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US Senate Finance Committee Tax Reform working groups:
Individual Income Tax group & International Tax group

Tax reform: my experience as an expatriate in the UK

As senators will know, the US is the only developed nation that taxes its citizens who live overseas. As an American who has lived in the UK for nearly twenty years, I urge the Senate to reform the tax code to relieve the unfair administrative and financial burdens placed on overseas Americans. The major problems caused to my family by the current system are:

1. I have to file taxes in the two most complex systems in the world (UK and US), even though I frequently do not owe tax to the US because of credit for UK taxes paid. This is costly in both time and money: due to the complexity and risks of inadvertent non-compliance, I employ tax accountants and attorneys to assist me with filing. The annual cost of this is equivalent to the salary my wife earns from her half-time job.

2. To comply with FBAR, each year I inform the US government of my financial holdings outside the US. Since I live in the UK, naturally I have financial accounts outside the US. Since the introduction of FATCA, I must now also complete a *different* set of forms which provide mostly the same information as FATCA. This is burdensome in terms of time and money, and the consequences of even accidental mistakes is punitive. It is a stressful process. I can understand the desire of the US government to ferret out tax evasion and money laundering, but FBAR and FACTA require *millions* of law-abiding overseas Americans to notify the government of financial accounts which, if we lived in America, would be unremarkable and routine.

3. Linked to the above, European financial institutions are increasingly denying services to Americans because of the need to comply with US law (FATCA). So far, my bank only imposes additional bureaucracy on my family. But I fear that eventually the cost and risk to overseas banks of carrying American customers will force them to no longer provide financial services to me. It has happened to other Americans already.

4. My financial investment options are restricted due to US tax law. For example, certain classes of overseas assets are taxed punitively by the US. As a result, I do not invest in collective securities like UK-based unit trusts and index funds, which would normally be a routine part of a retirement portfolio. My future financial well-being is compromised as a result.

In summary, as a *non-resident* American citizen, US tax law imposes a significant burden on me and my family that *resident* citizens do not incur. This is not only unfair, it is stressful, time consuming, costly, and detrimental to my long term financial well-being. I urge the Senate to consider residence-based taxation, along the lines suggested by American Citizens Abroad: https://www.americansabroad.org/

Sincerely,



Lloyd Fletcher