SUBMISSION ON BIPARTISAN TAX REFORM

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To Whom It May Concern:

I am an American citizen and an expatriate having resided overseas since 1977 working overseas to promote American-manufactured products. I was born in Nebraska, grew up in Colorado and hold a Bachelor of Science Degree from Colorado State University and a Masters in International Management from Thunderbird School of Global Management in Arizona.

For the past 23 years, I have resided in New Zealand as a partner in a NZ company in the field of veterinary medicine. We maintain a second-home as non-resident Virginians in Glen Allen, Virginia so we can keep a 'bolt-hole' in the United States for when return.

Since 1977, I have filed my US tax returns as an expatriate. During this time, I have seen the US tax code for expatriate Americans undergo one change after another. No thanks to the late Senator Proxmire, Congress passed a tax code that created double taxation problems for us back in the late 1970s. We almost had to close our regional office in Singapore and move back to the USA. Eventually, that tax code was amended to alleviate these issues. However, over the years filing US tax returns has become onerous, time-consuming, extremely complex. Last year, my US tax return as an expatriate ran to 95 pages! My tax assessment was US$1250. My accountants' fees ran to over US$4000!

We now have FATCA (a most unfortunate title given most of us expatriates are just working stiffs like most Americans. We are hardly fatcats!). Along with FBAR, these have become extremely tedious additions along with the pile of paper of tax returns.

I would like to enumerate the taxation issues for American expatriates as the following:

1. **We must have Residence-based tax schemes for American Expatriates.** Citizenship-based taxation is unique to the USA. All of my earnings are sourced in a high taxation country, New Zealand. I spend days and considerable accounting fees

preparing my US taxes. Last year was an exception. Most years, my US tax is ZERO (yet my accounting fees are ridiculously high). We are the only country in the world that taxes its citizens abroad.

2. **Finding Reliable US Accountants Overseas.** A huge problem. It is extremely difficult to find a reliable, qualified US accountant overseas that is not expensive and within our country of residence. Good ones are rare to find, very expensive, and often located very far from our home. For 20 years, I had to use a Singapore-base accountant – a ten-hour flight from my home in Christchurch, New Zealand. It was impossible to deal this way. In addition, I have had very bad experiences with a so-called US-qualified accountant overseas in New Zealand. I am now using a US-based accountant in Richmond, Virginia that is reliable and qualified for international taxation but it is a 30-hour flight for me (with no tax deduction for travel to meetings).
3. **Lack of IRS Support Overseas.** There are NO IRS offices in Asia/Pacific for taxpayer support. The last one was in Sydney, Australia which is long gone.
4. **FATCA and FBAR Reporting**. Probably one of Congress' most idiotic tax laws in the past fifty years. We must have **Same Country Exception** to exclude reporting of Americans with accounts in their country of residence (I am both an American and New Zealand citizen resident in New Zealand). FATCA created enormous havoc for Americans overseas with foreign banks closing accounts because of the US bully tactics forcing them to duplicate reporting accounts. Get rid of it.
5. **The Bottomline:** Oversea Americans are renouncing their citizenship at the highest rate ever recorded because of the burden of US tax regulations that exceed even what US-based citizens must contend with. The other issue is that fewer Americans are being sent overseas to represent their company's interest to develop and support American exports (as I do). This is a huge loss. There is little incentive for American employees to go overseas anymore. The tax reporting burden is simply out-dated and obsolete. It creates no benefit for the American economy and in the end, the tax take is pathetically small. In fact, American expatriate tax take was shown to only be enough to have run the Iraq war for two hours!

Congress needs to seriously consider the overall effects of the expatriate tax rules. They are a very heavy burden, produce very little income tax (as we pay most of it to our country of residence), the regulations are convoluted and complicated, good US-certified accountants are difficult to find overseas (they are far away, expensive and many are not reliable) and finally there is the question of fairness. When our citizenship is used to block us from holding a foreign bank account, Congress must see this the expatriate tax code as bad legislation that is obsolete and has the reverse effect of hurting US exports and the economy.

Thank you for reading this. After almost 40 years overseas, I am very tired of not having the US Congress look after expatriates and basically ignoring us. It is time for this to be changed. Start with residence-based taxation, drop FATCA/FBAR to Same Country Exception rules, and stop supporting the accounting industry from milking us dry. When my US tax bill is zero but my accountant's invoice is $4000, something is very wrong with the system.

Respectfully,

