

TAX REFORM FOR AMERICANS ABROAD

Autumn
Congressional CallStorm

16-20 September 2019
Participation Guide



 **DEMOCRATS ABROAD**

UPDATE ON DEMOCRATS ABROAD TAX REFORM FOR AMERICANS ABROAD



Democrats Abroad is heading back to Capitol Hill in the third week of September for a series of meetings about the development of a bill to enact a switch from our current system of Citizenship Based Taxation to Residency Based Taxation (RBT). Our understanding is that Ways and Means Committee staff were prioritizing work on a bill to introduce RBT whilst Congress was on its Summer break. We look forward to a briefing on their progress. We will also meet with other members whose support for RBT is critical to the success of the reform.

As you know from briefings this year, we now have a bi-partisan partnership of members of the all-important House Ways & Means Committee building on the 2018 Tax Fairness for Americans Abroad Act to produce legislation that has a good chance of generating support across Capitol Hill. We believe this team will write a bill that has the design elements essential to 1) meeting the needs of ordinary Americans abroad AND 2) protecting the law against abuse by tax evaders.

While work progresses in the Ways and Means Committee on the legislation, we need to continue making the case for Residency Based Taxation to the rest of the Congress. **In the week of 16-20 September please join our GLOBAL CONGRESSIONAL CALLSTORM** asking for Residency Based taxation plus these critical reforms:

- ❑ relief from the “transition taxes” in the 2017 tax law to prevent the destruction of many thousand of companies owned by Americans living abroad;
- ❑ the “Overseas Financial Access Act” – to eliminate the foreign financial accounts of Americans living abroad from reporting under FATCA;
- ❑ the “Social Security Fairness Act” - to repeal the Windfall Elimination Provision that prevents Americans abroad with pensions in their countries of residence from claiming the full amount of Social Security payments owed to them;
- ❑ a remedy for “Accidental Americans” who want only to shed unwanted U.S. citizenship without lengthy procedures and undo penalties.

We need you to reach out to your elected representatives and ask for their support for these reforms. If your representative serves on the House Ways and Means Committee we also need you to ask for their support for hearings. (See Page 11.) This campaign guide will help you to do that.

WE NEED YOU TO HELP US FIGHT



1.) CALL YOUR SENATORS AND CALL YOUR MEMBER IN THE HOUSE OF REPRESENTATIVES

Important progress was achieved with the introduction of the Tax Fairness for Americans Abroad Act. We need to sustain the momentum and keep pushing the proposal forward. **Outreach to Congress by Americans abroad during our meetings the week of 16-20 September is critical.**

Advice for *finding your members of Congress* and scripts for making the calls are in this Guide. More detailed talking points are also included at the end of the Guide.

2.) **You can also use the web messaging system on the website of your elected representatives to deliver your concerns.** You can use the language for writing a letter or postcard included in this Guide to draft your online or email message.

3.) **Write a letter or send a postcard.**

Your written correspondence will help to reinforce the calls. Please write!

Sample language for writing letters or postcards is in this Guide.

4.) **If you get a response from a Congressional office or a member of Congress, please let us know.**

Here's a Google Form to make it super easy for you to respond and for us to use your outreach in this campaign in our next campaign (ie "Committee Chairman X, we know that YY,000 calls and messages about the way the U.S. Tax system hurts Americans abroad were sent to Congress. Please help us fix this.")

You can cut and paste this link into your web browser: <http://bit.ly/CongressOutreach>

FIGHT FOR TAX REFORM –

Find your Senators and Member of the House of Representatives



Your elected representatives are the member of the House of Representatives and the two Senators of the district/state in which you last voted in the U.S.

A lot has changed since the 2018 midterm elections. If you don't know your member of Congress and/or your senators, you can look them up using these online tools. All you need is the zip code of the last place you lived in the U.S.

U.S. House of Representatives

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

There are also some Frequently Asked Questions on this page about how to contact your member of Congress.

