

Tony B Graham

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United Arab Emirates
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The Honorable Orrin Hatch
Chairman, Senate Finance Committee

The Honorable Ron Wyden
Ranking Member, Senate Finance Committee

12 April 2015

RE: Input on Bipartisan Tax Reform - INTERNATIONAL

Dear Senators Hatch and Wyden,

As a voter and a taxpayer, I thank you both sincerely for leading this bi-partisan effort to seek input on much needed tax reform. The purpose of this letter is to provide my suggestions for reforming our outdated and grossly unfair citizenship-based system of taxation that harms the interests and livelihood of over seven million Americans living overseas.

I have lived outside the US continually since 1993. In these 22 years I have filed tax returns and paid all applicable tax in both the US as well as in the other countries where I have lived. To be clear, I do not object to paying tax where I live; residents of any society – individuals and companies alike – should be obliged to fund public goods and services. However, it violates all reasonable standards of fairness to have to pay tax to a country where I have not lived for over two decades, simply because I happened to be born there. **Taxation should be based on residence, not citizenship.**

Since leaving the US, I have had no US-source income, nor have I ever owned a home there. Nonetheless, I have had to pay over \$800,000 in federal income tax – over and above an even larger sum to the countries where I have been resident. This is an outrage. I do not come from a wealthy family; I have a family to provide for, a son to educate without the benefit of public schools, aging parents to support and my own retirement to fund without the benefit of being eligible for Social Security. This is the result of citizenship-based taxation.

The United States *and Eritrea* are the only countries in the world with citizenship-based taxation. From my own personal experience, I have seen first hand how our system puts US workers at a disadvantage with respect to job opportunities overseas, discourages Americans from opening business overseas and penalizes us through double taxation. Moreover, the cost of administration and enforcement of US expatriate tax returns doesn't even justify the marginal revenue collected by the IRS from expatriate Americans.

My suggestions for your respected committee and the Congress at large are as follows:

- **Adopt the Residence Based Taxation (RBT) proposal**, previously submitted by Americans Abroad to the Senate Finance Committee. (<https://americansabroad.org/files/6513/6370/3681/finalsbrbtmarch2013.pdf>)
- **Exempt American citizens resident overseas from FATCA and Foreign Bank Account Reporting (FBAR) requirements.** Citizens who can prove full time residence outside the United States for the majority of the tax year have perfectly legitimate reasons for holding foreign financial accounts and should not be required to report them to the IRS or US Treasury.

Thank you sincerely for your consideration and for your service.



Tony B Graham
US Citizen, Voter, Taxpayer and Expatriate Since 1993

CC: Senators Al Franken and Amy Klobuchar, Minnesota
Representative Keith Ellison, Minnesota 5th District