Finance Committee
United States Senate
International Tax Working Group

Re: International Tax – Americans Residing and Working Overseas

Members,

I am pleased that a bi-partisan approach has been adopted for much needed tax reform and appreciate the opportunity to provide input for this important issue. My comments relate to reforming the system in regard to taxation and reporting requirements for U.S. citizens living and working abroad. Tax reform needs to benefit the U.S. economy by providing its citizens with fairness and better opportunities in the global marketplace.

I write from the perspective of an American citizen who has lived and worked in Australia since late 1973. I am one of an estimated 13% of American expats living abroad who submits annual U.S. tax returns. [i]

Since my arrival in Australia the economic environment has become global in nature. In order for the U.S. economy to flourish and for Americans to be competitive in the global economy the U.S. tax system needs to maximise employment opportunities for its citizens by providing

- fairness to non-resident citizens, particularly with respect to their long-term savings and investments, including foreign-held retirement funds
  and
- simplicity of reporting for non-resident citizens and employers.

I have studied with interest proposals from a number of individuals and organisations exploring the concept of a residency-based tax system for individuals. This concept has a lot of merit

The current U.S. tax system has financially disadvantaged me with respect to taxation of my Australian retirement savings, taxation of foreign mutual funds and currency fluctuations as they affect capital losses for U.S. tax purposes. The complexities of the current tax system have made compliance burdensome from a both financial and a time perspective.

From my perspective a well-designed residency-based tax system that includes anti-abuse provisions and continues to tax individuals for U.S. sourced income would provide very positive outcomes for the U.S. economy and effectively address all of the disadvantages I have experienced. It would

- provide employment opportunities and mobility for individuals functioning in the global economic environment
- provide fairness to non-resident citizens by eliminating double taxation
- reduce the impact of currency fluctuations for non-resident citizens
- reduce the complexity and financial and time burdens associated with compliance.

Sincerely,

Martha Henderson

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[i] Burggraf Helen (2015, April 1) On the Trail of the Illusive U.S. Expat Taxpayer. *Wall Street Journal*. Retrieved from http://blogs.wsj.com/expat/2015/04/01/on-the-trail-of-the-elusive-u-s-expat-taxpayer/