



DEMOCRATS ABROAD

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Senate Committee on Finance
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May 7, 2021

RE: “Creating Opportunity Through a Fairer Tax System” – Comments and Recommendations in Support of Americans Abroad

Democrats Abroad is grateful to comment on matters covered in the April 27th Fiscal Responsibility and Economic Growth Subcommittee hearing and noted in the chair and co-chair statements on “*Creating Opportunity Through a Fairer Tax System.*” This submission reflects the experience of non-resident citizens navigating inequitable provisions in the U.S. tax system and it includes recommendations to address tax code injustices created by tax policy established without a clear understanding of its impact on ordinary, middle-class Americans living abroad.

I. SUMMARY

The State Department estimates there are 9 million Americans living outside the United States. Unfortunately, we suffer from the stubborn misperception - driving the development of tax policy and regulations - that Americans abroad are uniformly “high-rollers”, living a life of luxury in low- or no-tax countries. Research published at the behest of Congressional staff demonstrates that we live abroad primarily because a relationship, employment, education, or adventure took us abroad, and we decided to stay.¹ The vast majority of us are middle-class Americans, working, raising families, and retiring in countries with a higher overall tax-burden than the U.S. The tax policies and regulations that affect Americans abroad do not reflect this reality, but instead penalize millions of us ordinary American citizens in attempts to foil a few bad actors.

Filing taxes from abroad and navigating the convergence of the U.S. and a non-U.S. tax system is stunningly complex. Research has found most seek the services of expensive tax return preparers to produce filings that commonly show that we owe no U.S. tax.²

Democrats Abroad recognizes that the American Jobs Plan and American Families Plan – federal government spending programs essential to supporting Americans through the pandemic, rescuing the economy and investing in our future prosperity - are going to place pressure on current and future taxpayers.

¹ “*Tax Filing From Abroad: 2019 Research on Non-Resident Americans and U.S. taxation*” [Bit.ly/FilingFromAbroad](https://bit.ly/FilingFromAbroad)

² “*Tax Filing From Abroad*” and “*Can We Please Stop Paying Twice?: Reforming the U.S Tax Code for Americans Abroad*” [Bit.ly/CanWePleaseStopPayingTwice](https://bit.ly/CanWePleaseStopPayingTwice)

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Democrats Abroad supports the aim of raising additional federal government revenue from those wealthy Americans and large U.S. corporations not paying their fair share. We celebrate President Biden’s pledge not to raise taxes on those making under \$400,000 per annum. We laud the actions of Congress in advancing tax policies that treat low-income Americans differently from high-income Americans, such as the income-based eligibility criteria for receiving CARES Act and American Rescue Plan Act pandemic aid. And we strongly support the Made In America Tax Plan reforms to the *Tax Cuts and Jobs Act* that remove incentives to offshore jobs and R&D, move profits to low-tax jurisdictions, and abuse tax havens.

However, we also need Congress to address the distressing taxation predicament of working-class Americans living abroad. We need Congress to understand our community, recognize our tax problems and enact reforms to reduce the hardships we inadvertently suffer due to laws meant to deal with bad actors, not ordinary citizens.

Americans abroad long to be placed on a taxation par with others who live and are taxed in a country other than their country of citizenship. Most tax systems require citizens to declare revenue in the country where the taxpayer generates it, i.e. residency-based taxation (RBT). Democrats Abroad and the other organizations representing Americans abroad have had detailed discussions with Congress about a proposal to enact RBT and other reforms for Americans abroad that eliminate double taxation, remove barriers to banking, saving and investing and simplify filing from abroad.

We will continue to advocate in support of an RBT model that provides relief to Americans abroad, prevents residency-driven U.S. tax avoidance and is revenue neutral to the federal government.³ We believe the time will come when Congress embraces RBT.

Reform Recommendations

Now when the government is building a fairer tax system to create opportunity for all Americans, we recommend these reforms for Americans abroad⁴, which comply with the Biden Administration’s plan to place the greatest burden of taxation on those with the greatest ability to pay.

1. A tax filing exemption for Americans abroad compliant with financial account reporting requirements who owe zero U.S. tax. We believe this reform fits into the aims and proposed provisions of the American Families Plan.
2. An exemption from GILTI taxes on the profits of controlled foreign corporations owned by Americans abroad compliant with foreign financial account reporting requirements who have income under \$400,000. We believe this reform fits into the proposed provisions of the Made In America Tax Plan.
3. Updates to the Report of Foreign Bank and Financial Accounts (FBAR) including: the indexation of the FBAR reporting threshold for inflation; creation of an FBAR filing threshold for Americans abroad that is five (5) times higher than the indexed threshold; the elimination of FBAR and FATCA filing-duplication; modification of the enormously out-of-proportion penalties for non-willful neglect to file FBAR reports; and reinstatement of the option to paper-file the FBAR.