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.

U.S. Senate

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

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

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.

FIGHT FOR TAX REFORM – Add your voice to the fight



Call Your Member of the House of Representatives and tell them:

My name is _____ and I vote in your district. I live in [name of country] and like other Americans living abroad I am required to file taxes both in the US and in [name of country].

There are 6.5 million Americans like me, living outside the United States, struggling with the U.S. tax code because it discriminates against us in so many ways. Our problems with the U.S. tax system exist because Americans abroad were – and continue to be - forgotten during the tax writing process. As an example, the “transition taxes” in the 2017 Tax Act are forcing many American business owners abroad to close their companies. Repatriation Tax and GILTI are destroying many businesses and the savings of those who own them.

That is why Americans abroad want the U.S. to switch from our current system of citizenship-based taxation to residency-based taxation. If the U.S. had a system of residency-based taxation, like nearly every other nation, then I'd still be required to report my U.S.-based income to the IRS, but not the income I make in and pay tax on to [name of country].

A bi-partisan team in the House Ways & Means Committee are working together to develop legislation that would enact Residency Based Taxation. I urge Rep [name of Representative] to support this legislation when it is introduced in the 116th Congress. It will provide much needed relief to Americans abroad.

I am also asking for [his/her] support for the Overseas Americans Financial Access Act, which would exempt Americans living abroad from disclosures on the financial accounts in their countries of residence – accounts they need to pay bills and save for the future. I encourage Rep [name of Representative] to contact Rep Carolyn Maloney to co-sponsor this important legislation.

Can I send your legislative assistant who handles tax matters a Briefing Note which summarizes the concerns and demands of Americans abroad?

[Write down the name, title, email address of the person you'll send the Note. The link to the Note is on page 10].

Thank you very much for your time, your service to Representative [name of Representative] and for your help.

FIGHT FOR TAX REFORM – Add your voice to the fight



Call Your Senators and tell them:

My name is _____ and I vote in your state. I live in [name of country] and like other Americans living abroad I am required to file taxes both in the US and in [name of country].

There are 6.5 million Americans like me, living outside the United States, struggling with the U.S. tax code because it discriminates against us in so many ways. Our problems with the U.S. tax system exist because Americans abroad were – and continue to be - forgotten during the tax writing process. As an example, the “transition taxes” in the 2017 Tax Act are forcing many American business owners abroad to close their companies. Repatriation Tax and GILTI are destroying many businesses and the savings of those who own them.

That is why Americans abroad want the U.S. to switch from our current system of citizenship-based taxation to residency-based taxation. If the US had a system of residency-based taxation, like nearly every other nation, then I’d still be required to report my US-based income to the IRS, but not the income I make in and pay tax on to [name of country].

A bi-partisan team in the House Ways & Means Committee are working together to develop legislation that would enact Residency Based Taxation. I urge Senator [name of Senator] to support this legislation when it is introduced in the 116th Congress. It will provide much needed relief to Americans abroad.

I am also asking for [his/her] support for the Overseas Americans Financial Access Act, which would exempt Americans living abroad from disclosures on the financial accounts in their countries of residence which they need to pay bills and save for the future.

Can I send your legislative assistant who handles tax matters a briefing note which summarizes the concerns and demands of Americans abroad?

[Write down the name, title, email address of the person you’ll send the list. The link to the list is on page 10].

Thank you very much for your time, your service to Senator [name of Senator] and for your help.

FIGHT FOR TAX REFORM – Write your Representative

Writer's Name
Address
Date



Representative's name
Address

Dear Representative _____

Re: Seeking your support for tax reform for Americans abroad

I vote in your district and I live in [name of country]. Like other Americans living abroad, I am required to file taxes both in the US and [name of country].

