

To the Individual Income Tax Working Group, the International Tax Working Group, and in particular my fellow Oregonian, Senator Ron Wyden:

I'm an everyday middle-class American expatriate living permanently in Australia. I recently completed my first round of US tax returns as an expatriate. It was, to put it frankly, a nightmare.

The US requires all citizens, regardless of where they live, to file and pay taxes on their full income. In my case, that means income gained from, stored at, and spent in Australia. This process is unfair, incompatible with foreign countries, and time-consuming.

Firstly, taxing me while I'm living here is unfair. The philosophy of paying tax is to support common infrastructure needs, including roads, schools, emergency services, social security, defence, and government institutions. I do not benefit at all from these institutions. Where I do gain benefit is from Australian institutions of a similar nature – and I pay for these institutions as an Australian taxpayer. It is unfair to ask me to pay for services and institutions in the United States that I do not benefit from.

Secondly, asking me to file international income as part of my US taxes is extremely complicated because Australia and America's financial systems are different and incompatible. For example:

- A big chunk of my income automatically goes into a government-mandated retirement account called a Superannuation. Financial institutions pay taxes on this income. While taxes are paid on this income, since it is done by the financial institution and not by me directly, I cannot claim the Foreign Tax Credit on this income.
- The Australian tax year is from July until June. This means that I do not know how much I will qualify for the Foreign Tax Credit until long after the deadline has passed every year. I must go through the entire Australian tax return filing process before I can be sure I'm claiming the correct Foreign Tax Credit.
- Each year, I will send money to the United States on the interest payments I make in my savings account. Savings account interest doesn't qualify under the Foreign Earned Income Exemption, and the tax rate for interest is less in Australia than it is in America. This income is double-taxed for me every year.

Finally, the entire process is very time-consuming.

- Australian institutions don't provide US-friendly tax documents. They don't even provide Australian documentation, since it's all done electronically here. I have to track down and calculate all of my income manually.
- There are heaps of documents I need to read in order to complete international taxes. The process is extremely complex and there are tons of places where I can go wrong. Spending the time compiling this puts me at a competitive disadvantage. I was up until 4am one night doing my taxes, and my work performance suffered for the rest of the week.

In addition, I face additional stress from a couple of other avenues within the scope of international taxation:

- The Foreign Account Tax Compliance Act (FATCA) causes certain financial institutions to make blanket rejections to all US persons in order to lower risk and expenses. The ING Direct Living Super is an example of a local financial product I want to apply for that rejects all US persons outright. See here for evidence: (http://www.ingdirect.com.au/pdf/Living_Super_Product_Guide_1013.pdf) Pg. 56
- I have to spend additional time filling out annual FBAR reports on my local bank accounts every year, something I also consider a violation of my privacy.

In closing – the taxation process for American expatriates is unfair, incompatible with foreign countries, and time-consuming. It's bad enough for me, though any children I have will also have to go through this process even if they never set foot on American soil. This is inconvenient enough for me that, should I continue my life here for a sufficient duration of time, consider renouncing my American citizenship. Please take my experience into consideration when drafting tax reform legislation.

You are welcome to contact me with any questions related to my personal experience as an expatriate taxpayer.