

# INCLUDING RESIDENCY BASED TAXATION IN THE DEMOCRATIC PARTY'S 2020 PLATFORM

## Add Your Voice to the 2020 Platform

### Participation Guide



7 July 2020

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# Show your support for including Residency Based Taxation in the Democratic Party's 2020 Platform:



1. Send a testimonial video to the Platform Drafting Committee (instructions on page 4)
2. Send a testimonial email to the Platform Drafting Committee (instructions on page 6)

**DO BOTH!**

**DEADLINE IS JULY 14<sup>TH</sup> SO BE SURE TO DO THIS ASAP!**



# 1. SEND A VIDEO TO THE 2020 PLATFORM DRAFTING COMMITTEE

1. Go to <https://www.stories.demconvention.com/>
2. Register for an online account
3. Upload your video testimonial in support for Residency Based Taxation using a smartphone with a video camera
4. Once you upload your video, copy the URL website link and email it to [TaxationTF@democratsabroad.org](mailto:TaxationTF@democratsabroad.org) – **THIS IS A VERY IMPORTANT STEP!**  
**DON'T FORGET TO DO THIS!**
5. Follow these tips to create a video testimonial that will grab the attention of the Democratic Party's Platform Drafting Committee:
  - Keep your video short! 1-2 minutes are best.
  - Record from a well-lit space without music or background noise (and make sure your lens is clean). If you can, ask another person to stand and record the video of you at eye level.
  - The video should be focused on your face from your chest up, similar to what it looks like when you get your passport picture taken.
  - If you're recording from a mobile device, please position it **horizontally**.
  - Please keep your tone and language respectful.
  - The video should only talk about one issue you care about most, so only talk about Residency Based Taxation in this case.
  - Here's an example of a testimonial video so you can get an idea of what you're aiming for <https://youtu.be/PIIBPHH-d8s?t=121>

# 1. SEND A VIDEO TO THE 2020 PLATFORM DRAFTING COMMITTEE (CONT.)

Here's a sample script of what you could say (although a video in your own words is always best!)



*My name is [NAME]. I'm a Democrat living in [COUNTRY OF RESIDENCE] and I vote in [U.S. VOTING STATE]. I [work as a [occupation]; am retired from a career in [former occupation]].*

*I ask the Democratic Party to include Residency Based Taxation in the 2020 platform to end tax discrimination which hurts all working Americans living outside the United States. A switch to Residency Based Taxation will end the double taxation and double filing that we have to endure. Double taxation is a serious problem for all Americans living outside the U.S. and including a remedy in the Platform will both end this harmful financial injustice AND help us mobilize the overseas vote in 2020.*

*[INSERT PERSONAL STORY OF PROBLEMS WITH TAXES HERE]*

*I moved outside the United States for [LOVE, WORK, SERVICE, EDUCATION, OR OTHER], not to evade taxes or hide wealth. I'm an everyday American just like you, I just happened to live in [COUNTRY] because life took me there.*

*Please help us right this major wrong in the U.S. tax system and bring the American tax code in line with the rest of the world by including support for Residency Based Taxation in the platform this year.*

## 2. SUBMIT A STATEMENT TO THE 2020 PLATFORM DRAFTING COMMITTEE



1. EMAIL [platform@demconvention.com](mailto:platform@demconvention.com)
2. Subject: [YOUR NAME'S] TESTIMONY IN SUPPORT OF RESIDENCY BASED TAXATION
3. CC: [TaxationTF@democratsabroad.org](mailto:TaxationTF@democratsabroad.org) – **THIS IS IMPORTANT! DON'T FORGET THIS!**

*Dear Platform Drafting Committee,*

*My name is x and I am a Democrat living outside the United States for the last x years. I live in x and I vote by absentee ballot in the state of x.*

*I ask that you include Residency Based Taxation in the 2020 Platform.*

*[Insert personal story – profiling that you are an ordinary, working class or retired person, living outside the United States because life brought you there and NOT for the purpose of gaming the international tax system]*

*U.S. citizens pay tax on their income no matter where in the world it is generated. We Americans living outside the United States are taxed firstly by the country where we live and then by the U.S. Double taxation is harmful and unjust. Most countries tax their overseas citizens only on the income they generate in their home country but not the income they generate and already pay taxes on outside the United States.*

*Democrats Abroad has been working for decades to persuade lawmakers that over 9 million Americans living abroad should be taxed the same way.*

*Democrats Abroad has also done extensive work on a Residency Based Taxation bill that would not open tax avoidance loopholes or otherwise include avenues for high net worth taxpayers to abuse for the purposes of tax avoidance. Democrats Abroad travels to Washington DC many times a year to speak to our Congressional representatives about enacting Residency Based Taxation. There are many supporters of Residency Based Taxation in Congress, but including Residency Based Taxation in the Party's 2020 Platform will give us a firm foundation to pass a bill enacting this critical reform.*

*Americans living abroad aren't the rich 1%, living abroad to live on yachts and avoid taxes; we are law abiding citizens whose lives just happened to have been taken abroad for work, love, service, or education. We are the 99%. All we ask is that we are taxed fairly and to bring the current U.S. tax system in-line with the rest of the world.*

*Please help us make this a reality.*

*Thank you,*

*x*

# 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](https://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.

# 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!

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## **Questions?**

Get in touch with the Democrats Abroad Taxation Task Force at  
[TaxationTF@democratsabroad.org](mailto:TaxationTF@democratsabroad.org)

**And visit our webpage for regular updates –**  
<http://www.democratsabroad.org/taxation>

*Your voice can change the world. - Barack Obama*