

To Whom It May Concern,

My husband and I are both Americans employed in the UK, working for American based companies. We have lived in the US for more than 40 years and have been in the UK for 6 years.

Over the years, we have struggled with the complexities associated with filing taxes in two countries, and it is the case that we spent at least half of the year preparing for taxes – either for the US or the UK.

Each year, it costs us \$1,500 to have our US taxes prepared, which is far more than I have ever paid for tax preparation in the US. (It costs us £800 for our UK taxes). It's not surprising that our tax preparation bill is so high given that it takes a team of 3 people to complete our taxes when you consider both the preparation of our 1040 as well as the foreign bank account documentation.

We pay 40% tax in the UK, which is higher than our 38% tax bracket in the US. Factoring in foreign tax credits, etc. our accountants work out complicated formulas that we frankly can't possibly begin to understand.

Where we really get caught is the fact that a portion of our compensation comes from stock. The accounts are housed in the US based on the fact that we work for American companies. So there is always an additional complication from these stock transactions.

In fact, to my surprise this year I find that my employer has considered one of my stock transactions to be a "US source of income" – even though I was never employed in the US in 2014 (I haven't been employed in the US since 2009). To my dismay, my employer issued me a W2 (first time since 2009) for this particular stock transaction. The W2 states that I earned \$44K in the US and I only paid \$938 in tax. In reality, I've earned more than 4 times that amount and I paid 40% tax in the UK, not to mention the 51% tax I pay on restricted stock. The net result is I owe the US government \$4,259 this tax year because someone said I earned money in the US. I am trying to work with my employer on this situation but I am caught between US and UK payrolls where no one can really explain this to me. In the meantime, the 15th April deadline is upon us, so I will need to file my taxes with the hope that perhaps I can amend our 2014 filing over time to undo this claim of US-based income.

It might also interest you to know that while Americans abroad have until 15th June to file our taxes, the amount we owe is technically due on 15th April. It was to my great surprise in years past that I was charged interest between April and June, even though I was meeting the 15th June filing date. Somehow, that doesn't seem very fair to have a filing deadline and then to charge interest on taxes due.

The final point is with regards to the foreign bank account. We have accounts in both the US and the UK. Given that we are employed and reside in the UK, I don't consider the UK accounts to be foreign accounts. The paperwork required for the US adds more time (and cost) to our tax preparation each year.

My husband and I have all of our family in the US. We own a property in the US that rent to family. We love the US and are very proud to be American. In fact, we view living abroad as a way to show the world the greatness of Americans. We contribute to the US economy by working for American companies. However, it is becoming increasingly difficult for us to maintain our American citizenship with the cost and complexity of the tax laws. As a result – and for the first time – we are considering whether we renounce our American citizenship. It will be tremendously sad for us should it come to this decision, but financially we believe we are being penalized for being American.

I truly hope you will consider revising the tax laws so they are based on residency and not citizenship.

Thank you in advance for your consideration.

Sincerely,
Kellyann Brown
Michael Brown

Please note this letter was prepared on our behalf as private individuals and we are not affiliated with any group.