There are 6.5 million Americans like me, living outside the United States, struggling with the U.S. tax code because it discriminates against us in so many ways. Our problems with the U.S. tax system exist because Americans abroad were – and continue to be - forgotten during the tax writing process. As an example, the “transition taxes” enacted in the 2017 Tax Act are forcing many American business owners abroad to close their companies. It’s a grave error in policy making and a genuine tragedy for American business owners abroad whose businesses support their families and their futures.

That is why Americans abroad support a switch from the current U.S. system of citizenship-based taxation to residency-based taxation. If the U.S. had a system of residency-based taxation, like nearly every other nation, then I’d still be required to report my U.S.-based income to the IRS, but not the income I make in and pay tax on to [name of country].

A bi-partisan team in the House Ways & Means Committee are working together to develop legislation that would enact Residency Based Taxation. I urge Rep [name of Representative] to support this legislation when it is introduced in the 116th Congress. It will provide much needed relief to Americans abroad.

I am also asking for your support for the Overseas Americans Financial Access Act, which would exempt Americans living abroad from disclosures on the financial accounts in their countries of residence which they need to pay bills and save for the future. I encourage Rep [name of Representative] to contact Rep Carolyn Maloney to co-sponsor this important legislation. Further, American business owners abroad need relief from the “Transition taxes” in the 2017 Tax Act that will surely force many of them/us to close their/our businesses.

My personal story is as follows... .

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 believe it’s fair that I am taxed in [country of residence] as well as in the U.S. on income I make abroad.

Thank you

Kind regards,
Name
Voting Address
Voting city, state, zip code

FIGHT FOR TAX REFORM – Write your Senators

Writer's Name
Address
Date



Senator's name
Address

Dear Senator _____

Re: Seeking your support for tax reform for Americans abroad

I vote in [state] and I live in [name of country]. Like other Americans living abroad, I am required to file taxes both in the US and [name of country].

There are 6.5 million Americans like me, living outside the United States, struggling with the U.S. tax code because it discriminates against us in so many ways. Our problems with the U.S. tax system exist because Americans abroad were – and continue to be - forgotten during the tax writing process. As an example, the “transition taxes” enacted in the 2017 Tax Act are forcing many American business owners abroad to close their companies. It’s a grave error in policy making and a genuine tragedy for American business owners abroad whose businesses support their families and their futures.

That is why Americans abroad support a switch from the current U.S. system of citizenship-based taxation to residency-based taxation. If the U.S. had a system of residency-based taxation, like nearly every other nation, then I’d still be required to report my US-based income to the IRS, but not the income I make in and pay tax on to [name of country].

A bi-partisan team in the House Ways & Means Committee are working together to develop legislation that would enact Residency Based Taxation. I urge Senator [name of Senator] to support this legislation when it is introduced in the 116th Congress. It will provide much needed relief to Americans abroad.

I am also asking for your support for the Overseas Americans Financial Access Act, which would exempt Americans living abroad from disclosures on the financial accounts in their countries of residence which they need to pay bills and save for the future. Further, American business owners abroad need relief from the “Transition taxes” in the 2017 Tax Act that will surely force many of them/us to close their/our businesses.

My personal story is as follows... .

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 believe 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

FIGHT FOR TAX REFORM – Send a Postcard



Better yet, get a group together and **write a whole batch of postcards!!**

Sample postcard language – House of Representatives

Dear Representative _____

I vote in your district and I live in [name of country]. There are 6.5 million tax liable Americans like me living outside the United States and the problems with the U.S tax system that uniquely harm us were completely disregarded in the 2017 Tax Cuts and Jobs Act. We are very unhappy.

If the U.S. had a system of residency-based taxation, like nearly every other nation, then I'd still be required to report my U.S.-based income to the IRS, but not the income I make in and pay tax on to [name of country]. I also ask for your support for the Overseas Americans Financial Access Act to exempt our financial accounts in our country of residence from FATCA reporting.