³ Democrats Abroad supports an RBT model that includes a means-tested transition tax, i.e. a tax on the wealth of High Net Worth individuals seeking non-resident U.S. tax status. RBT is not incompatible with a wealth tax.

⁴ Americans abroad eligible for these reforms will satisfy the IRS Substantial Presence Test for offshore residency.

Further, **we re-affirm our support for an exemption for Americans abroad from FATCA reporting of the financial accounts in the country where they live and pay tax.** We believe these financial account reporting reforms fit into the proposed provisions of the American Job Plan/Made In America Tax Plan.

II. BACKGROUND

For many years Americans abroad have been speaking to U.S. lawmakers about the genuine personal and financial hardships we experience due to the taxation of our income both by our country of residence and by the U.S. The harm caused to Americans abroad by inordinately complex U.S. tax-filing, by double taxation, and by policy-borne barriers to banking, saving, and investing, is so severe that it often feels to us that the U.S. is punishing us for moving to another country.

Congress enacts tax policy, and Treasury implements it, in our view without giving adequate prior consideration for the unintended adverse impact it might have on ordinary working-class Americans who are living abroad. We do not live abroad to avoid paying taxes; we pay taxes in the countries we live in, the vast majority of which have higher tax rates than does the U.S. Americans abroad need Congress and Treasury officials to understand who we are so that they can strike a better balance in policy making between discouraging and apprehending tax cheats - which we strongly support - and caring for the welfare of ordinary Americans living abroad.

Americans abroad understand that we are collateral damage in an on-going war against tax cheats. Those seeking to hide assessable income from the IRS engage legions of clever lawyers, bankers, accountants, and formation agents to collaborate on the development of ever-more complex tax-avoidance schemes. The fight against their tireless efforts routinely results in policy that makes life harder for ordinary Americans abroad. In alignment with Congressional efforts and the Biden Administration's intent, we strongly support efforts to crack down on tax cheats; however, the next tax reform debate must take into consideration the perspective of Americans abroad, a gravely misunderstood and under-acknowledged community.

WHO ARE AMERICANS ABROAD AND WHAT ARE OUR TAX PROBLEMS?

a. We Are Not "Fat Cats"

Democrats Abroad wants desperately to vanquish the persistent, apocryphal stereotype that the 9 million American civilians living abroad are wealthy "fat cats" avoiding U.S. taxes. The vast majority of us are ordinary working-class Americans, about whom our research has found⁵:

- 61% had household income less than \$100,000
- 72% were married, 71% of whom to non-U.S. spouses
- 63% owned their own home
- 32% had moved abroad for marriage or a relationship
- 25% had left the U.S. for work/employment
- 64% had made their home abroad and had no plan to return to the U.S.
- Most live in countries with a higher overall tax-burden than the U.S.

⁵ "Tax Filing From Abroad"

b. Tax Problems for individuals⁶

While the *Foreign Earned Income Exclusion* and *Foreign Tax Credit* provide some protection from double taxation, **there are many types of income that fall outside those provisions and are double taxed.** These include income associated with retirees and with vulnerable citizens living on foreign government social welfare. **Some U.S. tax treaties protect savings in statutory retirement accounts from double taxation, but, as we have informed this Committee previously, most treaties do not.**

Punitive tax-treatment of non-U.S. investment (Passive Foreign Investment Companies or PFICs) and saving vehicles, combined with provisions in securities, national security, and banking laws, **make saving for retirement or the family's future very expensive and inefficient, if not impossible.** They create obstacles to saving and investing both in the U.S. and abroad, which is an intolerable hardship for families.

Even the family home puts the non-resident taxpayer at risk. Americans abroad are entitled to no deduction for interest on a home mortgage, nor to favorable capital gains and other tax treatment on sale. In fact, they are at risk of a capital gains tax liability should fluctuations in exchange rates create an artificial gain at the time of property sale or even re-finance.

