

# **A COMPILATION OF COMMENTS & LETTERS FROM AMERICANS ABROAD**

*On the effects of  
Citizenship-Based Taxation*

Submission to the United States Senate Finance Committee  
– International Tax Section

April 9, 2015



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## OPENING STATEMENT

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### COMMENTS REGARDING SOME DESTRUCTIVE EFFECTS OF THE CURRENT TAX SYSTEM ON AMERICANS ABROAD

#### PRESENTED TO MEMBERS OF THE SENATE FINANCE COMMITTEE, JOINT COMMITTEE ON TAXATION, AND SENATE STAFF

APRIL 9, 2015

Good morning and thank you for the opportunity to speak with you today.

My name is Marilyn Ginsburg. I will be 70 years old next month and I renounced my U.S. citizenship, with great regret, in my 69th year. I was born in St. Louis, grew up in Denver, and moved to Canada when I was 26 years old. My husband and I left the United States in June, 1971, a month after we had both finished graduate school, I with a law degree and my husband with a PhD. in American history.

We both obtained jobs teaching in our fields at a Canadian University. We assumed we would stay in Canada for a few interesting years, living in another country, and then return to hearth and home. One thing led to another and this never happened, and we have now lived in Canada for 44 years.

In 1977 our daughter was born in Toronto and we registered her at the U.S. consulate as an American citizen. In 1985, in order to become a member of the Ontario Bar, I was required to become a Canadian citizen. I delivered an affidavit to the U.S. Consulate indicating that I did not intend to relinquish my U.S. citizenship by the act of acquiring Canadian citizenship. Eventually my husband also became a Canadian citizen because it was clear we were there to stay and he wanted to be able to vote in Canadian elections. However, he and I also continued to vote in U.S. elections and we traveled on our U.S. passports. We have never failed, in 44 years of living outside the country, to file U.S. tax returns. I don't remember why I knew to do this, but clearly we were among the lucky ones. In other words, we have been model U.S. citizens in every way.

Nevertheless, all three of us have since renounced our U.S. citizenship. Why?'

First, there is the expense of continuing to be tax compliant. We have to use the services of a specialized and expensive tax accountant who can complete and reconcile our tax returns for both countries. This service is not cheap. As a matter of fact, our accountant estimates that it costs at least twice as much for Americans living in Canada to file their U.S. returns than an American living in the U.S., due to the complexity and number of forms that must be filed.

Last year I had to retain the services of a second highly qualified tax accountant because we owned Canadian mutual funds. I had no idea this was an issue, and apparently neither did my first tax accountant. I chose not to be the one to pay him to do his first IRS form 8621, which according to the IRS website can take 41 hours to complete. Therefore, I found the second accountant, with experience in completing this form, to bring us up to date.

Of course, we also must pay taxes to both countries. Since we are both retired now, and the tax treaty does not address pension income in the same way it addresses employment income, we now owe taxes to the U.S. in addition to our sizeable tax bill to Canada. Some of this is covered by the foreign tax credit on our Canadian returns, but not all.

If we combine the cost of accounting fees, and U.S. taxes, including the higher tax rate on any gains from our Canadian mutual funds, we estimate that just to remain U.S. citizens would cost us more than \$125,000 of our retirement money over the next 15-20 years.

Please note that we are not entitled to any U.S. Social Security or Medicare. We moved to Canada when we were too young to have accumulated sufficient credits, so we have been filing tax returns all those years for no future economic benefit whatsoever.

The second reason we renounced our U.S. citizenship was because we felt the U.S. was treating us unfairly. I will cite one example of many. Why should our Canadian mutual funds be treated as Passive Foreign Investment Corporations, requiring us to pay higher taxes on any gains than my sister in New York pays on her U.S. mutual funds? Why should I have to pay an accountant for 41 hours of work to try to figure out how to report my small gains on every Canadian mutual fund I own? Mutual funds are an important part of most peoples' retirement savings because they spread the risk, and, as a resident of Canada, I am not allowed to own U.S. mutual funds. The law makes no sense. I live in Canada so a Canadian mutual fund is not a foreign investment for me; it is a local investment like a U.S. mutual fund is for my sister. Is it fair for the United States to make it more expensive and more difficult for its citizens living abroad to save for their retirements than citizens living in America? That is discriminatory treatment and one reason why U.S. citizens living abroad feel like they are treated as second class citizens.

The third reason that I renounced is because I wanted to sleep better at night. I am not saying this jokingly. I am quite serious. When I read that the penalty for a non-willful failure to properly file our FBAR forms was \$10,000 I decided it was simply no longer worth the worry. These forms require me to give our tax account very detailed information for every bank, retirement, savings, chequing and investment account we own. My accountant relies totally on what I tell him. What if, as I get older, I forget? Some days I go to our downstairs pantry and can't remember why I went. However, no one is fining me \$10,000 for forgetting that I went downstairs for a bag of sugar.

These forms are filed with the Financial Crimes Enforcement Network of the Department of the Treasury. They were originally, in 1970, intended to uncover criminal activity by those who were using secret bank accounts for money laundering, securities manipulation, insider trading, and other illegal activities. But ordinary Americans living abroad are not criminals using secret bank accounts to hide illegal activity.

I was recently made aware of the horrendous experience of an American woman, living in Canada, who, in an attempt to be totally tax compliant, entered into an IRS "amnesty" program. This was not because she was a tax cheat, or was hiding money off shore; it was just because she had not known, when filing her yearly U.S. tax returns that she also had to file the annual FBAR form. The manner in which this woman was treated by the IRS is enough to make one weep. Any member of Congress who truly wishes to understand the damage being done to Americans abroad by the present tax regime, and the way in which it is being enforced by the IRS, must read Ms. d'Addario's complete letter to House Representatives Adrian Smith and John Larson. [http://waysandmeans.house.gov/uploadedfiles/patricia\\_anderson\\_daddario.pdf](http://waysandmeans.house.gov/uploadedfiles/patricia_anderson_daddario.pdf) <sup>iii</sup>

While discussing the disproportionate nature of fines under FATCA, including the filing of these FBAR forms, Nina Olson, the U.S. Taxpayer Advocate, asked in October, 2014, "...why are we doing this to folks? Why are we tormenting them in this way?" <sup>iv</sup>

I wish I knew the answer to that question. What would have happened if I hadn't, by chance, read in a seniors' magazine that Americans living in Canada, who own Canadian mutual funds, are in big trouble? I lost sleep

about that until I found our second accountant who brought us into compliance on that form, the IRS instructions for which are 13 pages long. I just can't afford this amount of time and money and this level of anxiety trying to remain tax compliant any longer.

I have never been anything other than a loyal and law abiding American and yet I really began to worry. I have read horror stories about how the IRS treats people and frankly, I did not ever want to be one of those people. In 2014, even former IRS Commissioner, Steven Miller, when discussing his cost benefit analysis of FATCA and its reporting requirements, concluded that the costs may well outweigh the benefit.<sup>v</sup>

Americans all over the world are doing their own personal analyses and they are not just about dollars and cents. They are about the stresses involved for non-American spouses, for children who have inherited American citizenship and must now make important tax and citizenship decisions; they are about fear and feelings of being treated unjustly.

I have many American friends living in Canada, most of whom have or will be renouncing their U.S. Citizenship. Others would like to, but for one reason or another, find it impossible to do so. I can tell you today that not one single dual citizen I know is hiding money off shore or has ever knowingly cheated the United States out of a single penny. Most of them didn't realize, until recently, that they were still U.S. citizens, or they did know, but did not understand they had to file U.S. tax returns while living abroad. They are now caught in the cross hairs of a tax weapon that was meant to catch wealthy Americans hiding money outside the country, not my lovely neighbor, who married a Canadian 45 years ago and is now a retired teacher living on a pension.

Was it easy for me to renounce? I cried when signing the renunciation oath at the U.S. consulate in Quebec City, where we flew because the wait time to renounce at the consulate in Toronto is now over a year. It hurt then and it still hurts. My mother, who is nearly 93, was terribly upset that I renounced my citizenship, other relatives didn't understand, and I am bitter and angry that a country my family has lived in since before the Civil War is treating its own citizens abroad like criminals and tax cheats and making their lives miserable because of an unfair tax regime. I believe that my earliest known American ancestor, who settled in Bowling Green, Kentucky in 1848, would understand my predicament.

Ms. Olson, the U.S. Taxpayer Advocate, when speaking about the possible future consequences of FATCA and all of its related reporting requirements, said, "I don't think we'll know [what they are] for years. And by that point we'll actually be a little too late to go, 'Oops, my bad, we shouldn't have done this,' and then try to unwind it."<sup>vi</sup>

In the meantime, how many Americans living abroad, who have represented this country proudly all over the world, will have renounced their U.S. citizenship?

Is this what you want?

**RECOMMENDATION:**

In my opinion, the only way to remedy the untenable situation in which Americans abroad find themselves is to eliminate citizenship based taxation. It simply does not work in the modern world in which we live, where Americans are employed by international companies and live with their nuclear families in foreign countries around the globe. These people are the unpaid emissaries of America and should be treated with the respect they deserve.

While the goal of moving to residence based taxation cannot be achieved overnight, those members of Congress who are intelligent, well meaning, thoughtful and compassionate, could begin to gradually unravel the mess that exists, so as to eliminate some of the most onerous and blatantly discriminatory requirements imposed on Americans abroad.

Only such action will stem the flow of economically fragile and emotionally terrified U.S. citizens around the world who are justifiably heading for the exit door, or alternatively, cowering in fear, hoping to stay under the radar. Watching the greatest nation in the world systematically persecuting its own citizens, for nothing more than innocent ignorance, mistake, or marrying a citizen of another country, is a sad thing indeed. It truly is beneath the United States and does it no credit.

Thank you for your time and attention.

**Marilyn Ginsburg**

***Ontario, Canada***

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<sup>i</sup>Before we took the drastic step of renouncing our U.S. citizenship, I wrote a letter to President Obama expressing our feelings. I was hoping to hear back that the tax situation for Americans abroad might be changing for the better. Although I never heard back from the President, my letter somehow found its way into Forbes Magazine, where it has now been read by over 168,000 people. [www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america)

<sup>ii</sup>There is ample evidence that Americans abroad who inadvertently fail to properly complete or file an FBAR are subjected to disproportionately high penalties and unfair procedures that erode trust in the IRS and erode taxpayer rights. See "Offshore Voluntary Disclosure (OVD): The OVD Programs Initially Undermined the Law and Still Violate Taxpayer Rights" a 2014 report to Congress by the Taxpayer Advocate.

<sup>iii</sup>Letter from Ms. d'Addario to House Representatives Adrian Smith and John Larson, April 13, 2013: [http://waysandmeans.house.gov/uploadedfiles/patricia\\_anderson\\_daddario.pdf](http://waysandmeans.house.gov/uploadedfiles/patricia_anderson_daddario.pdf)

<sup>iv</sup>Securities Industry and Financial Markets Association FATCA Policy Symposium in Washington, October, 2014.

<sup>v</sup>Steven Miller's comments were published by TaxAnalysts on October 7, 2014.

<sup>vi</sup>Securities Industry and Financial Markets Association FATCA Policy Symposium in Washington, October, 2014.

## ACCIDENTALS

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**FEB 9, 2015**

Apparently, I am an “accidental American”. I was born in 1959 to two Canadian parents who were temporarily living in the United States and who moved back to Canada when I was five years old. My father, who worked for Texaco, was frequently invited by his company to become American but always declined. As patriotic Canadians, my parents never wanted their US born children to be Americans. But in those days, dual citizenship was not allowed, so this was not really an issue.

As soon as we arrived in Canada, I was registered as a Canadian born abroad. My parents kept this document preciously, as proof that I was Canadian and not American. I returned to the States in 1973 for a year (my father’s work, once again) and remember feeling very different from my American classmates. Every Monday, we stood up in homeroom to pledge allegiance to the flag. I remember standing with them out of politeness, but remaining silent. Their pledge was not my pledge, their flag not mine.

A couple of years later, I began hearing from friends that dual citizenship was offered to US born individuals. Out of curiosity, I phoned the US Consulate in Ottawa in 1977 and was told categorically that I was NOT American, and that if I wanted to become American, I would have to renounce my Canadian citizenship and move to the States. This clearly was not what I wanted and I began my adult life with the confirmation that I only had one nationality.

It goes without saying that I have never had an American Social Security Number or an American passport. I have lived my entire adult life in Canada, have worked very hard as a family doctor and have spent my career saving for my retirement. At the age of 55, I am finally getting to the point that I can begin to slow down a bit and concentrate on other aspects of life. One of my dreams has been to do volunteer work in developing countries, and I look forward to be able to accomplish this without having to worry about making ends meet.

Several years ago, I heard from my sister in law that US born Canadians were allowed to request dual citizenship. Although I had obtained a French passport in 2003 after marrying a French citizen, I did not have any desire to become American. And life carried on for me... as a Canadian who voluntarily requested a second (French) citizenship.

Imagine my shock when I realized that by some unexplainable sleight of hands, I had been transformed from a law abiding Canadian into an American tax evader! I could not believe that such a thing could happen to me, or to anyone else in my situation. The idea was simply ludicrous! Not knowing what to do, I hired an American immigration lawyer to look into the matter for me. Initially, she felt that it would be fairly easy to prove that I was not a US person, but the murkiness of the laws made her uncertain and she changed her mind. A short time later, I received information from my financial advisor that my financial institution would soon “be focusing on identification and remediation of client accounts” that were not FATCA compliant. My heart sank. What was I to do when I was contacted by the bank? I am still waiting for the letter, or the email, or the phone call. And I must confess that I do not know what to do. Do I “come clean” (how I hate that expression) and make myself known to the IRS, or do I refuse to comply? For the moment, I hope and pray that I can remain under the radar until the powers that be come to their senses and realize that what is happening is unjust and shameful. FATCA was created to track down rich Americans who were hiding their money in foreign countries. Unfortunately, millions of innocent people throughout the world are being mercilessly tracked down, fined and penalized. I feel so powerless, yet am thankful for the efforts that are being made to rectify this terrible injustice.



I know that the Senate Finance Committee will be listening to testimonies from people who have become victims of FATCA and its collateral damage. I would respectfully request that you honestly look at the problems that FATCA has created for people like myself. The United States of America claims to uphold values of Justice and Blessings of Liberty. Please right this wrong and stand up for the high standards that were espoused by your Constitution. Make the world proud of you for having the courage and integrity to amend a Federal Law that is clearly flawed.

