Stephanos Gulbraar Orestis
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To: U.S. Senate Finance Committee Working Groups on Bi-Partisan Tax Reform
International Tax Working Group: International@finance.senate.gov
Individual Tax Working Group: Individual@finance.senate.gov

Oslo, Norway
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Dear Working Group Members:

I am a United States citizen, born and raised in the State of Maine. I received a law degree from the University of New Hampshire School of Law in May 1997. In January 2000, I moved from the United States to the former Soviet Union where, for the next 7 years and in 5 different countries, I worked as a legal consultant on various projects funded by the United States Agency for International Development.

While abroad, I met my wife, who is a Norwegian citizen. We lived, worked and began a family together and, in January 2007 decided to move permanently to Norway to provide a sense of stability for our children. We now own a home in Oslo, have 3 wonderful duel citizen (USA/Norway) daughters, good careers and sense of permanence. Although we greatly enjoy returning to Maine each summer during the school break, Oslo is home and it will remain that way.

Throughout my 15 years abroad, I have diligently filed and paid any taxes due to the United States. When I was single and younger this was a fairly easy task for me, but since moving to Norway and becoming a Norwegian taxpayer, complying with my increasingly complex tax obligations has become a challenge.

I am employed by a Norwegian company and my mortgage, bank account, credit cards, car loan, retirement savings, pension fund and individual stock holdings are all held or managed by Norwegian Financial Institutions. Each year, I pay approximately 35% of my income to the Norwegian state. I then file my US tax return. In order to utilize the tax benefits granted to married US tax payers, my non-resident foreign spouse must also report her Norwegian income to US authorities even though she is not a US person as defined by the US tax code.

I spend approximately 400% more time reporting my income to the IRS than to the Norwegian tax authority even though I have most often not owed any actual tax to the US due to the overseas earned income exemption and available deductions for foreign tax paid.

But with the arrival of FACTA and my concern over the very high statutory penalties imposed for incorrect filings and also due to my concern over the discriminatory tax treatment of my foreign retirement savings, I must begin employing a tax specialist to complete my US returns. Since the available pool of experts on US and Norwegian tax requirement is limited, the cost if very high and, obviously factors higher than any taxes that may be owed to the US (my highest tax due to the US since moving abroad was approximately 200 dollars).

Simply put, the cost of compliance with the complex tax treatment of non-resident US citizens and the potential penalties I face for incorrect filings and for holding non-us securities forces me to consider whether it would be more advantageous to give up my US citizenship. The thought of doing so is highly distressing for me since I am a born and bred American with a love for my country and my home State of Maine that goes beyond my ability to describe in this letter.

Finally, I have great concern for my 3 daughters, who have lived and will most likely live the remainder of their lives in Norway. The have a lifetime of reporting and payment obligations to the United States because they are natural born citizens as defined by law. I find it difficult to explain to them the logic of this obligation especially since the United States stands nearly alone in taxing its citizens on world-wide income regardless of place of residence.

I understand and support the importance of discouraging illegal tax avoidance. But, the legislation to do so should be rationally targeted on the population it means to affect. The vast majority of US citizens who can legally claim the Overseas Earned Income Tax Exemption are not the target of FACTA and other similar initiatives. I urge your committee to rationalize the scope of legislation with its defined purpose. US citizens, who meet the bona fide residence test or physical presence test for two or three consecutive tax years, should be exempted from federal income tax and related reporting. FACTA and FBAR reporting requirements should not apply to US citizens holding bank accounts in their countries of residence. The discriminatory tax treatment of certain non-US securities should not apply to securities issued in the country of residence of expat US citizens. Finally, duel citizens who have acquired citizenship due to the citizenship of a parent should be broadly exempted from all US tax and reporting obligations unless and until they take up residence in the United States.

With Best Regards,



Stephanos G. Orestis