examples of how FATCA and other unfair US tax policies have significantly and negatively impacted my life.

Every year Americans abroad need to file taxes and spend hours doing so under threat of a watchful eye of the IRS. Living abroad brings special challenges because mistakes could cost us our life's savings. A failure to file an FBAR for example could wipe out any persons savings or dream of a normal life. FBAR takes me more than 20-30 hours a year to fill out. A document that truly serves no real purpose other than to control our financial freedoms. This document is a breach of our privacy because Americans living in America have no such obligation.

FATCA raises special challenges to foreign banks, a big one for us is the security and privacy one. Foreign banks are not set up to secure the data before transmission, thus there are more than 7.6 million of us now at risk for identity theft. I am very fearful of this. A bigger, more scary possibility of a breach of FATCA data is what if these banks start selling our information to terrorists? Now, they will know how much money we have, where we live and work, and of

course where we bank. This poses a huge security risk to all Americans living abroad. Foreign banks may not employ encryption on the data or secure the data as it should be.

Residency based taxation also has huge implications on us. I for one am double taxed because Taiwan has no totalization agreement. In fact, only 25 countries around the world have a totalization agreement with the US, leaving the rest of us having to pay a huge portion of our mediocre salaries in taxes. The US government actually taxes us twice. Being we need to pay US taxes, why do US embassies abroad also charge us for services? I thought that was the reason we paid taxes? Can you see the absurdity? I pay three taxes in essence.

If and when residency based taxation is passed, we would still need to contribute to our social security or medicare accounts in case we decided to come back to live. If we do not have access to contribute it poses another issue that Americans at home would consider us a burden to other US tax payers. Thus we have to have the opportunity to maintain these accounts.

In 2014 the SEC decided that Americans living overseas could no longer buy American mutual funds either. Mutual funds have been a way for me to invest, and foreign mutual funds are now locking out American citizens from investing in those also due to FATCA. I find this unfair and too restricting. With all the limitations placed on us we cannot save for our retirement.

Further adding to the fire is that being our income is earned from a foreign country we cannot put money in an IRA that was not earned and made in the USA. Again, this puts us at an unfair position because we cannot prepare for our retirement. I have already spent 15 years living abroad, but have been unable to contribute to my IRA, and in Taiwan I have no such retirement account as one does not exist. I work to bring goods to the US, but not working for an American company. That means I have spent all of my time working to help the country from which I was born and love but am unable to contribute to a system that was designed to protect me from not having enough money for retirement.

There are so many limitations put on us that we cannot live a normal life without the worries of not having money for retirement or being thrown in jail because we didn't send in our FBAR. Now with the threat of FATCA any mistake by us or our banks may result in serious consequences.

As a result of all of the above, I believe that FATCA should be repealed in its entirety and Americans living abroad should be given those same financial and investment rights as those Americans living in the USA.

Sincerely,

Jeffrey Gunsch
Email: [redacted]
PH: [redacted].
(Please remove all personal information before making the letter public, thank you).