Anonymously yours,

An honest Canadian

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### **POSTED BY NOBLEDREAMER JANUARY 30, 2015**

After reading the completely unacceptable response to MP Ted Hsu's order paper question (OPQ 816), WhiteKat decided to reach out, once again (in spite of previous communications being unsatisfying) and this time, write her story from the heart. Her MP, the Hon. John Baird is the Minister of Foreign Affairs, the Department that provided this "response."

I thought it deserved a thread of its own as this letter is a real gem.

WhiteKat:

"Its been awhile since I've emailed/mailed any government reps. I was inspired by a comment, written by Stephen Arvay on the [Allison Christians post](#)."

***If you have two to four hours to watch the "Stupid Bowl" coming up on Sunday, then you have a few hours per week to read, be informed and write your representatives. We must put the pressure on in volumes of letter, emails, faxes, phone calls!***

"I hope lots of you do the same! Yes, the lawsuit is important, but we cannot stop our bitching either!"

"Here is my latest to my MP John Baird."

I am writing to you about the FATCA IGA with the USA, that was signed by the Conservative government in Feb 2014.

I am very, very sad and totally disillusioned. I cannot believe I have lived in such an innocent state of unknowing for nearly 1/2 a century in that I thought Canada would protect ALL her citizens from foreign threats – not just a subset of them.

Apparently, I am a second class Canadian citizen. You really have no idea how horrible this feels unless it happens to you. It is a living nightmare that I stress about every single day. The last two Canada Days, I have found myself in tears. And if it can happen to me, it can happen to any Canadian.

I don't remember the first 20 months or so of my life, which was spent in the USA while my Canadian parents lived there. I haven't got an American bone in my body, but had the misfortune to be born on US soil. I've lived and worked only in Canada since moving back 'home' as a toddler.

Can you imagine the shock I went through just over two years ago, when I heard about FATCA and discovered that not only was I a delinquent US tax-filer, but was also required to report my Canadian accounts to the FINANCIAL CRIMES ENFORCEMENT NETWORK every year? And worse, my own country was going to shine a light on me so that the IRS would have knowledge of my existence, along with the private details of my bank accounts, most of which are held jointly with my 100% pure Canadian husband. He was not too pleased to say the least, and this has caused big rifts in our marriage.

Please help Mr Baird. I have done nothing wrong, unless to be born on US soil is a crime. How was I to know all these years, that USA was unique in the world with its byzantine 'place of birth' taxation laws? I have paid all taxes ever owed to the Canadian government and have been a law abiding citizen and productive member of Canadian society for over 50 years.

I am seriously stressing out, and at age 52 this is not good for my health. I have NO IDEA what to do. I cannot afford the financial costs to get into good standing with the IRS. I estimate 15-20K as I have lots of low-value Passive Foreign Income Corporations (i.e. Canadian mutual funds), several RESPS (one for each of my 3 children), several small RRSPs, and a TFSA (all considered foreign trusts).

Although I thought I was being a responsible parent and adult, saving for my children's education and my retirement, I have in fact caused nothing but huge problems for myself and family.

I am scared to death of the penalties that IRS will assess for my not reporting my and my husband's so-called 'foreign accounts' to the Financial Crimes Enforcement Network, which is what will happen when my financial institution reports me to the CRA under FATCA.

Did you know that the penalties for not filing FBARS (FOREIGN bank account reports) for my CANADIAN accounts are 50% of the value of the account for each of the last 6 years (i.e. 300% of the value of the account)?

Will the Canadian government take care of my husband and me after we hand over our life savings to the US government?

I would love to renounce US citizenship, but this does not relieve me of past compliance requirements for US tax reporting and FBARS, and in fact puts a red X on me for the IRS. Not only that, but renunciation is expensive! In 2008 it was free. In 2010 it was \$450, and in 2014 it was raised to an unbelievable \$2,350 (US dollars). I believe Canada charges \$100 to renounce Canadian citizenship and that it can be done by mail.

So basically, I am damned if I do, and damned if I don't. There is NO painless way out of the mess I am in, yet I am just a decent person trying to live an average life. Why is this happening to me? Why is my government not protecting me? Why is it handing me over to the USA which will allow it to literally destroy me and my Canadian born spouse and children?

I don't know which is worse – the threat of financial devastation from the USA simply for spending the first 20 months of my life there, or the horrible feeling that the ground I thought was beneath my feet all these decades was never really there! Sometimes, I think it is the latter – it is that soul destroying.

Please, is there someone in the Conservative party who actually cares about the millions of Canadians who are suffering like I and my family are, or is everyone just concerned about keeping their jobs and their pensions? I have truly lost faith in Canadian government.

Very sad second-class Canadian

Kxxxxxxx Pxxxx (name not withheld from Mr. Baird)

*Nepean ON*

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Gordie N Ott writes:

<http://news.nationalpost.com/2014/02/03/theo-caldwell-say-no-to-washingtons-surveillance-state/#comment-1229552828>

I am a “border baby”. Back in the 1950's, when the US was a friendly, benign neighbour, it was not uncommon for expectant mothers to cross the border, have their babies and return home to Canada. That is my only connection to the US, I have never lived, worked or voted there. My parents are Canadian and I am Canadian, but I was born in the US. That fact was always just a novelty until recently. Now, like those Eritreans, I am subject to threats, intimidation and coercion, except by the US government.

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[WhiteKat nanheyangrouchuan • 4 months ago](#)

<http://www.cnn.com/id/102129478#comment-1676078514>

Canada is not my new “home country”. I have lived ever since I can remember. My parents, and grandparents are Canadian born. I have NO American ancestry. America is a foreign country to me.

I do not and have never cheated on my Canadian income tax returns. As a simple, working stiff, even if I WANTED to cheat, there are no opportunities to because all my income has always been reported by my employers to the Canadian government. I am not a business owner, or someone with an ‘under the table’ marketable skill with opportunity to cheat. I know some of these people though, and it has ALWAYS been a big pet peeve of mine to see them do this, and to also hear some of them even brag about it.

Also, my Canadian earned income is not ‘foreign’ to me. I live here. I do not earn any ‘foreign’ income. USA is ‘foreign’ to me.

Sorry, nanheyangrouchuan, but you have me pegged wrong, and you are woefully ignorant of the plight facing innocent people like myself.

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[WhiteKat nanheyangrouchuan](#)•

<http://www.cnbc.com/id/102129478#comment-1676210878>

Because, technically, I am a US citizen, and thus a US tax payer according to US law despite a life lived OUTSIDE USA. And through FATCA, USA is hunting down people like me, requiring our local banks to send the details of our local bank accounts to the IRS. IRS will assess penalties (not taxes) as a factor of the balance of those bank accounts (which in my case was earned mostly by my Canadian only spouse) because we have not been filing Foreign Bank Account Reports with the Financial Crimes Enforcement Network every year as all 'American citizens' are required to do for their so-called 'foreign' (local to me) accounts. There are BIG penalties associated with not doing this, and until FATCA, most people in situations similar to mine had NO IDEA they were considered US taxpayers, never mind that they were required to report annually to FINCEN on their locally held, already taxed life savings. Many of us are older now, and approaching retirement. FATCA is a penalty grab on people who have no residential, economic, or ancestral ties to the USA which will bankrupt people of their hard earned, honestly earned, already highly taxed by the government of the countries we live in, life savings. This is WRONG.

And our own governments of the countries we live in, have changed their laws to make what was once illegal, legal (i.e. telling a foreign government how much we have in our local bank accounts) , so that they can abide by US wishes because they are afraid of the USA (FATCA has a 30% withholding on US sourced income to non-US banks which do not comply). This is ALSO WRONG, and why there is a lawsuit underway right now against the Canadian government.

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[WhiteKat disqus\\_3zspO06uDF](#) • 4 months ago

<http://www.cnbc.com/id/102129478#comment-1658566724>

The people giving up US citizenship do not live in the USA. Their US citizenship prevents them from living normal lives in the countries they choose to call home. For example, they are refused bank accounts thanks to FATCA; have to report back every year to the home country (even if they have been gone for decades) by filing not only tax returns but also by sending Foreign Bank Account Reports for their LOCAL accounts to the Financial Crimes Enforcement Network as though they are criminals; risk huge penalties for inadvertent paperwork errors; cannot take advantage of the savings/investment tools in the countries they live in (for example pension plans are 'foreign trusts' and double taxed); cannot marry without dragging their spouses into the IRS net; have huge complications with things that everyone else in their home country accepts as normal - for example non-US mutual funds are 'passive foreign investment corporations'; face yearly anxiety over all the paperwork that even their accountants cannot get right most of the time (not to mention the expense of all the paperwork); etc.

No other countries do this to their citizens who live abroad. When the home country starts to treat you as a slave, and abuses you, at some point you just have to say 'enough already', no matter how hard it hurts to make the break up legal.

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Legalist writes:

<http://www.cbc.ca/news/politics/canadian-banks-to-be-compelled-to-share-clients-info-with-u-s-1.2437975>

There are those who hold dual citizenship and have never earned a penny in the U.S. This is punitive to them.

MarshaS Calgary

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13529525>

You think this tax stuff is hard for someone who holds an American passport?

What about those of us who are getting threatened by the US government even though we never even held a US passport?

I was born in the US by Canadian parents living there temporarily. I have never lived there, never worked there, never had a Social Security number, never held a US passport, and never made use of any American services.

Yet now, at the age of 59, I am one of many Canadians being threatened with having my bank account frozen for my supposed failure to file back taxes.

Its appalling.

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Margaret Canada

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13530642>

What many citizens living solely in the USA don't realize is that many people all over the world received their US citizenship automatically through parents and grandparents and had no real connection to the US. Information on citizenship based taxation was not available until the internet age. Many people all over the world did not realize that they had to do anything in regards their accidental citizenship. The US government just assumed that there was some sort of innate knowledge of the complex filing requirements and that ALL people with US citizenship must have always known the US tax laws. So for thousands of people (probably millions worldwide) who have lived all of their lives as citizens of other countries it has been quite a shock to learn that all of a sudden the IRS and the USA sees you as a tax cheating criminal. Just to renounce your citizenship you must have 6 years of tax filing with the IRS and then pay the \$2350 fee. In Canada a tax preparer will charge \$2000 per year to prepare an average tax return (owe no tax) for the IRS. That is \$14350. So if you are an average accidental citizen in

Canada you can remain a criminal and live with the fear of non filing penalties (no tax is owed) or you can ante up and spend a good chunk of hard earned Canadian taxed cash to be free. With FATCA legislation the banks will automatically be reporting our accounts to the IRS. If the US doesn't care about any of us then why make it so difficult to leave?

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Em R. writes:

<http://www.theglobeandmail.com/report-on-business/international-business/us-business/ottawa-to-give-irs-information-on-americans-in-canada/article16710461/comments/>

It is possible for a Canadian citizen to have ZERO benefits from the USA -- no US citizenship, no eligibility for Social Security, no US pension, no US source income, no US voting rights, and no way to move to the USA to live or work without going through the entire immigration process which would only end in "access

denied” anyway. And yet this Canadian will be subject to FATCA reporting because the US has deemed this Canadian, living in Canada, to be a “US person for tax purposes”. If anyone here (including the writer of this article) cannot figure out how this can possibly be the case, then you do not understand the full scope of FATCA and the evil of US citizenship-based taxation.

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WhiteKat writes:

<http://business.financialpost.com/2014/02/11/canadas-u-s-tax-capitulation/#comment-1241953425>

I never dreamt in a million years that being born in USA, and thus technically an American by birthright made me a US taxpayer for life UNLESS I renounced. Since USA is the only developed country in the world that has this barbaric law, how would I have guessed this? My Canadian parents did not know this and still I don't think my mom believes me because it is so bizarre to tax people who left the country as babies and have never earned a dime there.

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<http://www.forbes.com/sites/robertwood/2014/11/15/i-am-canada-hear-me-roar-mr-president/>

**THIS LETTER WAS SENT TO ME BY A CONCERNED CANADIAN WHO RECENTLY LEARNED HE IS STILL REGARDED AS AMERICAN TOO.**

Dear President Obama:

I and thousands of Canadians are embroiled in an impossible situation. I am a Canadian. Yet because I was born in the U.S., you say I must file tax returns and FBARS, even though I haven't lived there since 1973. I was not aware I needed to file U.S. tax returns and never heard of FBARS or FATCA until now.

Turns out the law has existed since the Civil War, enacted to prevent wealthy people from moving abroad to shirk military and civil duties. The U.S. is one of only two countries in the world with this type of taxation. Eritrea, a dictatorship, is the other. Ironically, the U.S. is vocal about Eritrea and its violations of human rights.

I can't help but wonder why 153 years later, the U.S. decided to enforce it. For decades, many U.S. citizens traveled back and forth from and to Canada. 80% of the Canadian population is concentrated near the U.S. border. Yet border guards never mentioned the need to file tax returns. Did the U.S. not inform us purposely? How about educating citizens through TV? Most people have cable and most of the cable is U.S.

I believe the U.S. wasn't looking primarily for wealthy offshore accounts. FATCA was always about grabbing fines and penalties, taking from Canada and other nations to fuel the U.S. recovery. The IRS gloats that 43,000 have become compliant, collecting \$6 billion for the U.S. That money is mostly fines and penalties, as reported by the U.S. Taxpayer's Advocate.

I never had a social security number or U.S. passport. I came to Canada as a young boy, was educated in Canadian schools, married a Canadian, have Canadian children. A resident and citizen of Canada for decades, I and thousands of others *ARE CANADA*! We will never take a dime from the U.S. We do not use U.S. services but must pay fines levied against us. Besides, would I *want* a U.S. passport? Americans are the first to be grabbed by terrorists.

FBARs are forms to report all of your accounts, chequing, savings, R.R.S.P., R.E.S.P., TFSA, even a child's account. The fine for not filing if "non-willful" is \$10,000. If you are "willful" it is the greater of \$100,000 or 50% of the account for each year you didn't file.

Even so, my biggest issue with becoming compliant is disclosing my employer's accounts on FBARs. I work for a Canadian employer and have signing authority on general, pooled and trust accounts. FBARs require *all* accounts to be disclosed, financial institutions, addresses, account numbers, business address, business number assigned by the Canada Revenue Agency, my employer's social insurance number and the highest balance in each account for the year.

My employer wonders why the IRS wants information about his accounts. He is a Canadian without U.S. ties. He has grave concerns about security, yet I cannot become compliant without disclosing his accounts. Can he fire me because America still claims I am American? Even if I were to quit, I would *still* have to disclose his accounts. If I am audited, will the IRS or FinCEN audit *his* accounts? The IRS says I must retain records in the event they have questions about the accounts.