Filing from abroad is inordinately complex, forcing most Americans abroad to seek the services of expensive tax-return preparers who understand the tax systems of both the U.S. and the country where they reside. On average, Americans abroad pay nearly triple what U.S.-based filers pay for tax preparation. Therefore, **most are paying heavily to maintain U.S. tax compliance even though they owe no tax** to the U.S. government.

The burden of tax filing from abroad is compounded **by foreign financial account reporting requirements.** Since the Foreign Account Tax Compliance Act (FATCA) fully implemented double-disclosure foreign account and financial asset reporting - meaning that both the individual and their bank must report - 30% of Americans abroad have reported impaired access to even ordinary financial products and services where they live.⁷ This "lockout" of Americans abroad by foreign banks and financial institutions has been enormously disruptive for those affected, as noted in sworn testimony to the April 26, 2017 House Subcommittee on Government Operations hearing, "Reviewing the Unintended Consequences of FATCA."⁸

Failure to comply with FBAR reporting requirements for foreign bank and other foreign financial accounts carries **heavy penalties that are far out of proportion to the taxpayer lapse,** especially when, for example, it is due to ignorance borne of IRS neglect, language barriers, or lack of ability to use or to access electronic devices which are mandatory for FBAR filing.

Non-U.S. domestic partners of Americans abroad often remove their U.S. spouse from financial accounts to avoid U.S. financial account reporting requirements, **making the American vulnerable to financial abuse, manipulation, or neglect.**

Americans abroad also suffer from serious deficiencies in IRS service and support. For many years the IRS has provided little to no advice about tax-filing obligations to non-resident citizens. Ignorance, misinformation, and confusion abound, even among consulate and embassy staff. In recent years the IRS has withdrawn staff from international postings and replaced them with

⁶ "23 Tax Problems for Americans Abroad and 3 Solutions" [Bit.ly/23TaxProblemsForAmericansAbroad](https://bit.ly/23TaxProblemsForAmericansAbroad)

⁷ "Tax Filing From Abroad"

⁸ <https://www.govinfo.gov/content/pkg/CHRG-115hhrg28503/pdf/CHRG-115hhrg28503.pdf>

telephone and online support that vastly underestimates how inordinately difficult it is to file taxes from abroad. FreeFile programs are not suited to non-resident filers and free support from volunteer tax return preparers available to aged and indigent taxpayers in the U.S. is not accessible to those living abroad.

The unfortunate experiences of Americans abroad in accessing the pandemic aid provide further evidence of the need for greater attention by the IRS to our needs. Research published in October 2020 on Americans abroad and the CARES Act indicates that only two in three Americans abroad who were eligible for a CARES Act stimulus payment received one. Further, 70% of those who received the aid received a check, which took on average 12 weeks to arrive and be converted into cash.⁹ IRS data suggesting 90% of CARES Act stimulus payments were distributed within two weeks clearly made no accommodation for the time it took for the cash to actually reach the hands of Americans abroad (and turned a blind eye to the fees incurred for cashing a U.S. government check abroad.)

The IRS cannot deposit funds, e.g. stimulus payments or tax refunds, into a non-resident American's foreign bank account. Direct deposit is available for bank accounts located only in the U.S. Requests by Americans abroad groups to change this policy have so far yielded no response, but given the Social Security Administration, Veterans Administration and Railroad Retirement Board have worked out how to make payments into the non-U.S. bank accounts of beneficiaries living abroad, we are hopeful the IRS will soon work out a way.

c. Tax Problems for Employees and Small Business Owners

U.S. taxation puts job-seeking Americans abroad pursuing tax-equalization **at a competitive disadvantage in the job market** as it makes them 40% more expensive for companies to hire than those of other nationalities.

Financial account reporting requirements make Americans abroad **very unattractive as business partners** to those averse to sending their business's financial information to the U.S. government.

The Repatriation and GILTI taxes in the 2017 Tax Cuts and Jobs Act are causing an existential crisis for the small to medium-sized businesses owned by Americans abroad. The reforms that ushered in these new taxes have been enormously beneficial for American companies with profits in overseas subsidiaries. But conversely, for Americans abroad, retirement savings held in their business are being drained to pay *Repatriation tax* and their current and future earnings are double taxed by *GILTI*; those Americans are being forced to either re-structure their businesses at considerable cost or to close them entirely.

d. Transformational Policy Is Coming; Don't Leave Americans Abroad Out

The programs in the American Jobs Plan/Made In America Tax Plan and the American Families Plan comprise a generation-defining investment in American commercial and social infrastructure and a commitment to grow the middle-class and expand the benefits of economic growth to all Americans.

