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PA voter abroad

Dear Tax Working Group of the US Congress

I have now lived outside of the United States for 11 years. I followed my heart and married my husband, a Dutch National, and have two amazing dual national – trilingual children. We have decided to make Switzerland our home for work and lifestyle reasons for the forseeable future, but I have never lost sight of the fact that I was born and will always be American.

Unfortunately, as an American, because of our taxation system and many of the requirements put on foreign banks for American clients, life has become a nightmare living abroad. I will provide you below with a number of examples of situations I have faced over the last 5 years, in particular, which will highlight to you how many of the systems in place are not working for US citizens abroad making it impossible for us to pursue a wellbeing and livlihood for our family in a way that other nationalities are able to.

Example 1:
My husband and I decided to buy a home in Switzerland. We walk into a meeting at the UBS bank in 2010. As we are shaking hands with the lenders for a potential mortgage, I am informed that "though we are happy to discuss options with your husband, we have been instructed not to speak to you or provide you with any advice because you are a US national. All dealings will need to be done with your husband."

Example 2:
My children were born in Switzerland and I wanted to set up investment accounts to start saving for college. I was informed by my Swiss bank that Americans are not allowed to put money in anything besides a non-interest earning savings account. When I called Fidelity in the US they informed me that Americans residing overseas are not permitted to invest with them either. How am I to save for my childrens' future if neither country I am affiliated with permit me to do so?

Example 3:
I received "hate mail" from my bank on a regular basis explaining to me that due to my nationality certain banking facilities or accounts that I have would need to be closed. Any banking I do involves a letter declaring my US persons status.

Example 4:
Estate planning and wills are complicated in normal circumstances, but compound it with a non-US spouse living in a 3rd country and its near impossible. As my husband is not American, I am penalized under our tax law on inheritance (my assets would be taxed at a higher rate than if he was an American). This inheritance would also be taxed in Switzerland at the full rate in additional to the wealth tax. This makes no sense to me as its double taxation.

Example 5:
My husband and I are unable to share any investment accounts, savings accounts or bank accounts. As I am forbidden from investing in Europe, my husband is also forbidden from investing in the US. As a result, we are unable to share any financial assets with the exception of the deed to our house. I don't

know many married couples who are forced to maintain separate financial accounts. As I was working this worked out ok, but since I have stopped working to care for our children it has presented me with a very uncertain future as additional family and retirement savings are not in my name.

Example 6:
I have a pension through my old employers. But its a special pension fund for Americans as its not invested in anything but cash. It earns significantly less than that of my peers, but I am prohibited from investing in their growth pension fund which is stock/mutual fund invested. Its hard to understand, if I work the same time and income as my peer, why I would be entitled to a quarter of the pension that he receives just because I am American and he is Swiss/German/British, etc.

These are just a few examples of how the over-reach of US tax law and the citizenship based system is failing it citizens who have made their home abroad.

I have also been faced with a significant financial burden as a result of the extra tax filings. I currently have to file tax returns in 3 countries – US, Switzerland and the Netherlands (due to my husband). Each country is on different reporting schedules, they require different information to be reported/deducted, and are in 3 separate languages. Annual costs for my filings alone are over 2500 USD because of the complexity of my filings.

In Switzerland, I am taxed on my income and a wealth tax on my world wide net worth. Though there is a treaty and a number of deductions I can take as an American abroad I remain double taxed between Switzerland and the US. The foreign earned income exclusion does not take into account cost of living. I live in one of the most expensive cities in the world. Living costs here are 3x that of New York City (A happy meal from Mcdonalds here costs well over 15 CHF/USD to put things in perspective). Salaries reflect this high cost of living in that a minimum salary to live here in Zurich is more than 100k (USD equivalent) per year. That is a salary for an individual. A family of 4 would not be able to live on that salary. The same salary in Bangladesh would go much further, though the earned income exclusion does not factor cost of living into account.

I live in Switzerland, this is my home. I earn a living here and I spend my money here. I pay taxes here. I support changing the US federal tax system to a residency based system. I live in Switzerland and my bank accounts are here. As such we should have a same-country exception when reporting foreign bank accounts under Fatca.

The reality is that I am not unique. There are millions of Americans who live outside the US for a number of reasons. Some plan to go back, and others like me may never return. We are all incredibly patriotic, but also wish to be treated fairly at home and abroad. I do hope that this system will change for the better in coming years – change that reflect the reality of 99% of Americans living abroad- so that my children will choose to maintain their citizenship past 18 as well.

Warm Regards,

Sheela Pawar de Groot