What if the IRS rejects my claim that I was non-willful? Many innocent people have gone into the Streamlined Program or OVDP and find themselves in this situation. Nina Olsen, the US Taxpayer Advocate, called it IRS "bait and switch" tactics.

By taking the Oath of Canadian Citizenship, I believe I relinquished my US citizenship decades ago. Yet now the U.S. government says not so fast. The U.S. State Department has changed the regulations many times over the years. They *used* to say that an individual voting in foreign elections forfeits U.S. citizenship. Other acts were also considered expatriating.

Then, in the 1990s, the U.S. State Department adopted new regulations. Turns out an individual does not give up citizenship when performing potentially expatriating acts. All those individuals who forfeited U.S. citizenship had it restored and are—for tax purposes—American again.

Now, you say renouncing must be *formal*. Yet many individuals like me were unaware of the need to attend an Embassy to relinquish or renounce. Others actually renounced at a U.S. Embassy years ago, but the Embassy did not issue a certificate of renunciation. They were not asked if they had been filing a U.S. tax return when they renounced. The U.S. State Department today says if they believed you renounced to avoid taxes, they will *restore* your citizenship.

What do I do now? I do not want to live my life like this. I share a chequing account and savings account with my spouse. My adult children needed a parent to open accounts when they were younger. Although those accounts are since closed, I would *still* have to report those accounts. What a system.

I have a Canadian R.R.S.P. and a R.E.S.P. My income is small. Most of our money belongs jointly to my Canadian spouse who has no U.S. ties—except for me. Now, the IRS will treat the accounts and the money in them as if they are wholly mine. They will treat the accounts as offshore accounts and me as a tax cheat hiding money in Swiss banks or the Caymans.

The situation is causing stress in our marriage. I have been quoted \$7,500.00 to become compliant, and it would cost me \$2,350.00 to renounce. They require three years of tax returns and six years of FBARS. I don't think I need to renounce as I believe that I relinquished in 1993. I cannot vote in U.S. elections, will never be eligible for Social Security or ObamaCare. Yet the IRS wants taxes, interest and fines.

We have no representation in the U.S. and no voice. Ironically, taxation without representation was the



catalyst for the Boston Tea Party. We were children when we came to Canada. We are Canadians. Who will be our voice?

Will our bank accounts be closed like others in Switzerland, Germany, England and Mexico? The banks closed those accounts citing the cost of complying. Who says when it is enough? Does the U.S. government care about the mess it has created for ordinary people living ordinary lives abroad? I hope so, Mr. President. I truly hope so.

Sincerely - I AM CANADA

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Feb. 5, 2015

The United States Senate  
Committee on Finance  
Washington DC  
United States of America

Dear Senators:

I wish to address a serious injustice that the United States government is perpetrating against millions of innocent law-abiding citizens and residents of countries around the world. Through the *Foreign Account Tax Compliance Act* ("FATCA"), the United States of America is violating the international human rights of persons who possess some degree of (often distant) US origin.

All of you and I share one thing in common: we were born in the USA. However, I was born to a Canadian father, who brought my family back to Canada when I was an infant. I am therefore a Canadian citizen from birth ("born abroad") and I have lived essentially my entire life in Canada, only as a Canadian.

I have never lived as an adult, studied, worked or earned income in the US. I have never received any services or benefits from the US government. I have no US social security number, no US passport and have never voted in a US election. The United States has always been a foreign country to me, and a country that I have enjoyed visiting. My US place of birth has always been a harmless novelty – until now.

Incredibly, the US government considers me someone who should be filing US tax returns and paying US tax (and I would owe tax), in addition to filing my private financial account information ("FBAR's") with the US Dept. of Treasury (under threat of draconian IRS penalties). All because of an old bad law that *goes back to the time of the American Civil War!*

This law, commonly known as *citizenship based taxation*, whereby citizens are taxed no matter where in the world they live, is practised by only two countries, the USA and Eritrea. Eritrea is a small country in Africa which is not a democracy and which has a poor record on human rights issues. Interestingly, the US has condemned Eritrea at the United Nations for its diaspora tax.

This law was never previously enforced because it would be unjust to enforce an old law that has no rightful place in today's world of *residence based taxation* and because enforcement requires the co-operation of other countries. However, the Obama administration is now trying to enforce it through FATCA. Under the threat of a 30% penalty on US source income, the US is using its financial clout to commit extortion on other



countries by forcing them to break their own privacy and anti-discrimination laws and turn over confidential financial account information on their citizens and residents who are deemed “US Persons”. The US Treasury Dept. has negotiated “IGA’s” (intergovernmental agreements) with other countries under the guise that they are treaties – except that proper treaties require ratification by the Senate, and the IGA’s have not undergone this ratification.

The prevention of legitimate tax evasion (such as US *residents* hiding money in Swiss or Cayman Islands bank accounts) is a commendable pursuit, but FATCA is not the right way to achieve this. It violates the 4<sup>th</sup> and 8<sup>th</sup> amendments of the US Constitution. The IGA between the US and Canada violates sections 7, 8 & 15 of the Canadian Charter of Rights of Freedoms.

The United States was founded as an independent nation on the principle of unjust taxation (by England) of persons abroad. Now the USA is committing the same offence!

You may or may not be aware that renunciations of US citizenship are skyrocketing around the world, and the punitive way that the USA is treating its “expats” is causing extreme disgust, anger and bitterness towards the Obama administration, as well as fear, anxiety and stress-related health problems in many people of retirement age.

President Obama and Congress have made a mistake. It can be corrected. FATCA can be repealed and the United States can change to residence based taxation to be consistent with the rest of the world and the principles of just and fair taxation. Please work with your fellow Senators, Congress and the President to make this happen and end this injustice.

I request that you ask yourself the following questions:

How would I feel about paying taxes to a foreign country where I have never lived, worked or earned income?

How would I feel about having my private financial account information turned over to a foreign tax agency for the pursuit of unjust taxes and penalties?

Have I ever been the victim of injustice?

Have I ever been made to feel like a criminal when I have done nothing wrong, because “it’s the law”?

I personally have found inspiration from the quotations of Dr. Martin Luther King, who, as you know, spent his life fighting unjust laws:

“Injustice anywhere is a threat to justice everywhere.”

“Our lives begin to end the day we become silent about things that matter.”

“Never forget that everything Hitler did in Germany was legal.”

“The time is always right to do the right thing.”

“One has a moral responsibility to disobey unjust laws.”

Thank you for your attention to this important matter.

**Yours sincerely, a concerned “US Person”**

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## BANKING

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[Daniel Kuettel](#) Dec 15, 2014

<http://www.wsj.com/articles/neil-gandal-why-does-uncle-sam-hate-american-expats-1418687615>

I am US Army veteran and I had to renounce US citizenship to refinance my mortgage. My bank does not accept US clients. FATCA forces banks to identify their customers according to their place of birth and banks are discriminating against their customers due to this national origin information. National origin discrimination is a US federal crime, yet the US government argues that it is acceptable to violate US law outside of US jurisdiction. In response to this discrimination, I had contacted HUD and the VA for mortgage assistance, but they stated that they do not help American veterans who live outside of US jurisdiction. My US representation also didn't represent me. In my view, the US government should make every effort to help and support its expats instead of violating US laws by enforcing discrimination against them.

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[Guest RH Hastings](#) • 4 months ago

<http://www.cnbc.com/id/102141113#comment-1663820949>

Can you imagine going to a bank because you want to invest some money in a mutual fund or set up a retirement savings scheme...they give you a wide range of options, then you mention you are a proud citizen of the USA. They say, oh, we are sorry but cannot offer you anything beyond a simple checking or savings account. That was the moment my citizenship became a burden. It had nothing to do with taxes, but with US government policies directly impacting my life. Add to that the fact that I must submit bank account numbers and balances, then it becomes a tough choice to keep the blue passport. I do, however, have a greater appreciation of why our founding fathers rebelled. My vote wouldn't count for much but my handing in the passport would. If you think it an easy choice though, then you know nothing.

[Michael Phillips](#)

[http://www.timesofisrael.com/taxed-into-renouncing-their-us-citizenship/?fb\\_comment\\_id=fbc\\_1487174501502609\\_386153\\_1487205841499475#f268ace4fc](http://www.timesofisrael.com/taxed-into-renouncing-their-us-citizenship/?fb_comment_id=fbc_1487174501502609_386153_1487205841499475#f268ace4fc)

I am a U.S. citizen. I had an account at the Bank Leumi so I could buy and hold Israeli stock. The bank made me close the account because the American demands for paperwork was too much for them. I had under \$50,000, too little for the trouble.

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[WhiteKat Glen Roberts](#) • 4 months ago

<http://www.cnbc.com/id/102129478#comment-1659119326>

It is unfortunate that many who would like to renounce, cannot afford the huge costs to do so - \$2,350 renunciation fee (which a few years ago was free); 5 years worth of tax compliance (most 'US persons' were unaware of USA's unique to the world 'place of birth' taxation); legal fees to see which amnesty program is best for their situation; accounting fees for all the years of back tax returns; complex, expensive nail biting paperwork because everything they have is 'foreign' and thus treated with suspicion by the IRS (ex. non-US mutual funds are 'passive foreign income corporations'); risk of outrageous penalties for paperwork foot

faults; angry spouses who do not want to share their bank account information with the USA; criminal fines for not filing Foreign Bank Account Reports for their LOCAL accounts to the Financial Crimes Enforcement Network as though there is something criminal about having a bank account where you live, etc, etc

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[Kyla4u](#) 1 year ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-6074](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-6074)

So far, from my two years spent studying FATCA and the ramifications of this law, renunciations are coming from every end of the globe and are not concentrated in any one area. Dual Swiss/US people were probably the first group to increase the figures, because they were the first to be

disadvantaged by the US jihad against Swiss banks. At the moment, from what I hear, there are almost no banks in Switzerland that will allow a US person to have an account – and that includes mortgages as well. As the FATCA disease spreads to other countries, their banks are pushing dual US people out the door as well. Last week, AXA Bank in France was the most recent bank to close accounts of US ‘persons’.

I live in the UK, and last I heard in early 2013 was that there was a wait of several months to get an appointment in London to renounce. It might be even longer now.

The FATCA disease does not care where you live. It will force US duals everywhere to renounce.

Sunnie Mitchell • 6 months ago

<http://www.telegraph.co.uk/finance/personalfinance/tax/11077310/No-Isas-for-British-Americans-Post-Office-overreacts-over-hated-US-tax-law.html#comment-1576456818>

Good news - common sense seems to be taking hold on several levels again including this one. I’m a dual citizen and not only couldn’t open an Isa, the Post Office and banks refused to open any accounts for me at all citing FATCA as the reason. Several friends who’d come home before me have since got notices from their institutions their accounts were being closed owing to the cost and complexity of compliance.

When I came home in 2010 FATCA wasn’t law yet but financial institutions were already making preparation to comply. I had a very difficult time finding an institution to open my accounts!

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Abigail London, UK

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html?permid=13526900>

It’s a decision I’m considering. I moved overseas as an adult and am still very connected with the US and my family and friends there. But the rules get more and more onerous and complex. I can’t be a signatory on my charity’s bank account unless everyone on the board agrees that I am allowed to report it to the US every year, as I am required to do. Some banks won’t let me open an account as it’s too much work for them. I make a very average living and the US acts like I’m trying to hide money. It’s all very depressing. I think there are advantages to being American and I’m perfectly happy to pay my share, but some of the information they want, which is a huge pain to assemble, is just silly for those of us with an average wage/wealth.

[FromPatriotToExPatriate](#) 1 year ago

<http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/#comment-1057-23348-4633>

Robert:

Thanks for continuing your focus on the area of offshore accounts. As you are well aware the largest number of people with so called offshore accounts is U.S. citizens abroad. Americans abroad are in general very apologetic for using bank accounts outside the U.S. Really, they do wish they didn't have them.

But they have three problems.

1. They really do need bank accounts to live.
2. It is not convenient for them to use U.S. bank accounts to pay their bills.
3. Truth is many Americans abroad are unable to open bank accounts in the U.S.

I am going to be brutally honest here. I am sick and tired of hearing the "local bank accounts" of U.S. citizens abroad characterized as "offshore". They are only "offshore" from the perspective of an ignorant, dysfunctional Congress, that is, a locked a mental "time warp" – probably in the 1950s. U.S. lawyers and accountants are complicit in this by NOT taking a loud position that the whole definition of "offshore" needs to be reconsidered. Think about it.

Of course the problem with excluding "bank accounts that are local to a U.S. person abroad", from the definition of "offshore", is that it diminishes IRS potential penalty revenue.

Question for you:

Do you really believe that a bank account at the Royal Bank of Canada in Canada in the name of a Canadian resident is "offshore"?

Okay, sorry for the venting. Now on to the main point of your article. You say:

"Even worse than American scofflaws are those who enable them, claim prosecutors."

The U.S. is attempting to impose various forms of Voluntary disclosure on the world.

In the beginning we had OVDP for individuals.

Then we had OVDP for banks (which you reference in your article).

Then we had OVDP for countries. That's what a FATCA IGA is. By entering into an IGA a country discloses (at their expense) the existence of U.S. persons in their country. (That's why there are so few FATCA IGAs.)

We will soon have OVDP for financial planners and lawyers (if the IRS can break down UBS can't it break down lawyer client privilege?) What will this mean for the future of your law practice?

So, where the IRS is going is as follows:

A massive voluntary disclosure program for the world. Basically everybody will be disclosing information about everybody else. Some will be rewarded as "Whistle blowers")

The U.S. has taken the idea of the East German Stasi and upgraded it to take advantage of modern technology.

The obvious solution for LAW ABIDING U.S. citizens abroad is to renounce their U.S. citizenship. They really have no choice. They can't afford the costs, hassles, threats of penalties and dependence on lawyers. What about U.S. citizens abroad who are NOT law abiding? Well, we will see.

