INPUT TO THE TAX WORKING GROUPS:

I WILL MAKE THIS BRIEF:

WE ARE US CITIZENS WHO LIVE IN THE UK AND HAVE DONE SO SINCE 1967 - 48 YEARS INCLUDING SIX YEARS IN FRANCE.

BACKGROUND: DURING THIS TIME I HAVE RAISED A FAMILY, ALL OF WHOM HAVE US NATIONALITY. MY CHILDREN HAVE UK NATIONALITY ALSO. ONLY ONE CHILD WAS BORN IN THE US, BUT SHE WAS 2 YEARS OLD WHEN WE MOVED OVERSEAS. MY OTHER CHILD WAS BORN IN THE UK. BOTH CHILDREN – DAUGHTERS - ARE NOW ADULTS AND FILE US AND UK INCOME TAX RETURNS. NEITHER CHILD HAS LIVED IN THE US (OTHER THAN THE ONE WHO WAS 2 WHEN WE MOVED HERE)

CITIZEN BASED TAXATION: I HELP MY ADULT CHILDREN WITH THEIR US TAX RETURNS. THEY DO NOT HAVE ANY US FINANCIAL ACCOUNTS OR US DOLLAR FUNDS. THEY DO NOT UNDERSTAND WHY THEY SHOULD HAVE TO FILE US TAX RETURNS BECAUSE THEY HAVE NEVER LIVED THERE, DO NOT INTEND TO, AND ALREADY HAVE TO FILE UK TAX RETURNS. ONE DAUGHTER IS PLANNING TO DROP US CITIZENSHIP IF SHE CAN AFFORD IT. THEY SEE THE AMOUNT OF TIME IT TAKES ME TO DO MY OWN US TAX RETURNS. THEY KNOW IT'S TOO COMLEX FOR THEM TO DO THEIR OWN AND FORESEE THE TIME NEARING WHEN THEY WILL HAVE TO PAY A PROFESSIONAL TO COMPLETE THEIR US TAX RETURNS. IN MOST YEARS THEY DO NOT OWE ANY US TAX SO IT'S AN EXERCISE WHICH CAUSES TIME TO BE WASTED ON FILLING OUT THE FORMS ON BOTH ENDS – IRS AND HERE. MY WIFE AND I ARE SAD TO SEE A FAMILY MEMBER GIVE UP US CITIZESHIP DUE TO THE REQUIREMENT TO COMPLETE COMPLEX PAPERWORK. RESIDENCE BASED TAXATION WOULD ALLEVIATE ALL OF THESE PROBLEMS AND PERMIT OUR FAMILY TO REMAIN US CITIZENS.

US SOCIAL SECURITY : MY WIFE AND I PAY UK INCOME TAX ON OUR US SOCIAL SECURITY PAYMENTS. THE RATE OF TAX PAID IS 40%. THIS IS DUE TO THE UK/US TAX TREATY ARTICLE 1, PARA 5(a), ARTICLE 17, PARA 1(b) AND ARTICLE 17 PARA 3. SURELY THIS IS SOMETHING UNINTENDED AND SHOULD BE CHANGED.

FATCA: I FIND THAT I AM BEING SHUT OUT OF INVESTING IN MUTUAL FUNDS IN THE US AND THE EQUIVALENT HERE IN THE UK. I HAVE RECEIVED LETTERS FROM FIDELITY AND OTHER US FUNDS THAT I MAY KEEP WHAT I HAVE BUT THEY WILL NOT SELL ME ANY MORE FUNDS. INVESTING IN THE UK EQUIVALENT OF US MUTUAL FUNDS IS SUBJECT TO THE PASSIVE FOREIGN INVESTMENT RULES, WHICH IS COMPLEX AS WELL AS RISKY (THE LATTER BECAUSE OF THE MARK TO MARKET RULE)

FATCA, FBAR, FORM 8938, ETC. HAVING LIVED SO LONG OUT OF THE US, MOST OF OUR VARIOUS BANK ACCOUNTS ETC ARE FOREIGN. HAVING TO DO THESE NEW FORMS, AND ESPECIALLY HAVING TO INPUT ESSENTIALLY THE SAME INFORMATION TWICE IS VERY TIME CONSUMING, ON TOP OF AN ALREADY COMPLEX EXPENSIVE SYSTEM SUCH AS FORM 1040AND ALL OF ITS ASSOCIATED FORMS.

SUBMITTED BY: WILLIAM J ROSEN

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