Americans living abroad manage U.S. businesses and other enterprises, promote U.S. interests and serve as unofficial ambassadors of American culture and values. They contribute to the U.S. economy, industry, foreign relations, incoming investment and cultural exchange, all of which Congress has made little attempt to understand. Americans abroad are yet another component of

⁹ "Americans Abroad and CARES Act Aid" [Bit.ly/CARESactandAmericansAbroad](https://bit.ly/CARESactandAmericansAbroad)

U.S. infrastructure that the government has neglected and in which the government has underinvested. The reforms outlined herein will produce new personal and financial opportunities for the community of Americans abroad and will ensure they are not left out of this transformational policy-making.

Implementing residency-based taxation, a FATCA filing exemption for the accounts of Americans abroad in the countries where they live and already pay tax, and reforms to improve the FBAR would address all these problems. However, we also understand that 1) the pandemic has put the government under enormous revenue pressure to invest in physical and social infrastructure to put the American economy back on its feet, and 2) we have more work to do to persuade Congress that residency-based taxation can be introduced without expanding tax avoidance by High Net Worth Americans. We have therefore established three reform recommendations for incorporation into the American Jobs Plan/Made In America Tax Plan and the American Families Plan that will provide desperately needed relief to Americans abroad.

III. THE CASE FOR A FILING EXEMPTION FOR AMERICANS ABROAD WHO OWE NO U.S. TAX

Americans abroad bear onerous tax compliance responsibilities, facing taxation firstly by their country of residence and then by the U.S. Those who do have a U.S. tax liability are paying twice on the same dollar of income.

Filing from abroad is inordinately complex and IRS support is insufficient to enable Americans abroad to easily comply. IRS resources outside the U.S. have been withdrawn. IRS telephone support is not accessible from many countries and, when it is, the number is not toll-free, wait times are lengthy and reports suggest operators lack the knowledge to address questions particular to non-resident filers.

The *IRS's Volunteer Income Tax Assistance (VITA)* and *Tax Counseling for the Elderly (TCE)* programs offer free basic tax return preparation to qualified individuals in the U.S. only.¹⁰ The IRS Locator tool that connects qualified individuals with program volunteers in their local area uses U.S. zip codes. There is no online version of the program for Americans abroad. IRS 2021 communications recruiting tax preparation participants for the program does not solicit applications from those skilled and prepared to help eligible Americans abroad.

The IRS FreeFile fillable forms for electronic filing have multiple barriers to access by Americans abroad.¹¹ Creating an IRS account to file electronically requires a U.S. telephone number. Many e:forms require the filer to provide a U.S. address. Entering a foreign address – even U.S. military addresses abroad - may cause the system to reject the return entirely. Two of the forms most commonly used by Americans abroad – Form 2555 for declaring bona fide offshore residency and the Foreign Earned Income Exclusion and Form 1116 for claiming a Foreign Tax Credit – cannot be filed electronically because required attachments cannot be included. The FreeFile fillable forms system does not include the Foreign Employee Compensation Form nor Form 2350, Application for Extension of Time to File U.S. Income Tax Return.

¹⁰ <https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers>

¹¹ <https://www.irs.gov/filing/free-file-fillable-forms/free-file-fillable-forms-military-and-international-filers>

The IRS YouTube channel provides video support to U.S. taxpayers and advisers that help them file; but there are no videos specifically addressing the myriad problems and challenges faced by Americans abroad.¹²

For all these reasons, nearly 60% of Americans filing from abroad pay tax return preparers to complete their U.S. reports and returns.¹³ More than 60% pay more than \$500 for tax return preparation services,¹⁴ in some cases much more. This compares to the U.S. average cost for tax preparation of \$175-\$275.¹⁵

The irony is that non-resident filers are often paying these exorbitant fees to professionals to prepare tax returns that indicate that there is no U.S. tax to pay. Sixty percent of Americans abroad have income under \$100,000.¹⁶ Overseas residency makes them eligible for the Foreign Earned Income Exclusion (\$107,600 in 2020) and most have Foreign Tax Credits for tax already paid.

PROPOSAL: We propose eliminating the tax filing requirement for Americans abroad who owe no tax.