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AMH Not US

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527325>

I've been a US citizen abroad for 8 yrs. Filing a tax return is the least of my worries compared to the repercussions of the unmitigated disaster that is FATCA. FATCA doesn't just impose reporting regulations for foreign banks with US clients, many US banks are also closing accounts of US

citizens who reside abroad. My IRA has been invested with a US brokerage firm since 1984. They sent me a letter in 2012 saying "move it or lose it" - I had to liquidate my account and move it to another institution and until then it would be frozen. This would have put an enormous tax burden on me, so I had no choice but to change my address to that of relatives in the US. Likewise, I have a checking account with a large US bank and a debit card attached. My card was shut off, and I was told by VISA that I was "not allowed" to have a US checking account if I lived overseas! Outrageous! I have income and bills in the US, namely to a credit card which I am required to have in order to maintain my credit rating there. How can it be legal to shut me out of the banking system while still requiring that I file taxes? How can I pay my taxes without a checking account? The US also doesn't appreciate how this adds insult to injury for those of us who live under already onerous reporting and taxation in our host countries. And the fact that FATCA was introduced by none other than Charlie Rangel, one of the most corrupt members of Congress guilty of financial misconduct, is laughable and insulting.

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Marylouise Serrato • [2 years ago](#)

<http://thehill.com/blogs/congress-blog/foreign-policy/313775-fatca-simple-premise-gone-terribly-wrong#comment-979285580>

FATCA's goal to tackle tax-evasion may be at the base of this legislation however, it is having the unintended consequence of locking all Americans out of overseas banking services including those who legitimately are living and working overseas. Imagine having your mortgage called in because your bank no longer wants to work with you as an American client. No checking account no saving account, no way to pay your bills because you are an American. No way to deposit and hold a security deposit for a rental because no bank will accept you as an American co-signer? All these are the very real consequences for those Americans legitimately working overseas; average Americans working in NGOs, as doctors, as teachers, as researchers, and in business. Even worse is the message it sends to those who want to do business in the US as reporting requirements extend to anyone, American or not, who wants to invest in the US securities market. Now is the time when America should be opening its doors to investment and encouraging its citizens to engage in the global economy. FATCA is closing these doors.

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## PRIVATE EMAIL TO NOBLEDREAMER

Firstly, I must state that I do not and never have considered myself a US citizen. I have never lived, worked, or owned property in the US. I was born in Canada and have never lived elsewhere. It is only recently (because of FATCA) that I discovered the US would deem me one of “theirs”, as outlined in the US INA Act 301(g). In a nutshell, my mother was a US citizen who came to Canada 63 years ago. Because of that, it seems the US feels they can impose their citizenship on me.

FATCA has had little effect on me, other than I had to move my investment accounts from my broker of 20 years because they knew from social conversations (way before FATCA) that my mother was American. Under the IGA, because my accounts exceeded certain amounts, my broker was supposed to report my account simply because he had knowledge of my ancestry. There is no “indicia” as mentioned in the IGA on my account information, but once you exceed a certain value, the IGA has this little nugget:

### RELATIONSHIP MANAGER INQUIRY FOR ACTUAL KNOWLEDGE

*In addition to the electronic and paper record searches described above, the Reporting Canadian Financial Institution must treat as a U.S. Reportable Account any High Value Account assigned to a relationship manager (including any Financial Accounts aggregated with such High Value Account) if the relationship manager has actual knowledge that the Account Holder is a Specified U.S. Person*

My account manager did not want to report me, so I left that institution for another that does not know my ancestral background. I know that under the tax treaty the IRS would never be able to collect anything from me, but even at that, this mess has caused me to terminate a long-term financial relationship. Even my MP, who I have discussed this with, doesn't get it. His comments could be summed up as “they'll likely never find you.”

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[androol1999](#) • [3 months ago](#)

<http://www.cnbc.com/id/102129478#comment-1658566724>

I have been living abroad for a few years and have acquired a second citizenship in a western European nation. I have been actively considering renouncing my U.S. citizenship for a while now but recently I had an experience that has just about cemented my decision to do so. My wife and I have been looking to buy a house and after initially being approved for a loan, our bank decided to not approve us because I am American and it would expose them to too much risk of financial penalties due to FATCA laws. I have spoken with several other expats and it appears the IRS has significantly increased audits on expat Americans. Fully 50% of my American co-workers at the foreign company I work for are being audited. Several are being audited for the second time in three years. Between the banking issues and IRS headaches the benefits of retain my U.S. citizenship seem very small. On top of that I find myself further and further removed from ‘American values’. Other than my love of American football, I am finding myself increasingly looking at the United States as an outsider. I guess in my view the answer to the question of this article, I would say that giving up U.S. citizenship is in many ways the most un-American thing you can do. As someone who does not feel like an American anymore, I am just fine with that.

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Anthony [July 2, 2014 at 10:05 pm](#)

<http://isaacbrocksociety.ca/2014/06/30/twas-the-night-before-fatca/comment-page-1/#comment-2145845>

Had my first FATCA related experience today, July 2nd. I've been living in [xxxxx] for the past 12 years as a legal resident and banking at the same institution with zero problems. I do online wire transfers from my US based bank as needed, and use a Visa check card to withdraw cash. I went in today to withdraw \$2,000 from my U.S based Visa check card and I was shuffled to some manager who then shuffled me to someone else, eventually it was clear no one knew what to do, I was an American citizen and toxic. After about 30 minutes they gave me my cash and told me that I would need to fill out paperwork the next time I came into the Bank. I got the impression my days were numbered as a bank client. As a retiree living on a modest pension, I'm by no means some high roller, and file my taxes on time every year. If all the banks close their doors to US citizens living abroad I honestly don't know how we will survive. I guess we use western union or some other system that charges 6-8%. I'm currently paying only 1-2% to get cash abroad from my US based bank. Add this to the money

I'm losing from low CD rates and you can see that retiree's living abroad are really paying a high price.

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mjh49783 Ontario, Canada

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13532852>

My crime? I simply chose to marry a Canadian, and made the informed decision to live abroad, and start over. I was born in the USA, lived in the USA for nearly half of my life, and reached the conclusion that the so-called American way is just not for me. Not in the way the country is currently headed. I could go on and on about the gridlock politics, the loss of freedoms, the culture of victimhood, etc.... but in the end, I'll say it's the lack of opportunity for social advancement. There are too many people that are miserable, and will gleefully work to keep others down instead of lifting themselves up. I saw an opportunity to better my life elsewhere, and I took it. I make no apologies for that, and I don't feel that I should be held to pay it back to the old country for my successes elsewhere, for all that they haven't done for me. Flag waving platitudes no longer phase me. Especially when I can't even have a normal banking relationship with my wife because of my unwanted US citizenship.

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ss NY and Europe

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13528906>

I had two months to find a new bank because they didn't want to deal with the IRS. (Foreign banks now have to directly report Americans' accounts, so why do we have to do it, too?) They offered to let me stay with them for just \$1000 per account per year. They wanted to keep me (my husband, really) as a customer, so they also suggested that I put all my money in his name. Ha ha.

Now I do business with another bank. I have to pay a monthly fee and if I have a problem I have to go to a special desk at a certain branch in Zurich instead of my local one. Not at all convenient, and I am completely at their mercy. If they up their rates, where would I go?

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Jack Paris

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13528242>

Thank you for this article. Current US intimidation of its citizens abroad is frightening. It is all the more irksome that we all know of US firms and hyper rich individuals who escape significant taxation (e.g., G.E. and hedge fund managers) legally. It should be obvious that someone who is established in another country and makes their life there, paying (often high) local taxes should be left alone. Compliance with current rules is financially difficult for a middle class person. Renouncing US citizenship is heartbreaking and costly (\$2500 - a new tax). Non-compliance is threatened with crippling sanctions. But the worst of all is that being born in the US shows on all ID documents, even your foreign passport, and labels you as a kind of pariah that banks will avoid at all costs (as I found out in June when my bank terminated all my accounts

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Elizabeth

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527543>

I think his renouncing of his citizenship and his not living in the US much has muddled the water of his argument here for many of the comments. As a US citizen who has lived outside of the US for the last 11 years, but doesn't want to renounce, all of his arguments about tax filings hold as well as the effect that FATCA has on not just Americans, but anyone with any form of financial interest in the United States, be it just power of attorney.

We spend several thousands of dollars filing our US returns each year, but never have actual tax to pay because we pay more than 50 percent of our income in tax already to Belgium and thanks to a double taxation treaty, we have no tax due in the US.

Our bank in Belgium last year after FATCA came into force refused to hold any investments for us and threatened to liquidate our standing investments (we were able to transfer them to the US). We have friends that have had banks tell them to come get their money because they will no longer hold accounts for anyone subject to to FATCA.

We would like to talk to our elected representative about this, but you vote in your last known address in the US which for us is DC and as you know, DC has no voting member of Congress. It is becoming worse each year and if we did not have family in the US, I imagine we would consider renouncing as well.

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## BUSINESS

[JLR22](#) 1 year ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-20683-6021](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-20683-6021)

Robert thank you for noticing this serious issue and reporting on it.

As an ex-pat it is not only a problem for me but my family. My wife owns a business and the funds go into our account with both our names on it. I don't understand why countries are caving to the USA on this matter. Her business creates local jobs and FATCA prevents her business from succeeding.

Also, we have a child who could be considered a USA citizen despite never living in the USA. So my child has to deal with this FATCA nonsense down the road as well.

If the USA seems hell-bent on going after ex-pats (and their families) then they give us little choice but to renounce. I served for 5 years in the US military and frustrating that has to come to this.

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warwickman • 6 months ago

<http://www.telegraph.co.uk/finance/personalfinance/tax/11077310/No-Isas-for-British-Americans-Post-Office-overreacts-over-hated-US-tax-law.html#comment-1576878458>

US citizens working abroad are finding it difficult to get bank accounts, just to get their earned salary. From personal experience, I know that this is already affecting international companies ability to move executives and experts.

The "unexpected consequences" will soon be a big deal.

Hopefully, that will make governments, including the UK one, understand that over zealous taxation is not just counter-productive, but also dangerous.

But they will probably only wake up when factories and offices are closed as a result.

We all need to shout loudly, starting with the US citizens.

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zvichadashote Mar 3rd 2014 2:47 pm

<http://www.scmp.com/business/companies/article/1438783/cathay-withhold-us-pilots-wages-taxes>

In reply to: [honkiepanky](#) (Mar 3rd 2014, 11:02am)

Wrong, you can blame them. Cathay is not a US company and not subject to collect taxes for the USA. Next, will they force US citizens legally residing abroad, to join Obamacare? I'm sure most American Cathay pilots file and if necessary, pay their US taxes. This is just a scam for cash strapped USA to get money interest free until they need to pay tax refunds. Does Cathay have to run their HR policies as per US law. I think not. Same thing is they do not need to be USA's tax collector. I hope the pilots hire a good HK attorney to get a court order preventing Cathay from doing this in Hong Kong.

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[Steve](#) 7 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostIdblog/comment/1057-29843-7380](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostIdblog/comment/1057-29843-7380)

I am an American living in Costa Rica. The frustration of trying to comply with the US is overwhelming. The challenges above are multiplied 10-fold when you own a business. The US wants to collect tax on your REVENUES if you own a foreign company versus your profits. It makes it impossible to comply if you own a simple restaurant as I do where profit margins are very low. I have strongly considered giving up my US citizenship, but, I fear doing so as Costa Rica is not as strong as Canada. If I could get EU citizenship or Canadian, I would give it up. Sad that it has come to this, but, citizens abroad have become potential terrorists in the minds of our government.

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[rogerc](#) 7 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostIdblog/comment/1057-29843-7406](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostIdblog/comment/1057-29843-7406)

Yes, the Controlled Foreign Corporation are real killers for the small American entrepreneur who wants to open a business abroad, either as its sole owner or in partnership with a local non-US citizen. To start, he must set up three separate and distinct accounting systems: First must be in local currency and in compliance with local laws. The second must be in equivalent US dollars in accordance with US Generally Accepted Accounting Practices, with foreign currency amounts converted to US dollars in accordance with extremely complex IRS rules that require very

specialized knowledge and as required by Revenue Code Section 6036. Failure to do this triggers an automatic \$10,000 penalty. And a third set in accordance with US principals for all other purposes prescribed by the Tax Code. And he must reveal to the IRS the confidential financial details of the foreign partner's other financial activities which he may chose not to reveal. It may well be that the American partner must violate local privacy laws to reveal this information to the IRS. So the American wanting to start a business in a foreign country is "dead in the water" before he even starts. A foreigner starting a small business faces none of these barriers erected by his country of citizenship.

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[Joshua Steimle](#), Contributor 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostIdblog/comment/1057-26083-5893](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostIdblog/comment/1057-26083-5893)

As an American living/working in Hong Kong, I'm witnessing all this firsthand. I'm not sure the US government nor its politicians have any idea

how inconvenient they're making it for US citizens who live and work abroad, especially those who are opening foreign offices or starting businesses overseas. This has a stifling effect on entrepreneurship and small business growth as the barriers to starting a business grow and solidify, and individuals decide it's just easier to work for a large corporation. Perhaps this is all a plot by big business to hold on to talent and prevent competition? Perhaps not, but it has that effect. And we all suffer for it as innovative products and services are never created, which otherwise would have been.

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rogerc 9 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-6225](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-6225)

Robert, it is extremely complicated and very costly for a US citizen to set up a business in a foreign country. It matters not whether the business is incorporated abroad or not 'US persons' abroad must set up three accounting systems: One in local currency in compliance with local legal and tax requirements, one in equivalent US dollars under US generally accepted accounting practices to comply with reporting requirements under Internal Revenue Code Sec. 6038, (even if there is no business need to maintain books under US GAAP and for which a \$10,000 IRS penalty can be applied for failure to follow the rules) and one in US dollars under US tax principals for all other purposes. The rules for converting foreign currency values to US dollars are extraordinarily complex which, for a small business most likely requires competent (and costly) outside professional assistance. Any business owned 10% or more by a US person is required to comply with these rules, which also makes it extremely difficult to form joint ventures with nationals in other countries.

Compare this with the rules for foreign persons opening and operating a business in the US. Only one accounting system, in accordance with US GAAP is required.

This is, in a nutshell, why small US businesses and entrepreneurs find the US tax laws far too onerous to even contemplate setting up sales and marketing operations abroad whereas, because of the residence-based personal and territorial tax laws of all other countries their smaller entrepreneurs and businesses often capture foreign markets, not only in the US but everywhere else. Two thirds of US jobs are created by small businesses jobs. US entrepreneurs who venture abroad do so with a fiscal millstone tied around their necks.

