


# WHAT IS RESIDENCY-BASED TAXATION?

Residency-based taxation (RBT) is a system in which you pay taxes according to the country in which you live, rather than the one in which you are a citizen. This latter system is known as citizen-based taxation (CBT).



Every developed nation follows an RBT system, with one notable exception: The United States of America! The main rationale for such a system is that the benefits of U.S. citizenship follow Americans no matter where they live.

# WHY IS CITIZEN-BASED TAXATION A PROBLEM FOR OVERSEAS AMERICANS?

- An estimated nine million U.S. citizens live, for numerous reasons, outside the U.S. CBT means that overseas Americans (who, together, make up a population greater than that of the U.S. state of New Jersey) face the financial and administrative burden of taxation in two nations.
- Many overseas Americans must pay expensive professional tax preparers to comply with complex and ever-changing tax laws and to keep them up to date on other new and changing reporting requirements.
- Most U.S. citizens living abroad are not rich “fat cats” who use overseas residency to “game” the system, but we are ordinary, hard working Americans.
- Globalization means that the number of Americans living overseas will only grow with time.
- Increasing numbers of Americans living abroad are denouncing their citizenship as the privileges and benefits of maintaining U.S. citizenship are perceived to be overshadowed by the burden of complying with the unusual and excessive demands imposed on overseas citizens.
- Not all privileges and benefits of U.S. citizenship seem to follow overseas Americans, at least with regard to these major areas:
  - Many areas of the tax code discriminate against Americans abroad: Double or punitive taxation can occur in the treatment of foreign retirement savings plans, capital gains, non-qualified, non-U.S. pension plans, and bequests to surviving foreign spouses, to give a few examples.
  - The IRS outreach to overseas Americans has been woefully inadequate over time, and budget cuts have resulted in overseas IRS offices being closed, making the misinformation and confusion about U.S. tax filing even worse.
  - State Department budget cuts mean fewer and more difficult access to essential services for Americans abroad and longer wait times for appointments to renew passports or conduct other important business.

Since our creation, Democrats Abroad has supported a change to RBT. Using its resources of thousands of dedicated volunteer activists, DA is working with other organizations of overseas Americans to campaign in support of RBT.

Now that Congress is again turning its attention to comprehensive tax reform, DA believes that it has a genuine opportunity to influence the process.

## **HOW IS DEMOCRATS ABROAD PARTICIPATING IN THE EFFORTS TO BRING ABOUT A CHANGE TO RBT?**

**"Remember, you have a voice!  
And that voice is best directed  
to your elected Federal  
lawmakers."**

## **HOW CAN I HELP DA IN ITS WORK ON RBT?**

Contact the member of Congress and the senators of the district/state in which you last voted in the U.S.

If you don't know your member of Congress and/or your senators, you can look them up using the online tools on the following page. All you need is the zip code of the last place you voted in the U.S.

Super campaigners can reach out to members of the House Ways and Means Committee's Subcommittee on Tax Policy and the Senate Finance Committee's Subcommittee on Tax and IRS Oversight.

# YOUR MEMBER OF CONGRESS

**HOUSE:** <http://www.house.gov/representatives/find/>

To find the address and phone number of your representative, look on the home page of their website, usually at the bottom. Sometimes this information is at the right hand side of the page.

**SENATE:** <https://www.senate.gov/senators/contact/>

If you know your voting state you can find your 2 U.S. senators in the table at this link:

Clicking on the Senator's name will take you to their website. To find the address and phone number of your Senator, look on the home page of the website, usually at the bottom. Sometimes this information is on the right hand side of the page. You also may find a "Contacts" tab at the top of the home page.

## TAKE ACTION

Here are some concrete actions you can take to make your voice heard:

- **Participate in the Congressional Call Storm - Thursday June 15!**
- **Write your member of Congress or your senators!**
- **Send a postcard to your member of Congress/senators!**
- **Participate in Democrats Abroad's Email Campaign!**
- **Vote from abroad!**

