

Zurich Switzerland, 23 March 2015

Dear Finance Committee Chairman Orrin Hatch and Ranking Member Ron Wyden,

I am writing to ask that the seriously consider the ACA proposal for reform to Residency-based taxation (RBT). See link: <http://americansabroad.org/files/6513/6370/3681/finalsubrbtmarch2013.pdf>

As one of nearly seven million American citizens living, working and voting from abroad, I believe the current citizenship based taxation regime must be reformed. Current tax policy is negatively affecting this important sector of Americans and their ability to compete for jobs, grow the US economy through international business and exports and live overseas. Current tax policy damages both individuals and the welfare of our country.

The following are some examples of the fallout on Americans working overseas from current U.S. Citizenship based taxation:

- Inability to relocate and work internationally
- Denial of job opportunities or job advancement
- Refusal of entry into business partnerships
- Closure or denial of financial instruments (pensions, insurance policies, bank accounts, etc.)
- Exposure to double taxation or increased tax burden**
- Financially ruinous penalties due to broad application of criminal tax evasion regulations on those making simple filing errors due to complexity of the US tax code.
- Rejected by local banks due to the paperwork burden**
- Increased numbers of Americans seeking relief by giving up their US citizenship and that of their children due to the paperwork and financial burden.

I have been personally affected by this situation. I moved to Switzerland and married a Swiss in 1994. Among many others, I am in a difficult situation as an American citizen living in a foreign country. I am also a Swiss citizen. Switzerland is my country of residence.

The US tax authorities are now making foreign resident US citizen's lives challenging. In efforts to catch tax evaders, the new laws capture in their nets innocent citizens like me. I have filed my tax paperwork annually, prepared by tax professionals at quite high fee these days. With the US dollar trading low against the Swiss Franc for several years, an illusion has been created that those of us living in Switzerland, working regular jobs are wealthy. Salaries and benefits are comparatively high here because the cost of living is also much higher here and because the Swiss encourage saving for the future. And, we pay privately for our own health insurance, no companies pay.

The IRS now wants to tax monies I have saved for my retirement. I lose the earned income exclusion. This money was earned in Swiss francs, saved in Swiss francs and is naturally liable for Swiss taxes. I have no residence in the US. Also, I have learned that I will likely only receive 40% of my US social security savings because I live abroad. Another new US law.

I have always been a proud US citizen although these days it is often difficult to explain and defend US actions abroad. US Citizens are giving up their citizenship in droves due to unfair taxation. A tax advisor even suggested giving up my US Citizenship so my Swiss retirement income would not be taxed by the US as well as the Swiss. For a third generation American, that is a difficult choice to make.

Please seriously consider the RBT proposal submitted by American Citizens Abroad (ACA). A move towards a residence-based system, like the rest of the world, not only would it be simpler and fairer for Americans living abroad, but it would actually bring in MORE tax revenue than the current system, which wastes compliance resources for very little return.

Yours sincerely,

Claudia Wicki

[Redacted signature block]

"No taxation without representation" is a slogan originating during the 1750s and 1760s that summarized a primary grievance of the British colonists in the Thirteen Colonies, which was one of the major causes of the American Revolution.