This is the primary reason why the US has a \$700 billion/year world trade deficit whereas most of our high-wage international competitor countries are racking up huge foreign trade surpluses. For 2013, for example, the trade surpluses of Germany, Switzerland, Korea and the Netherlands were \$263 billion, \$26 billion, \$44 billion and \$58 billion respectively. According to the Commerce Department's rule of thumb, each \$1 billion in US exports equates to some 10,000 American jobs. The US trade deficit equates to some 7 million

destroyed American jobs producing for export and, at 18.5% of GDP, some \$150 billion in tax revenue these lost jobs fail to generate. The unique US citizenship-based taxation is clearly a lose-lose proposition for the US economy.

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**VIA EMAIL TO NOBLEDREAMER TUE, FEB 10, 2015 AT 5:39 PM**

United States Senate Finance Committee

February 10/15

To Whom It May Concern:

Thank you for the opportunity to comment to the Committee. Under normal circumstances I would introduce myself however, given present circumstances, I cannot as my status as a US Person, is being reviewed by the State Department at my request to validate my relinquishing acts in the early 1970's. I am a Canadian citizen, registered as a Canadian born abroad at birth, in the United States while my Canadian parents completed their post graduate education in the United States.

If you are unaware, with the exception of the United States, it is not a good thing to be considered a US Person ( a newly coined status) for tax purposes, if you live outside the U.S. It is not a good thing to have any U.S. indicia at all.

Who am I? I'm a small business man that has owned and operated a small service company, successfully for 35 years. I attended elementary, middle school, high school and university in Canada.

I have never lived in the United States, have never voted in the United States and derive no US source income. I have never voted in a U.S. election, filed US tax returns, FBARS etc. I have never been made aware of this responsibility nor to my knowledge was there any attempt by the United States to make her Diaspora aware of this. I live in a large, progressive urban area with easy access to communicate.

I've raised my family in Canada, coached high school football, rugby and hockey teams. I've raised funds for various community events, canvassed for Canadian Federal and Provincial politicians. In short, I think, contributed to Canadian society.

FATCA assumes I'm a tax cheat, a criminal under U.S. law. FATCA assumes my Canadian spouse and children, by virtue of our (former) joint accounts are reportable to the IRS under FATCA with no rights to financial privacy for any of us.

FATCA has harmed us and it's harming you too. I used to take some small pride in my birthplace, Canada's greatest friend, ally and trading partner. A country that has paid a great price to win independence and support equality and fairness for all. A country always willing to answer the call for help in a dangerous world. Now a country that must use coercion on the world to force its will to override indigenous constitutions and privacy laws by way of Inter Government Agreements, to deputize bankers to find people with the most tenuous and arbitrary ties to the U.S. Canada's proudly inclusive society has been irresponsibly damaged by FATCA. We now discriminate against certain Canadian citizens by place of birth. Canadian citizens, resident in Canada, paying taxes in Canada, have no rights to privacy in their most private affairs because of a foreign law.

I no longer have a relationship with my bank of 35 years, as my accounts have been withdrawn.

I no longer have joint accounts with my wife of 28 years. This is problematic and has created stresses in our relationship. I cannot maintain any significant bank accounts in my name.

I cannot become compliant with U.S. tax law at this stage in my life without committing financial suicide due to the IRS penalty structures alone. It is doubtful that I owe any tax, until I die at least.

I am no longer a signing officer of my own company and have had to divest my shares to partners due to my U.S. Birthplace and onerous reporting requirements even though we conduct no business in the U.S. This has been extremely stressful.

I no longer have a relationship with my Member of Parliament, who has quoted the party line throughout this process leading up to signing the Inter Government Agreement to ratify FATCA in Canada, subordinating our Charter of Rights and Freedoms in favor of the banks. He has not responded to my query regarding timing of the U.S. promise of "symmetrical reciprocity" in the I.G.A. I have my doubts whether U.S. banks will comply.

I do not have access to the same retirement savings vehicles that my fellow Canadians do. A lifetime of prudent investing and savings gone for naught.

What I do have is empathy. Empathy for every person who has ever been persecuted due to their race, religion

or place of birth. I am now such a person, because I was born in the United States of America.

A newly minted second class Canadian because of FATCA and citizen ship based taxation.

Please consider carefully the very real harm this ill conceived law is doing to average citizens around the world. Our financial matters are not “Foreign “or “Offshore” to us that live, work and raise families outside the United States. It is time for the U.S. Congress to put this right and repeal FATCA, enough harm has been done.

If you distill it, a law that forces people to give up their citizenship and rights under great duress, cannot be fair by any measure.

Thank you for the opportunity to comment.

Name withheld - apologetically.

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### **The Competitiveness of US Persons**

US persons conducting business outside the US are subject to both local and US taxation and reporting. Bona fide resident aliens residing within the United States are not subject to taxation and financial reporting requirements on the basis of nationality. The White House and many members of Congress have acknowledged the importance of direct foreign investment for sustainable growth and increasing prosperity. <sup>[2]</sup> However, US persons are at a competitive disadvantage compared to other nationalities because of onerous reporting requirements and tax obligations that discourage the free movement of goods, services and labor.

In order to encourage exports and international commerce, the physical presence of US persons abroad has been tacitly recognized as important by Congress through the passage of the Foreign Earned Income Exclusion (FEIE) and the Foreign Housing Exclusion (FHE). <sup>[3]</sup> While these provisions entirely eliminate any tax liability for 82% of international filers, they do not take into account the increasing cost of compliance and regulatory burdens imposed on US persons abroad. <sup>[4]</sup>

If a US person abroad creates or acquires a non-US company (anything equal to or greater than 10%), the company becomes subject to both local and US reporting requirements. The complexity of these reporting requirements is inherently greater than for companies operating domestically because of differences in language, currency and any additional local reporting obligations. In addition to reporting requirements, the US reserves the right to levy taxes on certain Controlled Foreign Corporations. Because of the complexity and expense of compliance, many foreign firms may choose to avoid US persons altogether. <sup>[5]</sup>

The reluctance on the part of Foreign Financial Institutions (FFIs) and other businesses to do business with US has a direct, although not perfectly quantifiable impact on US exports of both goods and services. The entry barrier to foreign markets imposed on US persons (CBT, FATCA, Controlled Foreign Corporations, Passive Foreign Income Companies) severely limit a US person’s economic freedom in their country of residence and create strong incentive to renounce citizenship.

The repercussions of US persons renouncing citizenship include the loss of intellectual capital, a loss of incentive to invest in the US resulting and the loss of interface between US persons abroad and the US market. Attracting new capital from abroad is imperative to nurturing a healthy economy with balanced inflows and outflows. The current regulatory regime discourages capital outflows which disrupts the balance. As noted

in Paul Blustein's *Keep the Money Rolling in (and Out)*, controls intended to curb capital outflows are often counter-intuitive because they lesson economic freedom and deter investment. Regarding the Foreign Account Tax Compliance Act, investors face new regulatory costs that exceed the reporting requirements for any country that does not implement such forms of extra-territorial legislation.

[1] <https://www.americansabroad.org/issues/taxation/>

[2] <https://www.whitehouse.gov/the-press-office/2014/08/05/fact-sheet-doing-business-africa-campaign>

[3] Revenue Act of 1926, § 213(b)(14), 44 Stat. 9 (1926).

[4] <http://www.taxpayeradvocate.irs.gov/userfiles/file/Full-Report/Most-Serious-Problems-International-Taxpayer-Issues.pdf>

[5] [http://www.irs.gov/irm/part4/irm\\_04-061-007.html#d0e10](http://www.irs.gov/irm/part4/irm_04-061-007.html#d0e10)

**Brendan Kent**

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## CHILDREN & LETTER:

### DEAR SON, WHY YOU SHOULD LEAVE AMERICA NOW

Anonymous wrote: 7:24 pm February 18, 2015

<http://blogs.wsj.com/expat/2015/02/18/when-american-expats-dont-want-their-kids-to-have-u-s-citizenship/tab/comments/#comment-511>

I am a dual US-Canadian citizen. My daughter was born in Europe a decade before the tax stories began hitting the news. I deeply regret having registered her birth with the local US consulate. That being said, she does not have a US birthplace on her Canadian passport, so it should not be difficult for her to live unmolested anywhere in the world. I worry that she might be recognized as a US citizen when entering the US (checking name against date and place of birth) which would require her to obtain a US passport and put her on the IRS radar. If at age 18 she wishes to renounce her US citizenship I will gladly donate the \$2350 fee, and I think there would be near-zero difficulty filing the required tax forms - certainly as a middle-class teenager she'd not owe any form of exit tax.

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J. Murray wrote: 12:46 [ , February 18, 2015

<http://blogs.wsj.com/expat/2015/02/18/when-american-expats-dont-want-their-kids-to-have-u-s-citizenship/tab/comments/#comment-504>

Holding a US citizenship overseas isn't just a problem with taxation, it shuts you out of many requirements for daily life. I lived in Switzerland for a while and I couldn't engage in any banking besides with UBS. No one else would take me. My citizenship was also the key reason I was unable to secure work in the area and had to return to the US - no companies out there were interested in reporting wages to the IRS on top of the local jurisdiction. It wasn't the biggest of problems since I am able to integrate back to the US fairly easily, but a foreign born child who is culturally his birth nation doesn't have this option. Having that US passport would shut down a foreign born person from being able to hold work or engage in daily life in his own nation.

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Anonymous said...

<http://thefranco-americanflophouse.blogspot.ca/2014/09/fatcabt-see-you-in-court.html>

Education and disability savings accounts are subject to FATCA and to the FBAR, as well as US double extraterritorial taxation. Minors and those

deemed legally incompetent are not allowed by the US to renounce (some potential exceptions for older minors who can demonstrate to consular satisfaction their maturity to renounce). FINCEN on its website states that CHILDREN should file their own FBARs - check the instructions.

So, our children living abroad who the US claims as 'taxable person' solely based on US parentage or a US birthplace are automatically and routinely subjected to registering their birthday savings accts and education savings with a US agency whose mandate is to investigate serious financial crimes like terrorist funding, drug kingpins, money laundering, organized crime, and fraud.

That is an insult that those outside the US should not be expected to bear as a cost of having US citizenship - especially those who like minors and those deemed legally incompetent to renounce are deemed by the US to be not mature or mentally competent to understand citizenship enough to renounce, but FINCEN treats as legally competent and mature enough to be criminals and to file their own FBARs.

There are no words to describe how we feel about the US because of this harmful egregious treatment of ourselves and the vulnerable.

It is abusive.

Senator Schumer supports the creation of a tax free disability savings plan for those living inside the US, but supports the US extraterritorial taxation and confiscation of the equivalent for those children and dependents living OUTSIDE the US

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**Brandon London**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527475>

I am an American teacher. Fifteen years ago I moved to London having fallen in love with a British woman. When we had a daughter three years ago I was proud that she would have the right to American Citizenship and to live in America with her grandparents and cousins should she wish to someday. Quickly it has become apparent what a burden comes with this right. We cannot save tax-free for her college education, like other Americans, because the tax-free funds offered by the UK are not recognized in the US, and those in the US are not recognized by the UK. When she grows up, she will not be able use an IRA to save for retirement or the British equivalent as neither are recognized in the other country. She will not be able to save in mutual funds. She will have to file US tax forms every year or risk the possibility of being declared a felon even if she owes no US taxes. She may find it difficult to open a bank account or get a mortgage because UK banks are wary of the onerous reporting requirements the IRS requires on all "US Persons." And if she buys a home, she will be liable to U.S. capital gains tax on sale of her home, while never getting the tax help and deductions on home ownership U.S. residents get. Life is tough enough for the middle class here and in the US, and I feel that rather than giving her the gift of US citizenship, I may have subjected to an onerous and costly burden. I hope she never feels she has to renounce, but will support her if she does.

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**JW Up and to the left**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13529566>

My son happened to be born when we were temporarily in the United States on a work permit (visiting at a university) and he is therefore a United States citizen by birth. He then left the United States while still an infant. He is legally a citizen and passport holder of two older countries, one of which has been his country of residence since he was an infant.



And yet he's going to have the IRS chasing him all his life unless he manages to renounce a citizenship he never wanted and never intends to use. If I'd realized at the time how Byzantine the U.S. tax system was, I would have sped for the U.S.-Canada border as soon as my water broke.

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izzieDee Netherlands

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527049>

It seems to me that these issues need to be addressed with data and not uninformed biases. One of the first steps to finding a solution to this problem is making people aware that there are living and working Americans living outside the US who are not necessarily wealthy. Living outside the US is not treason. Not all of us are trying to hide money.

If you think that your tax forms are difficult to fill out while living in the US, you have to believe that it is worse when living elsewhere. There is a conflict in the very questions being asked. For a simple example, there is no way for me to acknowledge that I have children but say that I am NOT asking for a child deduction. And that's the short 1040.

I am thinking a lot about my children's US citizenship. We have a high quality of life living in the Netherlands. I hope that they get good jobs. But if they make more than 90,000 dollars (don't forget the exchange rate), they will need to start paying US taxes, in addition to Dutch. They also have to file returns, even if they made a small sum at a summer job, to prove that they have not made more than 90,000 dollars.

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I am not an American abroad, but a supporter of your cause. I am a lifelong friend of the late and great Roger Conklin. He was one of your most articulate supporters and he had never heard of our (The Americans for Fair Taxation) cause, formerly just known as the Fair Tax. He quickly realized if we were successful, the expats would have immediate relief.

I started my Fair Tax quest in 1985 as a lone voice in the wilderness. We now have several million members and each new session of congress we have a bill introduced HR25 in the house and a senate bill SB122. If every expat joined the Americans for Fair Taxation we'd have a better chance together than trying to hire a lobbyist to change the

78,000 page tax code. We have an increased number of house and senate cosponsors every year. It is over 75 in the house and 10 in the senate.

I now have a more urgent reason to get the Fair Tax bills passed since my grandson is now among the expats in Norway who are getting killed with double taxation.

**Wilton Tere Tidwell**

*11868 Wildrose Dr  
Huntley, IL 60142  
847-209-6033*

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<http://www.forbes.com/sites/robertwood/2014/09/12/dear-son-why-you-should-leave-america-now/>

*This letter was written by a Canadian businessman to his dual citizen U.S./Canadian son upon his high school graduation. It was originally posted on The Isaac Brock Society, and appears here in edited form.*

Dear Son:

Words cannot express how proud I am to watch you receive your diploma. Today marks the end of one chapter in your life and the beginning of another. Seize the day, or as Spock from Star Trek would say, 'go forth and prosper.'

Last night was a celebration, with everybody talking about careers. Yet it will be your family, friends, and personal relationships that will be most important to you. Never confuse having a career with having a life.

On that note, I would like you to consider your citizenship. You are a Canadian but you were born in the U.S. and lived there until you were 4.

