

April 06, 2015

The Honorable Orrin Hatch
Chairman
The Honorable Ron Wyden
Ranking Member
Senate Finance Committee
United States Senate
Washington, D.C. 20510

Dear Senators Hatch and Wyden,

I write in response to your generous solicitation for ideas from interested members of the public and stakeholders on how best to overhaul the nation's broken tax code and thus to make it simpler, fairer, and more efficient. I write specifically pertaining to international taxation.

As an American citizen having lived in Switzerland for more than ten years with my spouse — also a US citizen — I have personal experience relating to the unjust nature of the current tax code as it relates to international taxation of US citizens living abroad.

I note by way of introduction that I work full time as a salaried employee in Switzerland and receive no salary compensation from the United States. Nevertheless, I have to pay nearly 10% in my salary income in US taxes (my husband and I pay between \$25,000 and \$30,000 US taxes annually) on top of the full taxes that I must pay the Swiss government as a full-time resident of Switzerland.

I request that the Senate Finance Committee adopt the American Citizens Abroad (ACA) proposal for reform to Residency-based taxation (RBT) as described at:

<http://americansabroad.org/files/6513/6370/3681/finalsbrbtmarch2013.pdf>

The current tax code for American citizens living abroad is a nightmare of essentially randomly assembled tax regulations that could never have a hope of being reasonable because there is no way the US tax code could possibly be coordinated with the taxation systems of nearly 200 other countries in the world.

Below, I list just 3 of many concrete ways in which my spouse and I are directly harmed by the current situation:

1/ The complexity of a tax return for an American living abroad is such that it is not possible for an individual to fill it in. In 2013, our tax preparation fee was \$3160.

2/ Like my compatriots living in the US, I have a pension plan offered by my employer but because it is not an "IRS-approved" plan (how could it be, it's a Swiss retirement plan) mine is taxed even though (i) I do not have access to it to pay the taxes, (ii) I have to pay in today's dollars whereas I will receive the funds only in the future in inflation reduced value, and (iii) I have to pay the taxes when I am at my peak earning capacity (i.e., higher tax bracket) as opposed to when I will be retired.

3/ The current Citizen-based taxation policy renders me highly susceptible to changing exchange rates. For example, although my salary has increased modestly since I arrived in Switzerland, the weak dollar has led in the last years to an apparent 30% increase in income solely owing to the fact that a Swiss Franc was worth \$0.80 in 2004 and is now worth \$1.05 in 2005.

Please seriously consider the RBT proposal promoted by ACA. A move towards a residence-based system, as is the case for the rest of the world, would not only be cost neutral for the US but would be simpler and fairer for Americans living abroad.

Yours sincerely,



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