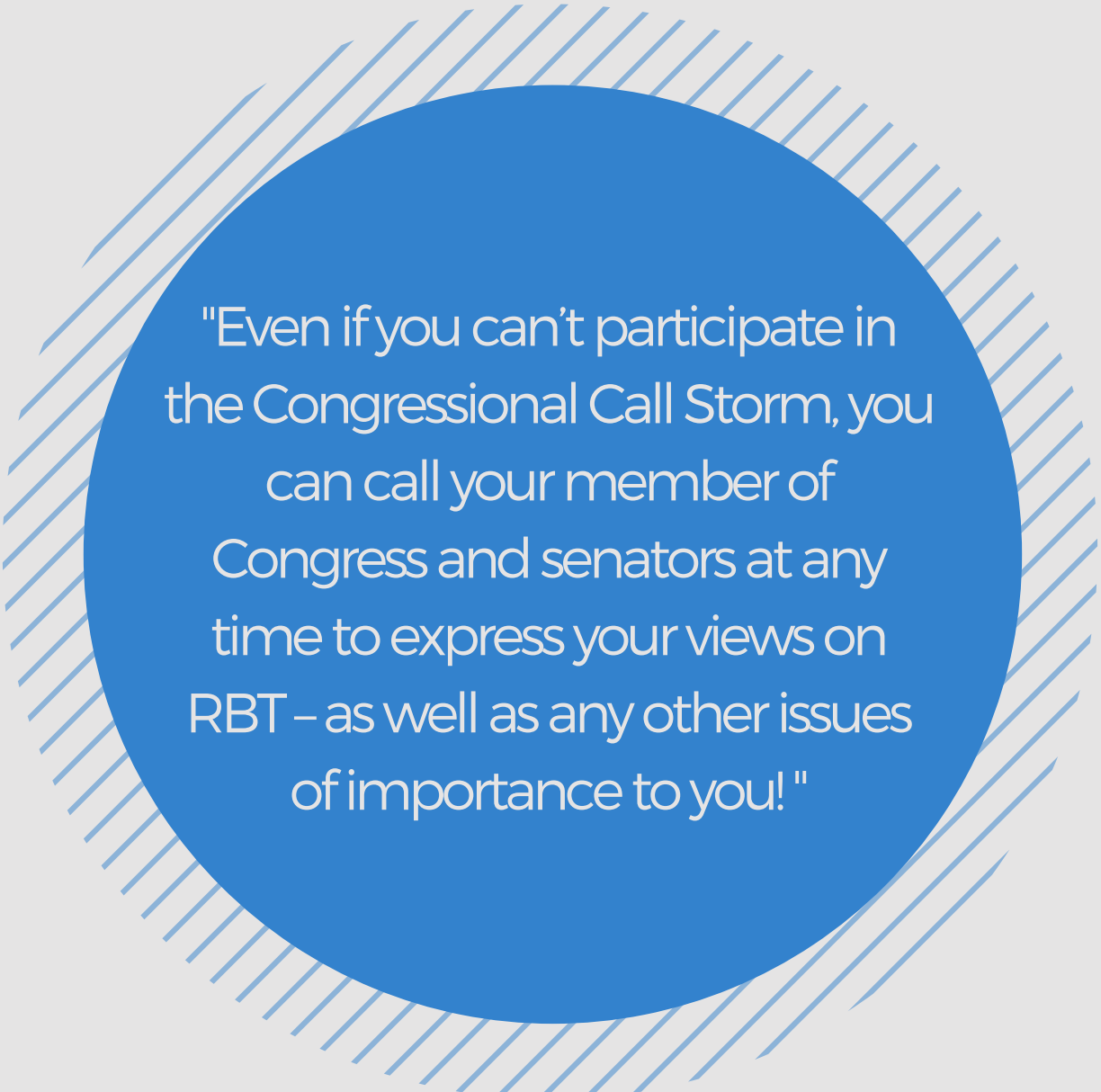
# CONGRESSIONAL CALL STORM - THURSDAY JUNE 15!

Organizations like DA sometimes plan "Congressional Call Storms" - an agreed day (and sometimes time period) for campaign participants to blitz Congress with phone calls about the same topic. The idea is to create a mass of calls that, literally, disrupt the day!

Please register your group to participate in the RBT Congressional Call Storm on Thursday June 15, 2017 - the day of the deadline for filing tax returns from abroad.

Register here: <http://bit.ly/RBTcallstorm> - Call scripts are on the next page.

Contact Carmelan Polce with questions ([cpolce@tpg.com.au](mailto:cpolce@tpg.com.au))



"Even if you can't participate in the Congressional Call Storm, you can call your member of Congress and senators at any time to express your views on RBT - as well as any other issues of importance to you!"