What does being born in the U.S. mean? It means the U.S. considers you a U.S. citizen. Given that you have lived your whole life in Canada, is your U.S. citizenship a benefit or burden?

Consider whether you want to go forth in life as a Canadian citizen or a dual citizen. This is a decision you must consider carefully. You do not need to decide today, but I urge you to decide before finishing your degree. Let me explain why.

**Opportunities/Benefits of U.S. Citizenship.** You have the right to live and work in the U.S. This may be a benefit and is something most of your classmates will not have. You may want to retain U.S. citizenship to keep that option open. Yet U.S. citizenship comes with liabilities, and you must ask whether retaining U.S. citizenship is worth the liabilities.

**Liabilities/Burdens of U.S. Citizenship.** You have the obligations to:

- register for the military service (the draft);
- pay taxes to the U.S. and pay those taxes under the same rules applying to U.S. residents;
- file U.S. tax returns every year regardless of where you live;
- file numerous information returns that may include private financial information of others; and
- pay estate and gift taxes.

You may say 'so what?' Let me explain why this might matter in your life. Registration for the draft is not likely to mean much. Your chances of being called for military service are slim. Yet some of the others matter a great deal.

**Filing Tax Returns Every Year.** You will have to file U.S. tax returns regardless of where you live in the world. The U.S. is the only country in the world to tax its citizens regardless of where they live. This can be financially and emotionally expensive. Although you will get some relief from double taxation, U.S. citizens are taxed twice—both in their country of residence and in the U.S. Furthermore, it is difficult to find professional help that is competent in this area.

**Being Taxed the Same as U.S. Residents.** It's one thing to be subject to U.S. tax. It's quite another to be taxed in exactly the same way U.S. residents are taxed. There are numerous instances in which the U.S. taxes income not been earned or received.

Furthermore, a number of ways of saving for retirement encouraged in Canada are punished under the laws of the United States. This can make financial planning difficult, expensive and in some ways, almost impossible. In this respect, U.S. citizenship (especially for those who do not live in the U.S.) is a liability.

**Filing Information Returns.** In addition to tax returns, the U.S. collects personal financial information about you and your family. Basically, any bank or financial account you have signing authority over (including joint accounts) must be reported to the IRS. This could make a future wife or business partners who are not U.S. citizens very uncomfortable. To put it another way, there is no financial privacy for U.S. citizens.

The fines for non-compliance can be life-altering. Many U.S. citizens living outside the U.S. suffer mightily after learning about these requirements. These information returns can take hours to complete at great expense. Furthermore, they cannot be completed without the assistance of a qualified accountant or lawyer.

**Disabilities of U.S. Citizenship.** Let's consider your career, financial planning, family and community. I am sure that you will want a family of your own. Since you do not live in the U.S., the chances are high that your future wife will not be a U.S. citizen.

If you have joint bank accounts (which is common) you will be required to report much of her financial information to the IRS. I assure you that she will not be happy about this. Furthermore, should you predecease your wife, she will not be able to automatically receive all of the family estate in the same way that she could if she were a U.S. citizen. Is this fair to her?

**Future Children?** I am not completely sure of this, but the fact that you were born in the U.S. and are a U.S. citizen might make your children U.S. citizens too. Is this an opportunity for them or a problem? Remember, if they are U.S. citizens and do not live in the U.S., they will be subject to all the opportunities and liabilities I am describing.

**Future Business Relationships.** Your next four years will set the stage for your long-term business opportunities. These include partnerships and opportunities to own shares in Canadian companies. As a U.S. citizen, you will be required to disclose information about these partnerships and corporations to the IRS. Understandably, many non-U.S. citizens are unwilling to enter business relationships with U.S. citizens.

**Future Employment Opportunities.** Companies outside the U.S. are increasingly reluctant to employ U.S. citizens. The reasons include the high costs associated with U.S. taxation and the danger that the U.S. employee will be required by U.S. law to disclose financial data of non-U.S. companies to the IRS. Once again, this will include the obligation to report the private financial information of non-U.S. citizens to the IRS.

U.S. laws impose high financial and legal costs on non-U.S. banks who have U.S. citizen customers. Some countries will no longer allow U.S. citizens to have bank accounts or receive mortgage financing. It is unclear what the Canadian situation will be.

Enough on the possible problems. I remind you that U.S. citizenship does carry opportunities. You must consider whether the U.S. provides you with opportunities that outweigh these problems.

**To Renounce U.S. Citizenship or to Retain it?** This is the decision you must make. Let's explore what each option means. If you remain a U.S. citizen, you are subject to all of the requirements I outlined. You will be disabled from saving and investing for retirement in the same way other Canadians can.

Examples of some disabilities include:

- you will not be able to invest in many non-U.S. investments;
- you will not be able to use a business corporation to hold investments;
- you will not be able to invest in a principal residence tax-free the way that others can
- you will be subject to the U.S. estate and gift taxes (making certain aspects of your life difficult)
- your (I assume) non-U.S. wife will be at a great financial disadvantage should she become a widow (is this fair to her)?

Should you decide to renounce your U.S. citizenship, you should realize that U.S. citizens with a net worth of two million dollars or more must pay the U.S. an Exit Tax. For those subject to this Exit Tax the financial penalty can be so great that they feel trapped. At this stage in your life, you might think that a net worth of two million dollars is a lot of money. The truth is that is not. Furthermore (given the realities of inflation), you are likely to achieve that level of net worth quite quickly. Our Toronto home, where you sleep every night, is probably worth two million dollars.

Therefore, if you decide to renounce your U.S. citizenship, you should do it now rather than later. This decision does not have to be made today, but should be made by the time you graduate. I am proud of you, love you and wish the best for you.

Seize the day!

Dad

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SteveK 6 months ago

[http://www.forbes.com/sites/robertwood/2014/09/12/dear-son-why-you-should-leave-america-now/?commentId=comment\\_blogAndPostId/blog/comment/1057-30625-8011](http://www.forbes.com/sites/robertwood/2014/09/12/dear-son-why-you-should-leave-america-now/?commentId=comment_blogAndPostId/blog/comment/1057-30625-8011)

Thank you for posting this letter. In about 2 years I will have to have a similar discussion with my son. The most disheartening thing about this is that despite what are now very well documented hardships, and fundamentally unfair effects of Citizenship Based Taxation (CBT) and FATCA, the US Administration (Obama), the Treasury and the Democrats in the Senate, just keep reciting the same party line of 'tax cheats' and offer no relief to fix what is a horrible situation. What I suspect is going to happen, is that many people defined as "US Persons" by the US will simply sell any assets they may have in the US, not use their US passport, and fall off the radar. Those unfortunate enough to be born in the US will have to deal with the witch hunt of FATCA, but those who are lucky enough not to have a US place of birth, can skate under the radar. What a terrible state of affairs all caused by a very stupid, vindictive and ignorant US policy.

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## CONFUSION, COMPLIANCE & COSTS

Peter W. Dunn writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1232672855>

How could anyone be expected to believe that some foreign country expected them to file taxes when they lived their entire lives in Canada? This isn't about ignorance; this is about justice.

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MeridianSmith writes:

<http://www.theglobeandmail.com/report-on-business/international-business/us-business/ottawa-to-give-irs-information-on-americans-in-canada/article16710461/comments/>

There are many dual citizens like myself who were born in Canada and acquired US citizenship through naturalization because we have a formerly US citizen parent. Of course at the time they were all smiles and made no mention of an obligation to file taxes in USA. . . only 15 years later do we find out that we should be filing taxes to USA

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FromPatriotToExpatriate 4 months ago

[http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment\\_blogAndPostId/blog/comment/1057-23348-4666](http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment_blogAndPostId/blog/comment/1057-23348-4666)

Robert:

Tax compliance for Americans abroad is cost prohibitive and somewhere between difficult and impossible. Furthermore, to apply the IRC to Americans abroad (in the same way it is applied to U.S. residents) means that Americans abroad cannot do any meaningful financial planning. Finally, once an American abroad is in tax compliance they have to do stay in compliance.

So, yes the Expat who has not filed for twenty years has none of these problems.

There is something perverse about a system where it is more dangerous to attempt or be in compliance than not.

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KrustyBurger 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog\\_commentAndPostId/blog/comment/1057-26083-5917](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog_commentAndPostId/blog/comment/1057-26083-5917)

Robert, I would like thank you for this balance report. I see you are starting to get the point about us persons abroad. I personally have gone through many years of agony in order to get the coveted CLN. It was never about taxes. With the foreign tax credit I was never owe a single dollar in tax. The AMT made me a little nervous at some times. The real reason I pushed to get the CLN was the policies and treatment of citizens

abroad and the treatment of the IRS of foreign tax reporters. Not too long ago, you could not even phone the IRS from abroad about tax issues. The was answer they said this number was only available to those within the United States. Getting a person that was knowledgeable about filing abroad was near impossible. In Canada each year you get an acknowledgement of your tax filing, what forms were submitted, and any adjustment that might have been applied. From the IRS, all ever got was a demand for payment for \$30k. I had to figure out what without any of their help, why this happened. I eventually clear it up; but not before additional fines, penalties and interest was accessed. Not very customer friendly.

I have also filed the 8854. Nothing from the IRS that says thanks for years of compliance. Nothing I can take to the Bank. I guess I just wait for another 6 years and see if they decide to audit me for some clerical error. I will never know if I am actually free.

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**Margaret Piton Montreal Canada**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13532740>

I have spent most of my adult life in Canada. I have both U.S. and Canadian citizenship. I agree that U.S. tax laws have become more onerous over the years, as have Canadian tax laws. It is getting very difficult for an ordinary person without an accounting degree to comply with the law, particularly in the U.S.

I have worked primarily as a freelance writer and have never earned a large salary.

So far I have managed to fill out all the forms myself, because accountants where I live charge \$2,500 or more to do so. At some point, however, I will no longer be able to handle the paperwork myself and will have to consider giving up my U.S. citizenship. I wish this were not the case, but I doubt the situation will change for the better any time soon.

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**JB Australia**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527155>

I cannot believe how outrageous the 2010 Tax Compliance Act is for US citizens residing abroad. Fair enough to crack down on tax dodgers, but the first rule of fair and reasonable law making is to not tar everyone with the same brush. To do otherwise is oppressive and I thought this Administration knew better. They are hypocrites to lecture foreign governments about oppression while this repugnant statute is on the books.

I am part of an oppressed minority now. Laugh all you want - those of you who read 'renounce' and nothing more, but imagine how you would feel about being made to pay \$4k a year to file your taxes! For no good reason other than the oppressive US government wants to gather data on everyone - no matter how little money they make overseas. No joke - \$4k a year has what it has cost my family to negotiate the Byzantine tax system for US citizens resident abroad.

And after all that paperwork - how much do I owe in US taxes? Like the vast majority of US foreign citizens subject to this abomination - Nil, nada, not a damn penny! So the effect of the Act is to impose red tape for no good reason whatsoever.

The stated aim of the Act might have been tax compliance, but the actual effect is to increase American insularity by casting out those of us who live and work overseas

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[Tricia Moon](#) 6 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=blog\\_commentAndPostId/blog/comment/1057-29843-7382](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=blog_commentAndPostId/blog/comment/1057-29843-7382)

Ms. Burnham, one does not have a choice to “come home.” We are married to “aliens.” We have “alien” children. The US is not their home. Most of us are too old to find new employment in a different country. Our pensions are here, our assets are here. That is not a simple matter.

An American abroad with virtually no earned income and very little in the way of what goes on Schedule B pays at least \$900 for that 1040. After that it begins. \$500 to file the exemption for a Registered Retirement Savings Plan, which is equivalent to your Roth IRA. \$500 or more to file a 3520A/3520 for a Tax Deferred Savings Account, where we have to pretend we “earned” the interest rate and claim it on Schedule B. Failure to file that form? \$10,000 penalty. \$500 seems to be the standard starting fee for these extra forms that the US will not recognize, even though they are registered with the Canadian government. Your concept that one is “FAR from hurting if you are spending \$2,000 a year just to file your taxes,” is completely false.

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<http://globalnews.ca/news/1519628/want-to-shed-u-s-citizenship-get-in-line/>

Until recently, appointments to renounce U.S. citizenship in Toronto could be made within three to six weeks, said Toronto-based cross-border tax accountant Kevyn Nightingale, who specializes in tax advice for people giving up U.S. citizenship.

His clients are driven to divorce Uncle Sam less because of actual U.S. taxes and more because of the costly demands of the tax bureaucracy, he says:

“Almost none of them have to pay any tax – it’s just the hassle and expense of dealing with the paperwork.” Nightingale says he charges \$1,000-\$1,500 for “very simple” U.S. returns.

In the meantime, Nightingale warns, the tax side of renouncing U.S. citizenship can be expensive:

“If somebody comes to us and says, ‘I’m a U.S. citizen, I’ve never filed tax returns, I’ve got a pretty ordinary life, but I’ve got an RRSP, an RESP, a TFSA and some mutual funds, and can you prepare all my returns and get me ready for expatriation?’, by the time we do all that, it’s not hard to spend \$15,000 or \$20,000 for a fairly ordinary person.”

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<http://hodgen.com/toronto-consulate-wait-times-have-ballooned/>

Preparing U.S. tax returns is not cheap. From TFA:

What the article doesn’t say: for the Canadians that Kevyn is helping, there is probably a “zero payment due” tax bill from Uncle Sam on that U.S. income tax return.

Think of it. You pay \$1,000 – \$1,500 for accounting fees and **Uncle Sam collects no revenue.**

Yesterday I talked to a guy who had rental income from property outside the United States. He faithfully reported all of the income on his U.S. tax returns, **but missed a couple of key pieces of paper** that should have been filed. His penalty risks, at my guess, exceed \$100,000.

Yes, there are IRS procedures to fix these situations. And yes, he probably—if he files all of the paperwork—will have zero penalties. But the cost of doing so (in professional fees) is likely to be in the \$25,000 – \$30,000 range.

This is insane.

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ab Italy

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527073>

I'm an expat for the last 20 years. Still feel American. I have never thought of denouncing my citizenship, of course I don't make millions, just a normal kind of gal...but having to file taxes in both countries and pay two accountants is expensive. Worrying about the deadlines in both countries- they don't match up. Asking for extensions and then because of a clerical error- they changed the form!...having the IRS take a lean on my meager savings in the bank. Staying up late emailing my accountant trying to not to worry! It's tiresome and ridiculous. One should have to file taxes in the country that they live in! And not be scared to lose their citizenship because they don't make their income in that country. We are not all criminals trying to hide our cash!