- The IRS Substantial Presence Test¹⁷ exists for taxpayers to certify offshore residency
- Tax calculation worksheets can assist ordinary earners to demonstrate that they have a \$0 U.S. tax liability
- Declarations can be established for non-resident taxpayers to certify their eligibility for the \$0 tax liability filing exemption
- The IRS has already established categories of Americans who do not have to file, having defined filing status, age and annually-updated income eligibility criteria
- De Minimis provisions can exclude High Net Worth taxpayers from eligibility for the \$0 tax liability filing exemption
- FBAR filings and FATCA filings keep IRS eyes on taxpayers even if they don't have to file.

The American Families Plan holds the promise of delivering an historic shift towards a more equitable America. Americans abroad ask not to be left out. As we have demonstrated, the Internal Revenue Code is in many ways highly punitive to ordinary American families living middle-class lives abroad and is, therefore, unjust. **A tax filing exemption for those working-class Americans who do not owe any U.S. tax would provide consequential relief to American families abroad with no impact on government revenue-raising.**

IV. THE CASE FOR A GILTI TAX EXEMPTION FOR AMERICANS ABROAD WITH INCOME UNDER \$400,000

Research on Americans abroad published in 2017 and 2019 indicates somewhere between 2% and 20% of Americans abroad own and operate small to medium sized businesses registered in the countries where they live.¹⁸ Americans abroad owning and operating businesses are an exceedingly diverse group; they are architects, yoga instructors, retailers, recruiters, beekeepers, IT

¹² <https://www.youtube.com/channel/UCcWZOFh3I-1LC7UvhdCXxQg>

¹³ "Tax Filing From Abroad"

¹⁴ "Tax Filing From Abroad"

¹⁵ <https://www.thebalance.com/tax-preparation-prices-and-fees-3193048>

¹⁶ "Tax Filing From Abroad"

¹⁷ <https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test>

¹⁸ "Tax Filing From Abroad" and "Can We Please Stop Paying Twice?"

professionals, film and television producers, music distributors, advertising agents, financial services providers and more. Comments from some of them about the 2017 *Tax Cuts and Jobs Act* (TCJA) are included in a briefing document we published for Congress in 2018 entitled “*Another Accidental Tax Penalty for Americans Abroad: This time hitting small to medium sized business owners.*”¹⁹

The *Repatriation Tax* and the *GILTI Tax* introduced in the TCJA were carefully negotiated by corporate America over many years; however, they came as a great shock to small business owners living abroad. Although **the *Repatriation Tax* and *GILTI Tax* provided enormous tax relief to U.S. multinationals**, enabling them to repatriate profits of their offshore subsidiaries at deeply discounted tax rates and with offsets and deductions that ensure that little to no tax is due, **the impact on individuals who own companies registered abroad has been devastating.**

Owners of small to medium sized businesses without access to employer-provided retirement savings plans often retain profits in their businesses to save for retirement. **The *Repatriation Tax*, imposed retroactively on retained profits going back as far as 1986, is devouring their retirement savings.** Those without funds to meet the tax have had to liquidate assets, which may have attracted capital gains or other local tax, further increasing their financial pain.

The *GILTI Taxes* on all future earnings – earnings already taxed in the country where the business is registered and operates - must be declared on the owner’s personal tax filing, taxed at the taxpayer’s marginal rate rather than the 10.5% rate (50% of 21% corporate tax rate) available to corporations, afforded none of the foreign tax credits available to corporations and calculated using a highly complex formula that references corporate factors wholly irrelevant to small businesses. The absence of provisions relevant to the small to medium sized businesses owned by Americans abroad suggest that the ***GILTI tax* was not conceived with the small to medium sized businesses of ordinary Americans abroad in mind.**

New *GILTI* rules finalized by Treasury in the middle of 2020 gave individuals a means of accessing the discounted corporate tax rate (Sec. 962 election) and the 50% tax rate discount (Sec. 250 deduction) available to corporations. Claiming the Sec. 962 election and Sec. 250 deduction, however, is inordinately complex and very expensive. Further, it does not completely resolve the double taxation issues, as the profits of their companies will be taxed yet again when the profits are paid out to the business owner as dividends. So, **although regulatory relief was provided, it is incomplete and it is not commercially accessible to ordinary working class Americans abroad who rely on their businesses to provide for themselves and their families.** Many of them have already been forced to close their businesses after years of investment and effort, or to undergo costly corporate re-structuring. In either case the outcome is highly punitive.