# CONGRESSIONAL CALL STORM – THURSDAY JUNE 15! (CONT)

Here is a sample script for calling your representative or senator regarding RBT. Make changes as necessary so that it relates to your own situation! The phone will be answered by the office receptionist.

*Hello, my name is \_\_\_\_\_ and I am Representative/Senator \_\_\_\_\_'s constituent in \_\_\_\_\_ County, [State]. [If calling a Representative - My zip code is \_\_\_\_\_.]*

*I currently live in [city, country] and I am hoping to speak directly to the Senator/Representative or his/her staffer about a tax matter that impacts constituents like me who live outside the United States.*

*[The receptionist may find you someone to talk to or may or speak to you themselves. This is the message you may want to relay.]*

*I am calling to ask Representative/Senator \_\_\_\_\_ to support Residency Based Taxation. As you may know, the U.S. is the only country that taxes its citizens on their world-wide income even when those citizens live abroad and no matter how long they've lived abroad. That means I pay taxes in [name of country] where I live, and I file a tax return to the IRS every year. IRS tax forms for declaring foreign income are a lot more complicated, so besides being a nuisance, filing abroad is complex, costly and very stressful.*

*I'm an ordinary US citizen. I moved to [country] to [be with my partner/ be with my family/ to take an exciting job/ other]. I/my family cannot afford to be double-taxed. I'm/we're not wealthy, with lots of disposable income to spend on tax return preparers.*

*I value my US citizenship. I vote every year I can. I pay attention to U.S. politics as much if not more than the average citizen. But I don't think it's fair that I am taxed in [country of residence] as well as in the US on income I make abroad.*

*The current law is costly, punishing, and unfair and is causing many of us to consider renouncing our U.S. citizenship. I hope that shocks you because it shocks me.*

*That is why I am asking Representative/Senator \_\_\_\_\_ to change the US tax laws from Citizenship Based Taxation to Residency Based Taxation. Can you please pass this message to Representative/Senator \_\_\_\_\_ and ask her/him to support Residency Based Taxation. Thank you.*

# WRITE YOUR REPRESENTATIVE!

Here is a template for creating your own letter to your representative:

Writer's Name  
Address

Date

Representative Name  
Address

Dear Representative \_\_\_\_\_

**Re: Seeking your support for Residency Based Taxation**

I vote in [state and district #]. My voting address zip code is [zip code]. I currently live in [city and country of residency].

As you may know, the U.S. is the only country that taxes its citizens on their worldwide income - no matter where they live and no matter how long they've lived abroad. Citizenship Based Taxation forces Americans like me who live abroad to report our income both to our country of residency and to the IRS. Many of us are double-taxed, and all of us endure costly, stressful and complex filing of overseas income - which is much more complicated than filing income generated in the US.

The burden the law places on Americans living abroad is causing many to consider renouncing our US citizenship. This is intolerable. We are asking Congress to change the law from Citizenship Based Taxation to Residency Based Taxation. I ask for your support for Residency Based Taxation.

My personal story is as follows:...

[Personal stories are very important and can be highly compelling.]

I hope this has been helpful to you in understanding the serious and detrimental impact Citizenship Based Taxation has on the lives of ordinary Americans like me whose life happens to have taken abroad.

I value my U.S. citizenship. I vote every year I can. I pay attention to U.S. politics as much if not more than the average citizen. But I don't think it's fair that I am taxed in [country of residence] as well as in the US on income I make abroad.

Thank you.

Kind Regards,  
Name  
Voting address  
Voting city, state, zip code

# WRITE YOUR SENATOR!

Here is a template for creating your own letter to your senators:

Writer's Name  
Address

Date

Senator's Name  
Address

Dear Senator \_\_\_\_\_

**Re: Seeking your support for Residency Based Taxation**

I vote in [city and state]. My voting address zip code is [zip code]. I currently live in [city and country of residency].

As you may know, the U.S. is the only country that taxes its citizens on their worldwide income - no matter where they live and no matter how long they've lived abroad. Citizenship Based Taxation forces Americans like me who live abroad to report our income both to our country of residency and to the IRS. Many of us are double-taxed, and all of us endure costly, stressful and complex filing of overseas income – which is much more complicated than filing income generated in the U.S.