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Ruth Frazer BC Canada

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13532109>

We had stopped paying US taxes years ago (30) when we were still doing the forms ourselves. The Canadian forms were clear and easy to follow; the US forms were not, to put it mildly. I called the nearest US consulate tax adviser for help and she laughed, "You couldn't possibly figure it out without another document to which you don't have direct access and that one is even harder to understand."

We are retiring now in our 70s and will have to decide whether to keep up the \$2,000/year to have the US taxes done (remember that is with nothing owing--just filling out the numerous pages of forms) or get in the lineup to pay another \$5,000 to get out of the mess. And who knows, by the time we get at the head of the line, the cost may have doubled.

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FromPatriotToExpatriate 4 months

[http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment\\_blogAndPostId/blog/comment/1057-30572-7942](http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment_blogAndPostId/blog/comment/1057-30572-7942)

Robert:

There are two problems here:

1. The manageable: Coming into tax compliance with the “streamlined program”; and
2. The impossible: Living as a tax compliant U.S. citizen abroad.

It’s the second problem that is forcing the renunciations.

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FromPatriotToExpatriate

[http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment\\_blogAndPostId/blog/comment/1057-23348-4666](http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment_blogAndPostId/blog/comment/1057-23348-4666)

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So, yes the Expat who has not filed for twenty years has none of these problems.

There is something perverse about a system where it is more dangerous to attempt or be in compliance than not.

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## **PREPARED FOR THE U.S. SENATE FINANCE COMMITTEE [IDENTITY WITHHELD], BARRIE, ONTARIO, 14 FEB 2015**

The U.S. government’s policy of global taxation on U.S. “persons” residing outside the U.S., and its enforcement of asset-reporting via FATCA, impacts me personally:

I am Canadian-born (1967) to one U.S. citizen parent. I have lived my entire life in Canada, except for 4.5 years at university in Michigan. The temporary SSN for foreign students was issued to me as a full U.S. citizen SSN. After I was admonished for not crossing with a U.S. passport, my mother applied for U.S. passports for her (all) Canadian-born children. I continued to work on-campus under a student visa, and filed U.S. taxes. I married a Canadian citizen and travel on a Canadian passport.

Under the current definition of “U.S. person”, I would be a so-called “Accidental American”, but this is complicated by the fact that I have applied for and maintained a current U.S. passport \* as I was instructed to do \*.

I continue to reside in Ontario, Canada, whereas my parents moved to the States 25 years ago and are now struggling with health, medical costs and dwindling finances. My siblings had accompanied my parents,

briefly working in the States before returning to Canada. My Canadian husband is the majority earner with the bulk of our registered retirement funds. Our savings are under-funded, our modest home is still mortgaged with low equity. Our combined annual income is @ \$110,000. Our two children are relying on student loans and part time jobs while in university.

As assessed by the IRS under FATCA, my income would not generate taxes payable to the US. It is unclear how past joint aggregate bank balances and past small business ownership would be treated. Regardless, the accounting costs to file the required 5-8 years of tax returns and forms, even for the most basic of financial portfolios, would be prohibitively expensive, with potential penalties and renunciation fees far exceeding filing costs. These costs exceed my savings; we would have to go into debt to address a foreign country's "criminal" definition of our legal earnings and life savings.

From my personal perspective, U.S. tax compliance obligations represent a stressful "unsolvable" problem. The options/costs/penalties are purposely obscured, and urgent deadlines imposed, to promote *fear* as the basis for what amounts to *extortion*. I have never felt so unsafe and unprotected (from conditions that were joltingly unforeseen and unexpected from a nation founded in protest of "taxation without representation").

I am isolated and unsupported. As penalties will be assessed based on evidence of "wilful" disregard for the "law", I (and many others) have been subdued into silence and "hiding". I am currently denied access to higher-yielding investments as my contributions would be eclipsed by the form filing fees. **I am afraid to make cross-border bank drafts to assist my parents, fearing this would flag my connection to a U.S. citizen parent.** I suffer anxiety at border crossings. I feel less valuable - an abject liability - within my marriage. I have become vulnerable when forced to un-joint from family accounts, and **my husband has had to abandon a lucrative work offer abroad.** This experience is one of devastating isolation – an inability to access support afforded me within a democratic society, and within my closest relationships.

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### Private blog

"... I have recently discovered through a Canadian Lawyer that the USA taxes differently on investment than the UK does, which means without my knowledge (as I'm really only just learning what I should have been doing all this time!), I may have actually owed tax money on investments that I had previously deemed below my overall required threshold. Lastly, I have been considering spread betting which in the UK is tax exempt, but in the USA is taxed at 40%. Why should I have to pay tax in any other country when I pay it in full in my country of residence? I get no benefit at all from having a US passport aside from being able to easily live in the USA (where half of my family lives) should I wish to go back. I don't use their medical care without paying for it myself or using Travel Insurance. I use their services and facilities the same way any worldwide traveler visiting would. There is literally no added benefit.

"But it is my identity. I feel like I am being penalized for deciding to live in Europe where the other half of my family is. I genuinely feel like there is nowhere to turn. And as xxxxx very rightly said, not only are you liable to 2 country's taxation, but you have the accountant fees and paperwork multiplied by 2, your time multiplied by 2 and the stress of questioning if you have done it correctly. I have never flouted taxation law in the UK. To answer to a country where I earn no income, where I do not vote in the elections because I only vote where I reside, where I haven't visited for more than 3 months out of any year (sometimes don't visit at all in a year)...what right do they have? I think it is against our human rights as a citizen versus a resident as it is exploiting people who haven't done anything wrong. When you are born, you are not owned by a country, and what they have done is deem that they own us whether we live there or not, and they believe they can levy tax on us as their right to ownership of us. What happened to our rights? ..."

[Pastbeyond60 Mark • 4 months ago](#)

<http://www.cnn.com/id/102141113#comment-1663854459>

Here are the typical costs, even for a person who left the US when they were hours old born to foreign parents, ex green card holders who failed to file I407 and folks born to US parents abroad and never returned. Most of these people never considered themselves American, It is absolutely counterintuitive to consider you needed to file taxes.

FBAR: a form no one ever has heard about. 10,000\$/yr/account for 6 years for all accounts if the aggregate is > 10,000\$ that the US doesn't know about. Assume one has a checking, savings and investment account at the minimum. That would be 180,000\$ in FBAR penalties.

Tax filing: Most are unable to do an international return themselves. The penalties for a mistake are horrific. That is approx 2,000\$ per year x 5 yrs = 10,000\$ for an uncomplicated return.

PFIC; A punitive tax on all non-US investments and the calculation is a nightmare.

Taxes owed: On all unearned income; retirement, investment, welfare, home sales, disability, joint accounts of non-US partners (business and personal partners) etc even deferred accounts in your home country rendering them useless. EVEN THE ACCOUNTS OF DISABLED CHILDREN...Really US, this is beyond immoral.

Then the renunciation fee of 2,350\$ which if that was the only thing it would be a deal. (Most counties charge 100\$ along with your letter of intent). So not so easy buddy, not available to those but the very rich. Most are the 99%ers

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### **PRIVATE EMAIL TO NOBLEDREAMER FEBRUARY 12, 2015**

I am absolutely outraged at the turn of events in my life recently, as a result of my dual US/CDN citizenship.

I was born in Canada and lived there until I was in my mid twenties when my husband was transferred to the US. When the company he worked for (TD Bank) was applying for his green card, the lawyers discovered my mother was born in the US. Using that information they informed me that I could qualify for US citizenship. At the time, we were quite happy when a few short months later I received my US passport.

We lived there for 5 years had 3 children born there. We moved back to Canada for 2 years and then back to the US for another 7. In that time I never worked. We moved back to Canada for the last time in 1999 and have been here ever since. I believe in 2000 the accountants finished up with the US tax returns and at no time did they ever tell me, as a citizen I needed to file while living here.

Sadly my husband passed away in 2013 and I had to start dealing with our financial situation which I had never done before, had no interest etc. etc. I guess I was alerted in the news over the past year about the US coming after its citizens. The more I read, the more I realized I probably was still a citizen and the devastating implications of that were making me very anxious.

I talked to my accountant and he advised me to contact an accountant he worked with specializing in US/CDN returns. I spoke with them and when they said of the possible fines, penalties etc. for not filing I decided I'd better go ahead and file. That was in Nov. 2014. Well, yesterday they informed me that I will owe the US approximately \$41K! for 2012 and 2013. My CDN 2012 return only had a reported taxable income of \$68K

but most of that was a capital gain which apparently is taxed at a lower rate in Canada than the US - so on that low income I have to give \$22K of it to the US government??

I also don't qualify for a foreign tax credit because my income is from dividends and pensions. It's just criminal what they are doing - I don't have to tell you, you know. What happens if I don't pay? I can't just write a check for that amount - I'd have to sell something and then I'm subject to more capital gains from both countries! It's a vicious circle and how is it fair that they give me nothing in return for all that money they want from me.

\*\*\*\*\*

## DISABLED CHILDREN

Cecilia says [February 24, 2012 at 12:22 am](#)

<http://isaacbrocksociety.ca/2011/12/14/my-story-calgary411/comment-page-1/#comment-2296>

Hi Calgary411. I also live in Calgary and one of my daughters and I just completed our appts. at the consulate to relinquish. Your story, however, is so similar to mine, as I also have another daughter with a developmental disability whose appt. was cancelled because she is mentally handicapped and would be unable to comprehend what loss of citizenship means. When I complained at my appt., the consul told me that an appt. could be set up, but that he would interview her alone, and if she did not understand what citizenship meant, he would deny the request. Even when I explained that I was her legal guardian and trustee in Alberta, and that the other daughter with me who was relinquishing, was the alternate guardian and trustee, and that we would never be living in the U.S. (so how could the disabled one live alone in the U.S.?), I was told that a guardian is not allowed to renounce for an individual. I also went on to tell him that all of my daughter's needs would only ever be met in Alberta-medical, assured income for the severely handicapped, and supports through Persons with Developmental Disabilities. This daughter also has Registered Disability Savings Plans, and tax free savings accounts. My husband (who is Canadian) and I have gone to a lawyer to draw up wills to try and safeguard her future, but there is no guarantee. We even filed 10 yrs. of past U.S. income tax for her, with the hope of relinquishing for her. I did ask the consul if the U.S. intends to come after my disabled daughter's disability income, and also how is she expected to file her own income taxes in the future? He did think it would be highly unlikely that the IRS would go after persons with disabilities. I am still upset that my role as legal guardian and trustee in Alberta for my adult daughter is not recognized by the U.S. Incidentally, my three children were all born in Calgary, and I got Birth Abroad of an American Citizen for them when they were very young.

I was born in the U.S. and lived there 25 years before marrying and moving to Canada. I took out Canadian citizenship in 1996. My son wishes to keep his dual citizenship.

\*\*\*

Cecilia says

<http://isaacbrocksociety.ca/2012/03/25/fatca-info-session-ottawa-26-march-11/comment-page-2/#comment-12769>

@ Linda Beale

I hope that you will continue to read our stories on this blog and continue to write; and then perhaps your not "showing sympathy to U.S. citizens who renounce" will turn into empathy for us. I was born in the U.S. and lived there for 25 yrs. before marrying a Canadian and moving to Canada. We have three adult Canadian-born children, one with a developmental disability, and she is a dependent adult living at home. For 45 years, I have filed U.S. income taxes. I took out Canadian citizenship in 1996. I always intended to keep my U.S. citizenship, but renounced this 2012 along with one other adult child. Drastic changes in IRS tax policies, penalties for not even being sure what you are supposed to file, the privacy invasion of FBar, and FATCA possibly happening in Canada, the threat of taking away the foreign exemption, calling our own bank accounts in Canada "foreign bank accounts," and "foreign trusts"—this has led to the drastic measure of renouncing our citizenship. On a personal note, I was not able to renounce citizenship for my adult daughter with the disability, as others on Isaac Brock with adult children, were also denied. Even though, this is the country that has supported and cared for them, through free medical, assured income for the severely handicapped (in Alberta), tax-free savings accounts and registered disability savings plans. As parents of these

adult children, we know a lot of this is taxable income, if viewed by the U.S. IRS. The inability to renounce for them also jeopardizes their safety, if by chance, they decided to take a bus into the U.S., for example. As their legal guardians, it is our right to decide where they reside, with whom, where to travel, where to work (if able), etc. **The U.S. undermines the legality of our Canadian guardianship.** On the other hand, I am sure the IRS will definitely acknowledge the legality of my Canadian trusteeship for this daughter, so that I can continue to file her U.S. income tax. One final thought: we, who have lived for decades in Canada, have long since, embraced Canada as our home, our community, and the place we live, work, and support. The U.S. is, for most of us, just a birthplace (and for my children, it was not even that) and a place that we occasionally go to visit family that are still there. There is something inherently wrong for the U.S. to lay claim to U.S. citizens (and their children) for taxation, when we reside in a new country, pay taxes in the new country, and have citizenship in the new country. The strongest way to show our displeasure is by renouncing.

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Cecilia says [February 26, 2012 at 2:58 pm](#)

<http://isaacbrocksociety.ca/2012/02/25/wheres-steven/comment-page-1/#comment-9679>

Families who have a dependent adult with disabilities, and have legal guardianship and/or trusteeship for that person well understand the issue of planning for his/her future. They become passionate and vocal, and **will do anything to safeguard their loved family member, including renouncing U.S. citizenship.** Personally, for my daughter, Canada has done a tremendous amount in ensuring her future, and continues to support her financially, in daily living, and in health. I am very disappointed that I am unable to renounce U.S. citizenship for my daughter, as her legal guardian and trustee in Canada. The U.S. does not recognize my authority to do so. It is definitely a human rights and social justice issue. I should be able to exercise all the same rights on my daughter's behalf that I do for myself. Since I have renounced for myself (and the alternate guardian/trustee of this dependent adult has also renounced), there is even more reason that I should be able to renounce for this disabled daughter, to keep her safely in Canada with her entire support system. Deciding where this person shall live is in the guardianship court order.

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Cecilia says [June 23, 2012 at 1:14 am](#)

<http://isaacbrocksociety.ca/2012/06/21/finally-its-here/comment-page2/#comment-25806>

\*Recalcitrant and Calgary411-I still feel disheartened that I am unable to renounce U.S. citizenship for my daughter with the developmental disability. I wonder how many other families are out there with the same situation? My husband still thinks we need to continue to file income tax returns for her in the future, whereas, my stance would be to stop doing this! On the one hand, as her legal guardian in Canada, the U.S. denies my ability to renounce for her; but as her legal trustee, the U.S. acknowledges my role to file income tax returns on her behalf.