Thank You

Sample postcard language – Senate

Dear Senator _____

I vote in [name of state] and I live in [name of country]. There are 6.5 million tax liable Americans like me living outside the United States and the problems with the U.S tax system that uniquely harm us were completely disregarded in the 2017 Tax Cuts and Jobs Act. We are very unhappy.

If the U.S. had a system of residency-based taxation, like nearly every other nation, then I'd still be required to report my U.S.-based income to the IRS, but not the income I make in and pay tax on to [name of country]. I also ask for your support for an exemption for Americans living abroad from FATCA reporting of the financial accounts in their countries of bona fide residence. We use these accounts to pay our bills and save for the future – not to commit financial crimes.

Thank You

THE DEMOCRATS ABROAD TAX ADVOCACY STATEMENT



Democrats Abroad reaffirms its commitment to tax policy that –

- ❑ helps reduce inequality and boost opportunity,
- ❑ makes the tax code fairer for all Americans,
- ❑ protects programs essential to national, community or individual well-being, and
- ❑ raises revenue from those with the greatest ability to pay.

Democrats Abroad supports tax reforms that –

- ❑ clarify and simplify filing,
- ❑ do not add significantly to the federal deficit, and
- ❑ do not create loopholes to be exploited for tax avoidance.

Democrats Abroad has published a “laundry list” of tax code provisions that discriminate against Americans abroad. The list is here: smarturl.it/HowToFix23

We are committed to Residency-Based Taxation as a remedy, **requiring little effort by Congress**, that addresses the vast majority of the tax problems faced by Americans abroad. Further, we will continue to promote the elimination of FATCA filing for the accounts of Americans abroad, the repeal of the Windfall Elimination Provision, relief for Americans abroad from the transition taxes in the Tax Cuts and Jobs Act and a citizenship remedy for Accidental Americans.

We join our colleague organisations advocating for Americans abroad in their call for Ways and Means Committee hearings on the taxation of Americans abroad.

A CALL FOR HEARINGS ON THE TAXATION OF AMERICANS ABROAD



Democrats Abroad joins our colleague organisations advocating for Americans abroad in their call for **Ways and Means Committee hearings on the taxation of Americans living outside the U.S.**

In our many Capitol Hill hearings over the years, with members on both sides of the aisle, we've been told that progress on a bill to enact Residency Based Taxation would be materially advanced by hearings in the House Ways and Means Committee. Hearings would profile the nature and extent of the serious problems we face complying with our obligations under the existing U.S. tax code.

If your member of Congress serves on the House Ways and Means Committee we need you to include in your message a request that they call for urgent hearings into the taxation of Americans abroad. Ways and Means Committee members include:

Richard Neal, Chair (D-MA)	Gwen Moore (D-WI)	Adrian Smith (R-NE)
John Lewis (D-GA)	Dan Kildee (D-MI)	Kenny Marchant (R-TX)
Lloyd Doggett (D-TX)	Brendan Boyle (D-PA)	Tom Reed (R-NY)
Mike Thompson (D-CA)	Don Beyer (D-VA)	Mike Kelly (R-PA)
John Larson (D-CT)	Dwight Evans (D-PA)	George Holding (R-NC)
Earl Blumenauer (D-OR)	Brad Schneider (D-IL)	Jason Smith (R-MO)
Ron Kind (D-WI)	Tom Suozzi (D-NY)	Tom Rice (R-SC)
Bill Pascrell (D-NJ)	Jimmy Panetta (D-CA)	David Schweikert (R-AZ)
Danny Davis (D-IL)	Stephanie Murphy (D-FL)	Jackie Walorski (R-IN)
Linda Sanchez (D-CA)	Jimmy Gomez (D-CA)	Darin LaHood (R-IL)
Brian Higgins (D-NY)	Mike Thompson (D-CA)	Steven Horsford (D-NV)
Terri Sewell (D-AL)	Kevin Brady, Ranking Member (R-TX)	Jodey Arrington (R-TX)
Suzan DelBene (D-WA)	Devin Nunes (R-CA)	Drew Ferguson (R-GA)
Judy Chu (D-CA)	Vern Buchanan (R-FL)	Ron Estes (R-KN)

Suggested language:

Your role as a member of the House Ways and Means Committee makes you critical to this reform. I ask that you support our call for the Ways and Means Committee to hold urgent hearings into the taxation of Americans abroad to examine the range of serious personal and financial problems that U.S. taxation causes for Americans living, working and paying taxes abroad. We are confident that Congress will respond to our request for help by enacting Residency Based Taxation once our situation is better understood.