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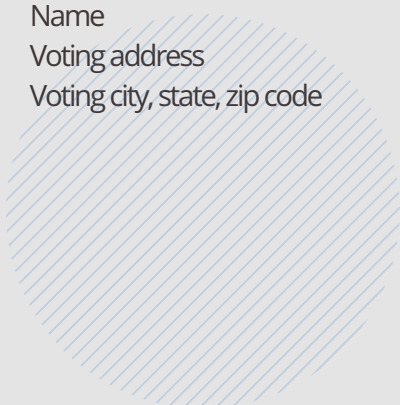
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I value my U.S. citizenship. I vote every year I can. I pay attention to U.S. politics as much if not more than the average citizen. But I don't think it's fair that I am taxed in [country of residence] as well as in the US on income I make abroad.

Thank you.

Kind Regards,  
Name  
Voting address  
Voting city, state, zip code





# SEND A POSTCARD TO YOUR MEMBER OF CONGRESS/ SENATORS!

Here are templates for creating your own postcard to your representative and to your senators:

## *Sample Postcard Language – House of Representatives*

Dear Representative \_\_\_\_\_.

I vote in [state and district #]. My voting address zip code is [zip code]. I currently live in [city and country of residency]. Americans like me who live abroad are forced by the U.S. tax system of Citizenship Based Taxation to report our income both to our country of residency and to the IRS. The U.S. is the only country that taxes its citizens on their worldwide income, no matter how long they've lived abroad. I/my family am/is not wealthy. I/we cannot afford to pay tax in both the US and [country of residence]. The current law is costly, punishing, stressful, and unfair and is causing many of us to consider renouncing our U.S. citizenship. That is why we are asking Congress to change the U.S. tax laws from Citizenship Based Taxation to Residency Based Taxation. I ask for your support for Residency Based Taxation. Thank you.

## *Sample Postcard Language – Senate*

Dear Senator \_\_\_\_\_,

I vote in \_\_\_\_\_ County, [State]. I currently live in [city and country of residency]. Americans like me who live abroad are forced by the U.S. tax policy of Citizenship Based Taxation to report our income both to our country of residency and to the IRS. The U.S. is the only country that taxes its citizens on their worldwide income, no matter how long they've lived abroad. I/my family am/is not wealthy. I/we cannot afford to pay tax in both the U.S. and [country of residence]. The current law is costly, punishing, stressful, and unfair and is causing many of us to consider renouncing our U.S. citizenship. That is why we are asking Congress to change the US tax laws from Citizenship Based Taxation to Residency Based Taxation. I ask for your support for Residency Based Taxation. Thank you.

# PARTICIPATE IN DEMOCRATS ABROAD'S EMAIL CAMPAIGN!

Democrats Abroad has initiated a campaign on the Democracy.io website, a platform for communicating with elected officials in both houses of the U. S. Congress. With Democracy.io, you can write an email message and send it automatically to both of your senators and to your member of Congress!

Please use this link to access the messaging platform: <http://bit.ly/WeNeedRBT>

The WeNeedRBT campaign link enables DA to track how many supporters of RBT have sent messages to Congress. Thanks for using this link and being counted in our campaign!

## Here is some sample language for your Democracy.io message:

*I vote in [state and district #]. My voting address zip code is [zip code]. I currently live in [city and country of residency].*

*As you may know, the U.S. is the only country that taxes its citizens on their worldwide income - no matter where they live and no matter how long they've lived abroad. Citizenship Based Taxation forces Americans like me who live abroad to report our income both to our country of residency and to the IRS. Many of us are double-taxed, and all of us endure costly, stressful and complex filing of overseas income - which is much more complicated than filing income generated in the US.*

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*I hope this has been helpful to you in understanding the serious and detrimental impact Citizenship-Based Taxation has on the lives of ordinary Americans like me who life happens to have taken abroad.*

*I value my U.S. citizenship. I vote every year I can. I pay attention to U.S. politics as much if not more than the average citizen. But I don't think it's fair that I am taxed in [country of residence] as well as to the IRS.*

*Thank you.  
Kind Regards,  
Name*

# VOTE FROM ABROAD!

Last but not least, make sure you vote in whatever elections you are eligible! For more information, check out [www.Votefromabroad.org](http://www.Votefromabroad.org)



**VOTE  
FROM  
ABROAD**