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April 15, 2015

The Honorable Orrin Hatch
Senate Finance Committee Chairman
The Honorable Ron Wyden
Ranking Member, Senate Finance Committee
United States Senate
Washington, DC 20510

Re: Public comment on bipartisan tax reform, from a U.S. citizen currently residing abroad

Dear Senators Hatch and Wyden:

I write to you today in response to your March 11, 2015, call for public input on your bipartisan effort to reform the tax code. I thank you for the opportunity to provide you with my thoughts on this important matter.

Please allow me to highlight aspects of my personal situation and professional background that inform my comments:

I currently reside in Stockholm, Sweden, where my husband is finishing his Ph.D. at Stockholm Royal University. We are currently awaiting his immigrant visa to the United States. My sole purpose in residing in Sweden is to be reunited with my husband while we await his visa, a process that has thus far taken some fifteen months.

I hold a J.D. from the University of California, Davis School of Law. I recently passed the Washington State bar exam and hope to be sworn in as a Washington State attorney by the end of this month. I intend to practice immigration law, focusing on Americans living abroad who wish to return to the U.S. with their alien spouse. In addition to my law degree, I hold a master's degree in international relations from Yale University. I write to you in my personal capacity.

Unlike many Americans abroad, personally I am not opposed to citizenship-based taxation and do not take issue with the United States taxing its overseas citizens or lawful permanent residents. Nor do I dispute the critical importance of the purpose and many of the provisions of FBAR and FATCA. I am not an expert in these laws and am not writing you with specific critiques of any of their provisions.

Rather, my comments concern what I believe is the unintended result of FBAR and FATCA, as well as possible other provisions of law: **the increasing numbers of U.S. citizens renouncing their U.S. citizenship or contemplating doing so. This is most worrying.**

It saddens me to report that the renunciation of U.S. citizenship is the current *idée fixe* of Americans resident abroad. I can scarcely attend a gathering of Americans without at least one person asking my opinion of renunciation. I imagine you have seen the spate of articles in publications such as the *Wall Street Journal* and *Forbes.* Although the proportion of Americans abroad renouncing citizenship is miniscule, the absolute numbers are alarming, as is the sudden increase.

Equally worrying is that there is precious little attention to the grave consequences of renouncing, including the possibility that U.S. citizens who renounce may be denied entry to the United States when later seeking entry using the passport of their remaining nationality. It appears to me that Americans seeking renunciation advice, such as it is, seek the advice only of a CPA or, if they do seek the advice of an attorney, they often seek only the advice of a tax attorney. The overwhelming majority of online resources I have found (and we know that most individual Americans find legal resources online)—from reputable publications such as those named above to the sudden proliferation of blogs that read like "how-to" guides—discuss only tax implications of renunciation. They do not discuss possible criminal law consequences (for example, loss of Fourth Amendment rights), potential visa problems, including denial of entry into the U.S., or other substantial legal issues that ought to be contemplated by those considering renunciation.

My fear is that Americans, because of the tax provisions that have made compliance onerous and, perhaps most importantly, provisions that have led their non-U.S. banks to close their accounts, are abandoning their most precious right—their U.S. citizenship—without a full understanding of the very grave consequences. And all because of tax and banking laws that did not foresee the damaging impact on these citizens.

Again, because I am not an expert in FBAR, FATCA, or the international banking order, I will not make specific recommendations for amendments. I hope only that the Committee will consider my comments and my deep concern for Americans who, I believe, may be renouncing their citizenship because of provisions in the law that were meant to target tax-dodgers, money-launderers, terrorists, and other criminals, but have had unforeseen consequences for normal, law-abiding U.S. citizens resident abroad. In many instances, these consequences appear to be so serious as to blind Americans from the possibly devastating implications of loss of U.S. citizenship.

Because my husband and I have been waiting so very long to settle in the U.S. together, it is difficult for me to understand why my compatriots would give up their citizenship. But the more stories I hear, the more concerned I am that renunciants and would-be renunciants are renouncing out of desperation and, moreover, without a full understanding of the very grave legal implications of this irreversible act.

Respectfully,

Margaret Alden Moody