To: International Tax Working Group, United States Senate: International@finance.senate.gov
23 March, 2015

From: Marcia Astor (Lady Astor) [redacted] tel. [redacted]

Dear Sirs: I write in response to your request for opinions from taxpayers abroad affected by US tax laws.

I am an American citizen, born Washington during WW2. I left for Canada in 1947, and moved to England in 1964, where I have stayed. I am also a British citizen. Apart from a certain loyalty which led me to stand up for America when its foreign policy was criticised, I gave little thought to my citizenship. As life progressed, I have paid taxes only in England, where professionals were unaware of US complications. I have never had any financial connections to the US. Over the last two years I have been trying to sort out my American tax situation. I find I have "fallen foul" of your tax laws on two counts.

1. Charity: My (British) husband died with Parkinson's disease in 2000. In 2005 I set up a Charitable Trust in his name and with his legacy to fund research. Professionals did not look into US complications. Its funds were irrevocably given to the British Charity Commission, and have demonstrably been spent through the Brain Research Trust in London, but the IRS called it a "grantor trust". Personal taxes and penalties for resigning as a trustee have reached nearly $400,000.

2. Farm: If I want (why would I not?) to resign from the US, all my property including a substantial farm, will be valued and taxed as income before I am released. If I remain a citizen and die here, the IRS will exact US Estate Tax on this farm, which belonged to my husband for many years before we met. In the UK, (same law in the US) a farm is passed to the next generation without tax. US tax law says if it is not taxed by the UK, it is subject to US tax, in spite of being a farm.

Sorting out my affairs has involved UK and US accountants, whose fees so far total well over £100,000. They made a great meal of the charitable trust. If I remain a citizen (i.e. I don't want to sell my farm or my house to pay America), they assure me that I will have to send in detailed tax returns every year for life, with plenty of trouble and expense, although there will be very little tax involved until I die.

The point I would like to make is: Laws cannot take into account their own failings. They need to evolve and be adjusted through human (humane?) understanding and modification, so that fairness and decency survive and justice can be seen to be done. The USA, founded on shining principles, and trying to act within their moral vindication, is treating a group of its citizens in a stressful and shabby way.

If taxation of expatriates were based on residency over a period of years (50 in my case!), that would resolve some of the problems.

If bank accounts and unit trusts, or "collectives" in the country of residence were not subject to special reporting, that would save on accountancy fees.

My experience with the charitable trust just feels completely wrong. People to whom I explain it find it hard to believe. It is pure unwarranted punishment for generosity that knows no national boundaries – and received no "tax breaks".

May I say that, in nearly seventy years I have not asked for, or received, one cent from the USA?

An important point to make is that, as far as I can discover, there is no US official anywhere trained or authorised to discuss tax problems with a "covered expatriate". A system that allows no right of appeal and can't show a human face is surely bound to be wrong?

At this time, US citizens who have settled abroad, with no financial connections to America, are treated as a "cash crop" if they prosper later in life, and "harvested" when they die (life insurance, pensions, farms etc. are all taxable by the US.). As this becomes more widely known, many expatriates, and particularly their children, will be anxious to separate as soon as they can from their American roots, and loyalties.

It would be an impressive and praiseworthy act of real democracy if something could be done about these horrible anomalies. Please help if you can?

Yours sincerely,

Marcia Astor