American business owners abroad have truly suffered under the burden of the double taxation wrought by *Repatriation* and *GILTI*. And now the pandemic has in many cases increased economic duress. The Made In America Tax Plan proposals increasing the *GILTI tax* to perhaps twice the current rate. **The prospect of the *GILTI tax* increase is causing anger and levels of distress for every day working class American families that Congress should find intolerable and unacceptable.**

¹⁹ “*Another Accidental Tax Penalty for Americans Abroad: This Time Hitting Small to Medium Sized Business Owners*” bit.ly/AnotherAccidentalTax

PROPOSAL: We propose a GILTI tax exemption for the profits of small businesses owned by Americans abroad with income under \$400,000 per annum

- The IRS Substantial Presence Test²⁰ exists for taxpayers to demonstrate offshore residency
- Tax calculation worksheets assist ordinary earners to demonstrate that they have income under \$400,000.
- As Made In America Tax Plan proposals include increasing the *GILTI tax* rate, this exemption is consistent with President Biden’s pledge not to increase taxes on any American with income under \$400,000 per annum
- De Minimis provisions can exclude High Net Worth taxpayers from eligibility for the *GILTI Tax* exemption.
- Eligibility criteria applicable to the taxpayer’s business can include limits on annual turnover, employees or other
- Declarations can be established for Americans abroad who own small to medium size businesses abroad to certify their eligibility for the *GILTI Tax* exemption.
- FBAR filings and FATCA filings keep IRS eyes on taxpayers

The American Jobs Plan/Made In America Tax Plan lays out the steps towards a fairer tax code that rewards work and not wealth, and makes sure that corporations and the highest income individuals pay their fair share. **An exemption for middle class Americans from the *GILTI tax*, a tax that was never meant to impact them, fulfils these ambitions and is consistent with President Biden’s promise to protect those making income under \$400,000 per annum from tax increases.**

V. THE CASE FOR REFORMS TO THE REPORT OF FOREIGN BANK AND FINANCIAL ACCOUNTS (FBAR) AND FATCA

Court cases involving an FBAR violations are not rare. The foreign financial account reporting requirement is clearly instrumental in the apprehension of tax evaders using offshore financial accounts to hide assessable income. The perpetrators, however, are invariably citizens living inside of the U.S. rather than living abroad.²¹

Rules guiding the implementation of the FBAR have not been adjusted since the law was passed in 1970. Reasonable updates can both improve the report’s focus on bad actors and simplify compliance for Americans abroad.

PROPOSAL: We propose the following reforms to the FBAR

1. Index the \$10,000 reporting threshold for inflation
2. Create a separate reporting threshold for Americans living abroad perhaps 5 times higher
3. Address the duplication of reporting on FBAR and FATCA, as recommended by the IRS National Taxpayer Advocate
4. Modify the out-of-proportion penalties for non-willful failure to disclose accounts
5. Restore the option to submit FBAR paper filings
6. Provide for FBAR reporting in Spanish and other languages

Further, we re-affirm our long-standing support for the *Overseas Americans Financial Access Act* which would exempt from FATCA reporting the foreign financial accounts of Americans abroad in

²⁰ <https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test>

²¹ <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/workingpaper/52199-wp-taxcompliance.pdf>

the countries where they live and face taxation because tax cheats do not hide assessable income in the countries where they live. Further, the Corporate Transparency Act adds a powerful new tool for discouraging and apprehending tax cheats. As the law mandating disclosure of beneficial interests in anonymous shell companies is implemented, reports will illuminate the activities of the tax cheats and other bad actors that foreign financial account disclosure did not.

Consistent with President Biden’s vision in the American Families Plan, these reforms help ensure that all Americans have access to essential banking services and the financial infrastructure necessary to create opportunity. They can be modified to exempt certain individuals from eligibility and ensure they enhance existing tax enforcement mechanisms. They will focus policy on bad actors and provide relief to those who have long suffered unintended adverse consequences, such as bank lock outs. Finally, these FBAR and FATCA reform recommendations are entirely consistent with the goals of getting everyone to pay their fair share.

Thank you for the opportunity to comment and provide recommendations. Not since the Carter Administration has there been a hearing in the U.S. Congress on Americans living abroad and the range of serious personal and financial problems U.S. taxation causes for them, their families, their businesses and the U.S. and non-U.S. entities they do business with. **We re-state our belief that it is past time that the issues of Americans abroad be heard, documented in the public record, and addressed by the government.**

Thank you for your interest in these matters. Please contact Carmelan Polce of our Taxation Task Force (+61 404 767 088 or carmelan@democratsabroad.org) or the undersigned with any questions about the information and recommendations provided herein.

Sincerely,

/S/

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