

Dear Senate Finance Committee

26 March 2015

I'm 67, a woman and I've lived here in the UK for 29 years. Prior I was in the Middle East for 5 years having left the US in 1980. In all that time, I've spent less than 12 weeks IN TOTAL in the US. In the UK I've either not worked or only worked part time. My income has never exceed \$18k in any year. I have an English family. I have not filed any US taxes since being in the UK as it just wasn't on my radar and I didn't know I should be. My 'income' this year will be around \$13k, last year it was about \$8k. The difference is I started receiving my social security from the US and I am so grateful for it as I've been struggling. I am not a tax exile or evader. I have always paid my UK taxes and US taxes when I was there. I paid US taxes in the Middle East because I worked for an American company and they took care of all that side of things. I thought I was paying US taxes because I was working for an American company.

Now I am in retirement, live alone and without intention of returning to the US. I have some savings, mostly in cash but not at any of your 'dirty banks'. My savings are tiny and accumulated over many years of scrimping. I own a number of London bought 'trusts' mainly because they are safer for small, inexperienced investors like myself. I am not in a position to hire tax consultants or even accountants. I am also getting on and worried about dementia, etc. People my age are treated much better in the UK and I don't worry about my UK tax obligations, they are manageable. However, to now deal with FATCA and US filing issues is so daunting and expensive I am like a rabbit caught in headlights – absolutely frozen. My quotes for filing Streamlined – because of my 'investment trusts' - are at a minimum \$2600 but more likely \$4000. And now I've read that with Streamline, the IRS can still come back and re-examine you years later but that's another issue.

I've discovered that capital gains from our former marital home sold 3 years ago may exceed allowances. This is because we owned it for 19 years and house price inflation in the UK is considerable and notorious.¹ The smaller home purchased with the proceeds equally had an inflated price tag but this doesn't figure into the calculations. I cannot understand why the US feels they are entitled to some of the (paper) gain anyhow, especially as they went on buying the smaller house.

Regarding my investment trusts mentioned above, consider that I've lived here in the UK 29 years. I have just discovered they are maligned by the US and harshly treated by the IRS. If I lived in the US and invested overseas, I can see how this might be suspicious. But I live in the UK, 365 days a year. How would I possibly have known that investing my personal savings in local, UK financial products for many years is verboten by the US authorities? WHY, living a few hours from London, would I channel my funds to NY into US mutual funds? It's not logical. I would be at the mercy of currency rate commissions, fluctuations and no doubt be punished by the UK tax people for owning 'foreign' investments. I can't win! I have tried not to 'put all my eggs in one basket' by not only having investment trusts but by having about 5 – 6. The FBAR, FinCEN and PFIC forms are horrendous and leave me at the mercy of some specialist accountant I find online. I feel I am being punished for having moved abroad, for having had the 'audacity' to save for rainy days. I have a roof that needs extensive repairs and now the money I would have spent on that will have to go to an accountant because no one else can understand Form 8621.

Now, my British children: I was proud to be American when they were born and duly had them registered at the US Embassy and obtained their passports and social security numbers. They've never lived nor worked

¹ *'Between 2002 and 2007, house prices in the UK rose by 90%, faster than any Eurozone nation except Spain'. Wikipedia, Affordability of Housing in the UK.*

in the US. Their education and medical care have been funded by the UK taxpayer, not the US taxpayer. Why should they be expected to file or give any information the US authorities?? Shame on you, America. This is pathetic and no better than money grabbing.

Unable to afford a tax planner, I don't know which filing option is best for me, 'quiet, streamlined or ovdp'. I feel I have been driven into a corner. I am really angry. Regardless, I am going to have to spend an awful lot of money to file returns to the IRS, not owe any income tax but probably be punished for having investments I didn't know were 'bad'. Then I will have to repeat the process year after year. I cannot see myself doing this when I am 75 so I think I will eventually apply to renounce my citizenship. I've taken the first step and am now a British citizen as well as American.

If the US had Resident Based Taxation like the rest of the world, I would not be in the nightmare scenario I find myself in. I strongly urge you to **support Residence Based Taxation**. It's fairer. It is how the rest of the world operates (with good reason.) If not that, then please **support 'same-country exception' when reporting "foreign" bank accounts under Fatca** when residing abroad.

Thank you for taking the time to read this.

KJ

Canterbury, UK

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