DETAILED BACKGROUND ON EXPAT TAX REFORM ADVOCACY



Americans Abroad Treated Unfairly: The U.S. is the only industrialized nation that imposes double-taxation on its citizens who live abroad through a Citizen-Based Taxation system. All others use Residency-Based Taxation, ie you only pay tax on money earned abroad in the country where it is earned. Americans abroad end up paying income tax to the country in which they reside, and then to the U.S.

Tax Filing From Abroad – Complicated, Costly, Confounding: The number of extra tax forms Americans overseas have to file is only outweighed by their complexity. Expecting ordinary citizens to fill out these forms accurately is ludicrous. 2019 research found that 97% face serious problems filing their returns; most need to hire a tax professional with specialist knowledge, which can cost 2-10 times the average spend for U.S.-based Americans.

U.S. System Incompatible With Foreign Jurisdictions: Many countries also have social, value-added or wealth taxes that are not creditable against U.S. taxes.

IRS Support Is Weak: IRS outreach to Americans overseas has been woefully inadequate over time. Officials in US embassies or consulates usually cannot help and can make things worse. As a result, many Americans abroad are misinformed, confused or totally ignorant of U.S. tax filing obligations.

Who We Are: An estimated 9 million U.S. citizens live overseas, 6.5 million of voting age. We're ordinary, working-class citizens.
61% have household income of less than \$100K
63% own their own home
64% don't plan to return

Harms Livelihood of Americans Abroad: U.S. tax laws place onerous burdens on those who can least afford it – the retired, the disabled, small business owners, students, NGO workers and families with children. This is compounded by foreign financial account disclosure laws that make servicing U.S. citizens onerous for foreign financial institutions who have, in turn, made it tougher for U.S. citizens to open a bank account, obtain a mortgage, pay bills or save for the future.

U.S. At Competitive Disadvantage: It's critical that American citizens are able to live and work where opportunity exists. But tax laws make hiring Americans for offshore roles expensive, discouraging U.S. and foreign businesses from hiring Americans.

We're Ambassadors of American Culture, Values: But we are "rewarded" with increased tax burdens and financial account disclosure laws that treat us like suspected tax dodgers or money launderers. **Democrats Abroad supports a switch to Residency Based Taxation which can be implemented without creating tax avoidance loopholes. Further, we support an exemption for the accounts in our countries of residence from all foreign financial account disclosure.**

Accidental Americans: Citizens who were either born in the U.S. or to a U.S. citizen abroad must file tax returns and report foreign financial accounts though they may have no personal, financial or cultural connection to the U.S. and may not even speak English. **Democrats Abroad supports a remedy for Accidental Americans that is less onerous than the existing renunciation process.**

Retired Americans Face Cuts: Americans who spent part of their life working outside of the U.S. could find their Social Security benefits cut by up to 40% thanks to the Windfall Elimination Provision (WEP). More than half of those surveyed say this has a modest to harsh impact on their household budget. **Democrats Abroad supports WEP repeal.**



THANK YOU!!

**Questions? Get in touch with the Democrats Abroad Taxation Task Force at TaxationTF@democratsabroad.org
And visit our webpage for regular updates - democratsabroad.org/taxation**

At the end of the day, stories connect us, not politics. And there's so many stories out there waiting to be told. It's just a matter of who's out there listening. - Jose Antonio Vargas

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