

## **A Submission to the Senate Finance Committee Tax Reform Working Group**

As a US citizen who moved permanently to New Zealand four years ago, I urge your working group to review and consider reforms to the burdensome costs and complexities inherent in the current US tax code treatment of overseas US citizens. Please consider the points below that illustrate my personal situation.

1. Despite a background in mathematics and an interest in finance and accounting, I have found it necessary to pay almost \$1000 annually to a tax preparer specializing in US expatriate tax returns.

2. Although I employ a tax preparer, I still spend many hours assembling and reviewing all of the necessary information. To illustrate the additional complexity, prior to moving overseas my tax return was typically 8-10 pages long. My latest 2014 tax return is 26 pages long.

3. Because New Zealand tax rates are generally higher than those in the US, I expected that I would ultimately pay more taxes overall. However, I find that I continue to owe US taxes on top of those paid to New Zealand. In practice, through the complexities of the foreign tax credit calculations, I end up simultaneously owing US tax and having unused foreign tax credits that accumulate and will likely never be used.

4. Because of the particularly complex rules regarding investments in foreign mutual funds, I am forced to pursue my long-term savings goals through US-based mutual funds and retirement accounts. Fortunately, the US provides a broad array of investment options and is the location where I prefer to invest. However, I now face double taxation on the income from these US-based investments. In theory, the US-New Zealand tax treaty has provisions intended to avoid such situations of double taxation. But, despite the expertise of my tax preparer, there appears to be no straightforward method or IRS guidelines to achieve this in practice.

5. My children were under ten years old when they left the US. I do not know what their future holds, but it is possible they could never return to live in the US. Despite this, as US citizens they could be required to file US tax returns for the rest of their lives. This cannot be fair or just.

I do not have the expertise to recommend specific reforms that would provide much needed relief to me and the millions of other overseas US citizens like me. At the very least, please consider switching from the current system of Citizen-Based Taxation to a system of Residence-Based Taxation as practiced by nearly all other countries. I am aware that the organization American Citizens Abroad has provided detailed recommendations and proposals in this regard that I urge you to consider.

Sincerely,

Tim Olsen