

David Nicol

March 26, 2015

International Tax Working Group
Finance Committee
United States Senate

Re: Individual Income Tax; American Overseas

Honorable Senators,

Thank you very much for your solicitation of input from Americans on how to address fundamental issues in our taxation system for United States Citizens and Residents.

I write to you as a United States citizen who has resided continuously overseas since 1985, both in the United Kingdom and, since 1991, in Hong Kong.

There are two issues that are critical to me as an American residing overseas:

- Repeal of FATCA (Foreign Account Tax Compliance Act)
- Residence-based Taxation

I know others are providing more detailed submissions with more detailed analysis on these issues so I wish to provide you some examples of how FATCA and Citizen Based Taxation have significantly negatively impacted my life and decreased the ability of America to export goods and services through the support of Americans overseas.

I have always faithfully filed my required US tax and bank account disclosure forms. Please note that in 30 years overseas, only twice have I ever owed any US taxes, and even then the amount paid was under \$200. The preparation of US tax forms has always been infinitely complicated, yet I have always suffered through the process as my legal duty. However, with the implementation of FATCA, my compliance to US tax laws has become an unbearable burden. **Why should I be required to fill null returns year after year? Why should I reveal private banking information, being treated like a criminal, when I don't owe any US taxes?**

In the past month alone:

- My bank has informed me that, because of FATCA, they will no longer offer me, as a US citizen, investment services of any kind;
- Two venture capital groups I approached to fund/invest in a business proposal of mine have declined to even listen to my proposal, as they are unwilling to invest in any business associated with Americans, due to the nefarious reporting requirements and exposure to US tax that they and their companies will be subjected to under the FATCA IGA with Hong Kong.
- My life insurance company, based in Switzerland, has made it clear that while they are “doing me a favor” by not terminating my policy, they reserve the right to do so, as well as advising me that they will not consider issuing me any further policies.

Last year I attempted to buy a small house in the state of Georgia, for my son to live in and rent out some rooms. My bank informed me that, because I am a US citizen resident outside the USA, under no circumstances will they mortgage an “investment property” in the USA, due to complex reporting requirements that the bank is unwilling to participate in. Other banks *inside the USA* told me the same: they will not provide mortgages to US expats, regardless of my credit rating. Non-US citizens have no such prohibition. In other words, the leader of ISIS can mortgage a house in the USA, but I can’t!

My case is nothing unusual. Every American expatriate I know is experiencing similar setbacks in their lives and businesses as a result of FATCA and US Citizen Based Taxation.

In addition I would like to communicate my great concern about the future security risk which the FATCA legislation presents. No one knows what will be done with the huge amount of extremely private information collected by banks, financial institutions and governments under the FATCA system (names and addresses of client and family members, account numbers and amounts, income and tax information), and there is a great risk that this information could fall into the wrong hands and be used against those of us who live and work abroad.

Regarding taxes themselves, my accountant has advised me that I face the possibility in a few years, when I turn 65, of an enormous “windfall” tax when my local Hong Kong provident fund (similar to 401k) becomes available to me, which is tax free in Hong Kong, but regarded as non-tax deferred “income” by the IRS.

The United States government, the only one in the world to impose taxation on citizens who are permanently or long-term non-resident in the country, has been piling burden upon burden, complexity upon complexity, and life-destroying punitive fines, on its citizens. Many are being driven to renunciation of citizenship, *not to evade taxes*, but to rid themselves of the utter complexity and threat of draconian punishments for minor reporting errors of both taxation and financial reporting.

Finally, I wish to point out that the costs to the US government of collecting taxes and financial account information, and investigating and prosecuting possible fraud far outweigh the benefit to the government. Figures of “\$150 billion in unpaid tax revenue” are ludicrous, and you will find that such figures are not based on any study.

I strongly urge you to make the USA join the rest of the world by basing taxation on residency, rather than citizenship, and to repeal completely the onerous FATCA legislation. If nothing is done about it this year, then I and my family will join the renunciation exodus, forever removing ourselves and our income and savings from the United States economy.

Sincerely,



David Nicol

P.S. On a personal note to every lawmaker: please remember that absentee ballots tipped the balance of votes in Florida and other states in at least two recent US presidential elections. A brief visit to US expatriate online forums will convince you that we are banding together, pledging our votes to whichever candidates have taken action to repeal FATCA and CBT, regardless of our other political affiliations or leanings. There are millions of US citizens abroad. Just as your decisions in this committee will directly affect us, our votes can affect you.