13 April 2015

ATTN: Individual Income Tax Working Group, Bipartisan Senate Tax Reform Effort

Dear Senators Hatch and Wyden,

I am writing to suggest that you consider abolishing or significantly reforming the current US policy of citizenship-based taxation. I'm now in my 17th year as one of the roughly seven million American citizens living and working outside the US, and I experience and observe on a regular basis the negative impact of the US's citizenship-based taxation policy both on individuals and on our country.

Like many expat Americans, I am living overseas for family reasons – my wife is Swiss and my elderly mother-in-law lives nearby. As an international business consultant, I routinely face difficulties in working through with my clients the administrative details of my engagements. There is significant additional time and expense driven by my status as a US citizen, for both myself and my clients. As a rough estimate, on a yearly basis I spend fifty to one hundred hours of my own time and $10,000 to $15,000 in tax-advisor fees in order to ensure my compliance to US law, with little or no corresponding benefit to the US Treasury or myself.

If I sell the house I have lived in for thirteen years and that I have paid for with money I earned entirely outside the US, I will owe capital gains charges to the US that represent a significant fraction of the total value of the house and that arise primarily from the appreciation of the Swiss Franc versus the dollar during the time of my ownership. If I want to buy a different house here in Switzerland, I will enjoy no corresponding currency-appreciation benefit, as the Swiss housing market is of course denominated in Swiss Francs.

I respectfully suggest that your group give serious consideration to the recent proposal formulated by the group American Citizens Abroad for reform to residency-based taxation. Following for your reference is a link: https://americansabroad.org/files/6414/2352/3607/rbt-and-tax-reform-feb-2015-final.pdf

As presented in this proposal, a move toward a residency-based system, in line with the approach of all the world's other countries, would not only be simpler and fairer for Americans living abroad, but could likely be revenue-neutral with respect to the current system. Probably more important, residency-based taxation would facilitate American mobility, key to increasing US exports in today's global business environment.

Yours sincerely,



Peter Bordui

[redacted]

Switzerland