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To the Members of the Senate Finance Committee
'Individual Income Tax' Working Group

Comments About Current Citizen Based Taxation and Arguments for Residence Based Taxation

Dear Members of the Committee

Thank you for providing the opportunity to comment on the current taxation system and how it impacts daily live of Americans living abroad.

For me and many other Americans abroad the personal situation created by the current taxation regime has become extremely difficult. The tax situation of expatriates has not been easy all along but with the recent introduction of the FATCA system a point has now been reached where a drastic correction is urgently needed.

Let me just outline a few of the grave difficulties and effects created by today's system that I personally and many other Americans living abroad experience:

First there is the complexity of the tax code. As an illustration the amount of 'original data' required to prepare my tax return easily fits on one page. By the time the TR is done it is expanded into a document of over 50 pages!! But worse than this is the frustration in trying to figure out what the instructions mean. Even tax professionals, supposedly familiar with the tax questions of overseas Americans, seem to struggle. Instead of clear answers I often got ambiguous statements or re-quoted IRS instructions which I did not understand in the first place. Even after spending days on the TR and incurring the high cost for the TR preparation I'm still not certain whether the TR is correct.

In addition to the compliance struggle there is the problem with double taxation which is caused by the collision of different taxation systems. In Switzerland there is a tax on assets. Since this tax does not exist in the US 'asset taxes' paid in one country cannot be applied as tax credit against US taxes. More severe is the double taxation of my pension. By the time I will receive the pension total taxes amount to well over 50%. Under the US system the contributions are taxed at the time they are paid in, whereas in Switzerland the pension is taxed when distributed. Thus taxes are paid twice and no credit of the taxes paid in the foreign country can be applied toward US taxes. This leads to a completely unreasonable tax burden.

Lastly, there is the problem with banking services created by FATCA and made worse by the new policy of my US brokerage service that Americans residing overseas can no longer trade securities, leaving them with almost no financial services. What may be left are boutique brokerage services that require large investments. I am personally in this situation with nearly no financial services left except

parking the money with a few banks that still allow Americans to keep a simple deposit account. But even this option may be denied. Just recently I received a letter from a bank explaining in effect that US persons are no longer allowed to hold an account. I am now forced to close the account. These banking problems mean also no access to mortgages and effectively be locked out of the housing market.

What all this adds up to makes daily life very difficult and leaves a bleak future outlook. Americans abroad provide in many ways valuable services to the United States, be it through promoting mutual understanding or by establishing and fostering business relations with American companies. Why then should they be punished by such oppressive laws and be degraded to second class members of society?

I am hopeful that this untenable situation will soon get alleviated. In this respect I fully support the 'Residence Based Taxation' system proposed by American Citizens Abroad. The proposal is well thought through, addresses all major problem areas, can easily be implemented and also prevents loopholes. Most of all with the new status 'Non-Resident American' the banking problems will be solved over time.

I'm kindly asking the members of the committee to seriously consider the ACA proposal, implement its recommendations and thus help solve a very serious problem that must urgently be corrected .

Thank you for your understanding and consideration.

Yours sincerely,

Max Waser