Villepreux, France 4 April 2015

Dear Senate Finance Committee,

In response to your call for input of Tax code revision I would like to suggest the following three modifications. My idea is to seek solutions that will enable increasing numbers of US persons to come into compliance with US laws and regulations without fear of punitive sanctions, risk of divorce or loss of financial security, or impediments to US business and entrepreneurship abroad, all while reducing unproductive enforcement costs for the US government.

Residency-Based Taxation
I would like to suggest that the United States convert to Residency-Based Taxation (RBT). This would put US persons on a par with citizens of other countries. The United States is virtually the only country to tax domestically on the basis of residence and internationally on the basis of citizenship. Even though we who work in our host countries are taxed by those same countries, we are also subject to income taxation and reporting in the United States. The process of filing a US tax return in addition to a French tax return is very time consuming and expensive as professional services must be consulted. The compliance costs for US persons abroad are as daunting as the enforcement costs for the IRS. Non-resident US persons should be treated for tax purposes the same as non-resident aliens: liable for US-sourced income only and benefiting from tax treaties where those exist. In other words, they should be treated the same as residents of a US state are with respect to the states of which they are not residents but may derive some income.

FATCA Form 8938
This is a tax reporting document filed with the IRS. Absent a move to Residency-Based Taxation, and absent a simple repeal of FATCA as is currently being proposed in various quarters, I would like to suggest:

1. FATCA should only apply to 1) US residents with foreign assets and 2) US persons abroad with assets in a country other than the US or their country of bona fide residence over the same aggregate threshold as now applies to US residents, i.e. $50,000.
2. With respect to reporting obligations imposed on foreign financial institutions, only their clients' income should need to be reported, not their foreign financial assets (i.e. bank account balances).

Foreign Bank Account Report (FinCEN Form 114)
The FBAR was not intended to be a revenue-producing document. In addition to its damaging effects on marriages, small businesses, international NGOs and American entrepreneurship, the costs of administration and enforcement far outweigh any financial benefit derived from sanctions. It is revenue negative for the US Government. In order to alleviate an invasive and often complicated, lengthy reporting burden (given that foreign banking systems do not provide the same kind of information as US banks) and thereby increase compliance while cutting back on enforcement costs, I would like to suggest:

1. Eliminating reporting requirements on accounts held in the country of bona fide residence abroad.
2. Raising the filing threshold from the present $10,000 aggregate in all accounts to the threshold for "FATCA filing" for US residents with foreign accounts, i.e. $150,000 (a far more reasonable value in today's economy).
3. Requiring filers to give ranges of values for foreign accounts rather than highest values, as was the case until 2003.
4. Those who file FATCA form 8938 should be deemed to have filed FinCEN Form 114.

Thanking you in advance for the consideration of these suggestions.

Lisa Vanden Bos
Resident of Villepreux, France
Email [redacted]
Tel: +[redacted]

Voting in Bozeman, MT