12 April 2015

To the United States Senate Committee on Individual Finance

Dear Senate Members,

I am writing to describe how US requirements regarding citizenship-based tax declaration, FATCA, FBAR and similar affects US citizens residing outside the US.

The reason I live in Sweden is because my husband is Swedish. All the Americans I know in Sweden are here for similar reasons – we somewhat jokingly call it being "love refuges." No matter that I live outside the US, my American citizenship is and always will be an essential part of me and my own history. I also have to say that the Americans I know here in Sweden are great ambassadors for the US, we speak well and warmly of American values.

Effect of FATCA

So far, I have not been asked to leave my job due to FATCA, but it has certainly created animosity towards Americans. The financial sector in Sweden, as undoubtedly in other countries, has spent an extraordinary amount of time and money trying to understand and decide how to handle FATCA regulations. At this point, some banks are telling existing customers to leave or have their accounts frozen, other banks are not accepting new customers who are US citizens.

One online bank in Sweden, Avanza, clearly states on its website that it will not accept US citizens because it does not have the resources to file according to FATCA regulations. Handelsbanken, one of the "big four" banks here was the first to turn away prospective customers who hold US citizenship. Nordea, another of the big four, has sent out questionnaires to customers it suspects of being US citizens asking for, among other information, photocopies of their passports. Isn't that a horrible phrase, "suspected of being a US citizen?" This is the non-constructive atmosphere that FATCA has created.

Effect of Citizenship-based tax declaration, FBAR, Form 8938

As you probably know, income tax rates and other taxes are quite high in Sweden – higher than in any US state. Taxes are automatically deducted from my salary as a full-time employee at a Swedish company. However, due to my US citizenship, I pay an accountant at a Swedish-American law firm here in Stockholm a fee of several hundred dollars annually to complete my US tax forms – even though I do not owe any taxes to the IRS.

FBAR and Form 8938 (Statement of Specified Foreign Financial Assets) are part of my US declaration. Although these forms are nearly identical, I am still required to fill out both. It may help you to know that it is quite common in Sweden for an individual to have many accounts. An account can represent, for example, shares in a mutual fund, a checking account, a savings account, a fixed rate savings account, the account into which the person's salary is paid and so on.

Keeping track of the information and filling in the forms for FBAR and Form 8938 is time-consuming for me as an individual as well as expensive since I need the help of an accountant.

All these regulations, FATCA, FBAR, Form 8938, pry into the private lives of millions of us who happen, for whatever reason, to live outside the US. The vast majority of us are just plain old folk. I urge you to work to remove the requirement for citizenship-based tax declaration.

Sincerely,

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