\*\*\*

recalcitrantexpat says June 23, 2012 at 1:27 am <http://isaacbrocksociety.ca/2012/06/21/finally-its-here/comment-page-2/#comment-25811>

@Cecilia- the U.S. always wants to interpret the laws in such a way that it favors them and saddles them with no costs. If the U.S. won't acknowledge our trusteeship powers when it comes to renouncing then they can't acknowledge them when it comes to filing.

We have to remember that if we file for them that they are then also going to be denied their full rights as Canadian citizens, which means no RDSP's or TFSA's. This would mean crippling them with regards to their existence in Canada. Our children will never live in the U.S. and I don't believe that it would ever be desirable for them to do so.

The U.S. has no right to dictate to any none resident citizen what he/she can or cannot do with the none interest bearing legal debt instruments of another country's treasury. U.S. sovereignty does not extend that far.

As a responsible guardian I for one refuse to be a party to an arrangement that disadvantages my disabled child. My responsibility to my child transcends any fictitious obligation on my part that the U.S. may attempt to conjure from its factory of "irrationality".

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recalcitrantexpat says [June 21, 2012 at 6:29 pm](#)

<http://isaacbrocksociety.ca/2012/06/21/finally-its-here/comment-page-1/#comment-25303>

@dawid- it is indeed a shame when the citizen of any nation can proudly say that his/her happiest day is the day when said citizenship is lost.

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On Friday, January 4, 2013 8:31 PM, **Julian Hudson** <[julianhudson2003@yahoo.ca](mailto:julianhudson2003@yahoo.ca)> wrote:

Attention House Ways and Means Committee Members:

I am sending you this submission not as a person who is still a U.S. citizen nor as a person who is attempting to in any way regain his U.S. citizenship. Rather I am sending this to represent the interest of my disabled son who is a U.S. citizen and who is denied the right to renounce his U.S. citizenship because of his disability. Not only is he not permitted to renounce his citizenship but I am not permitted to renounce for him because U.S. law requires that the person renouncing be able to understand the gravity of the act. All of which I find rather ironic because while U.S. law requires such understanding when it comes to renouncing it does not require the same level of understanding when it comes to tax liabilities. All of which to me shows how clearly self serving the law, for the U.S. government.

Let me start off by saying that the decision that was handed down in the Cook vs. Tait ruling of 1924 was one that was made not on reason but on the basis of emotion. If you read the judgment for yourself you will see that the basis of the judge's decision did not rest on any principles of tax law but on positing some kind of inviolable mystical union between the State and the citizen. Laws that find their basis in emotion are not laws that can stand.

The reason that I can confidently say that this judge was in error is because is judgment demonstrate absolutely no understanding of what forms the basis of tax law. The basis of tax law is not found in the status of the individual in relationship to the government of citizenship but rather is forged in the relationship that the individual has with the government's treasury. In other words the issue here is, does the citizen under consideration have an account with the treasury of his government of citizenship? The only way in which to address this fundamental question is to determine whether or not the citizen is an account holder with his government's treasury.



There are only two ways in which a citizen can become an account holder with his government's treasury- passive and/or active. A citizen becomes a passive account holder by receiving benefits from the treasury. These benefits can be composed of direct financial payments, favorable tax treatments that are attached to his holdings of the treasury's debt notes- cash, and the reception of services which are valued in the currency of his government of citizenship.

The other way to be an account holder with your government's treasury is by being an active account holder. An active account holder is one who receives compensation for his/her services or products in the non-interest bearing public debt (cash) instruments of his government of citizenship. So receiving wages in exchange for labor, or capital gains in return for investment, would qualify here.

In the end all people who are citizens fall into both categories, but only as long as they are residents. U.S. citizens who are not residents cannot be account holders with the U.S. treasury because they do not receive passive or active benefits from the Federal Reserve. Unless those U.S. citizens

have a financial account within the U.S. Their passive and active accounts are strictly with the government of their country of residence.

To maintain that the U.S. government can rightfully tax individuals on the basis of U.S. citizenship is to believe in what amounts to nothing less than, taxation of the person. In other words U.S. citizenship based taxation is taxation that is based only on an individual's existence. Any taxation powers that are exercised without regards to the person having an account with the treasury is a denial of the individual's right of movement and is therefore a case of forcible confinement. The U.S. person is in a U.S. Treasury prison that has no walls and thus gives the illusion of freedom to the world.

How you may ask is the U.S. denying freedom of movement? The U.S. denies freedom of movement by refusing to acknowledge the individual's act of leaving the country. The U.S. does in in a distorted way acknowledge the legitimacy of residence as the sole basis of establishing a taxation relationship. The way that the U.S. resolves the fact of U.S. emigration and attempts to bring its taxation policy into harmony with international practice is with its policy of citizenship based taxation is by forcefully confining every U.S. person to forced residence in Washington D.C. This is how the U.S. can write into its taxation agreements with other countries the oxymoron statement, that the U.S. person has TWO tax residences. One with the country of physical residence and an abiding virtual residence within the U.S. Now of course the people at the IRS will be quick to point out that any U.S. person who does indeed reside abroad can fill out form 2221(?) and establish that he/she does have a bona fide residence in another country. However it is because U.S. residence is by default imposed upon every U.S. person that the U.S. person is burdened with having to PROVE that he/she is not resident in the U.S.

In other words the U.S., unlike every other country in the world, makes it the responsibility of the individual to prove each year that he/she has not resided in the U.S. during the last tax year. Not only that but the validity of this proof does not rest upon simply having been out of the country for 183 days of the year, as is required by a visitor to the U.S. who wants to avoid U.S. taxation. In other words under U.S. tax law the U.S. person receives worse treatment than does a none U.S. person. And this is all because U.S. persons are forcefully and therefore criminally confined to American residence and are assumed to be full year U.S. residents unless they prove otherwise. But the level of proof that is required exceeds more than half of the days in a calendar year. Which is the maximum number that is expected of anyone else by any other country in order for a person to be deemed a tax resident.

Once we have established that the only two ways in which a taxable relationship between the individual



and the state can be established is through passive receipt of benefits that are denominated in the country's currency or actively through wage and/or investment gains and that residency is the only element that these two categories have in common then it becomes clear that citizenship based taxation is a fiction. Now of course the American legislator will ask, how is it that America is able to take in tax revenues from none resident U.S. persons if citizenship based taxation is wrong?

The answer is that the tax revenues from none resident Americans is not derived as a consequence of the legitimacy of citizenship based taxation but because of IRS intimidation. Threats and penalties can make people comply with lots of things that are wrong but it doesn't make them right. Now that we have seen that taxes are paid because of the individual's relationship with a given treasury and that the none resident U.S. person can only be taxed by the U.S. to the extent that he/she has a relationship with the treasury then that means that whatever U.S. taxes are being remitted from overseas are actually being paid from the treasuries of other nations. In other words

citizenship based taxation of none resident U.S. persons is theft by the U.S. treasury from the treasuries of other nations. This is because the none resident U.S. person must convert his/her account holdings with a none U.S. treasury and is forced under duress to open an account with the U.S. treasury. All the while he/she is receiving no active or passive benefits. This means that his/her payments are not in his/her best interest and are nothing less than acts of extortion on the part of the U.S. The U.S. Congress cannot spend through the tax code when it establishes the Foreign Earned Income Exclusion or the Foreign Tax Credit because the Congress can only affect the tax liability of people who have accounts with the U.S. Treasury. Since one resident U.S. persons do not have accounts with the U.S. Treasury the truth is that they do not exist. In other words they have the same status with the U.S. Treasury as does their next door neighbor. Which is to say that there is no relationship at all.

My illustration of how U.S. citizenship based taxation negatively impacts my disabled son will be illustrative of how citizenship based taxation negatively and wrongfully impacts the lives of every none resident U.S. person.

In Canada there is a program called the, Registered Disability Savings Plan (RDSP) which the government of Canada has established under its tax code and administers through Revenue Canada, that allows a disabled person to save for his/her old age. It is like a retirement plan for the disabled. Now all of the funds for this plan are paid for with Canadian dollars and the government of Canada augments the individual's contribution to the plan by making a yearly contribution to those whose contributions meet the required level.

Now according to U.S. taxation law these plans are illegal for any U.S. person to hold because they categorized as trusts. As a trust they are liable to onerous and expensive reporting rules on forms 3520A/3520. Not only that but because these funds can only be invested in mutual funds they are considered illegal because foreign mutual funds are considered to be Passive Financial Investment Corporations and U.S. persons are not allowed to invest in these financial instruments. The tax treatment that these mutual funds receive also results in wiping out any gains that are received and the expense for paying a U.S. tax preparation specialist to complete the forms also negatively impacts the gain and can actually eat up a significant portion of the capital that was used to invest in this financial instrument.

The question is how is it that the U.S. treasury believes that it can have any right to determine what it is that a none resident U.S. person can do with the treasury instruments of another country? This would be like the U.S. telling none resident U.S. persons that they must observe U.S. rules of the road when they drive their cars in another country. Tax law isn't a special exception that makes the idiocy of this extraterritorial reach of the

U.S. government acceptable. The U.S. has no vital interest in the relationship between the none resident U.S. person and the treasury of his country of residence.

What it all comes down to is that there is absolutely no benefit to my son in maintaining his U.S. citizenship. He is actually better off to lose it because then he would be able to access a government benefit that he would never have in the U.S. Which is something that he could do if it weren't for the fact that his very disability is the grounds for denying to him the freedom of exercising the same right to renounce that is available to a none disabled U.S. person.

Does America really live in fear of the possibility that its citizens could be better off living somewhere else? Is America's answer to that fear to use the tax code to make sure that such a thing never happens? Is America content to rob the treasuries of other nations, by way of false argument that was made 98 yrs ago by a man who had no understanding of the principals of taxation and did not base his ruling on those principals?

I would also like to point out that taxation is inherently territorial and not international.

I base this on the fact that taxation is a levy on the economic activity that is conducted under the auspices of a given government's treasury. In other words what is not being taxed is the individual but the individual's economic activity and the degree to which his/her activity is successful. In the end though it is all a territorial on the country's economic activity. As such it is a measure of the ability of the legislature to manage its economy and its treasury's ability to measure the nation's credit. There is nothing that the U.S. government can do to influence the value of the government of my country of residence to manage its economy and treasury. Once I leave the U.S. treasury system I no longer exist.

A last question that someone may have is, what happens then with foreigners who invest in America? Don't they have accounts with the U.S. treasury? I would reply to that question by saying, no. A foreigner who takes the treasury none interest bearing publicly circulating treasury notes of his/her country of residence and converts them into U.S. treasury notes is making a loan to the U.S. Treasury. The ultimate end of those holdings is that they must be repatriated to their treasury of origin so that tax settlements can be made with that treasury. So the foreign investor is not an account holder with the U.S. Treasury but is a lender.

Thank you for your time.

*Sincerely,*

**Julian Ross Hudson**

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From: [caroltapanila@shaw.ca](mailto:caroltapanila@shaw.ca) [<mailto:caroltapanila@shaw.ca>]

Sent: February 12, 2015 4:24 PM

To: Trish Moon

Subject: Carol Tapanila statement for Senate Finance Committee, including link to CBC video

US Senate Finance Committee,

I knew nothing about US citizenship-based taxation – my US education failed me. I was also \*warned\* by the US Consulate in 1975 that my becoming a Canadian citizen would mean I would lose my US citizenship. I believed that until I found out that was not true and my life since has been expensive and stressful in finally renouncing in 2012 and receiving a Certificate of Loss of Nationality (CLN) to show to my local, Canadian \*foreign financial institutions\*.

I spent over CA\$42,000 (on the extreme end of what most would pay) out of my fully Canadian-earned and Canadian-taxed retirement savings for US tax lawyers and accountants (three different firms before it was done correctly) for myself and my husband. That included hiring a Washington, DC immigration / nationality lawyer for advice on how my son could renounce. The answer: He can't. He was born in Canada to two US citizen parents a year before we were able to become Canadian citizens. My son was never registered as a US birth abroad, never lived in the US, never had any benefit from the US, only in Canada where he and his one remaining parent and sister live. He happens to have a developmental disability and the US Consulate and the Department of State, Legal, tell me if he does not have the requisite mental capacity, he cannot renounce. (This would also pertain to anyone with a brain injury from an accident, a stroke or even age-related dementia.) A parent, a guardian or a trustee cannot renounce on such a person's behalf, even with a court order. My son and those like him are entrapped into US-defined US citizenship.

I also paid US\$3,661 to the US IRS, all related to the Canadian Registered Disability Savings Plan for which I am the Holder. I and every other tax-paying Canadian help with our Canadian taxes in the bonds and grants that the Canadian government matches to donations by the Holder and others to the RDSP and the RESP. A portion of Canadian taxpayer's money (not just mine) paid to the Canada Revenue Agency went to the US IRS!

This is the way the Canadian RDSP (and the RESP) is taxed by the US for US Persons in Canada:

**1. If the sponsor/Holder** of an RDSP (or RESP for that matter) is a US person then (US person analysis of the beneficiary is irrelevant):

- a. The income generated by the RDSP is taxed to the US person sponsor currently as it is earned
- b. The grant is taxed to the US person sponsor when it is distributed to the beneficiary
- c. US person sponsor must file 3520A annually
- d. US person sponsor must file 3520 annually

**2. If the sponsor/Holder** of a RDSP (or RESP) is NOT a US person, AND the beneficiary is a US person then:

- a. The income generated by the RDSP (RESP) is taxed to the US beneficiary currently as it is earned
- b. The grant is taxed to the US person beneficiary when it is distributed
- c. US person beneficiary must file 3520 annually (no 3520A)

Neither RDSPs nor RESPs are covered by the Canada / US Tax Treaty.

A taxation law that would ENTRAP anyone into citizenship as US citizenship-based taxation does for my son and others with some kind of \*mental incapacity\* (our most vulnerable) to me is immoral. These persons could not renounce for any amount of money paid to any US tax law and accounting professional. A parent, a guardian or a trustee cannot act to renounce on their behalf. As a mere start to the outrageous costs, most would not have the necessary \$US 2,350 renunciation fee, even if they complied with all requirements for which they would have no more requisite mental capacity than they would need to renounce, without any assistance or influence from anyone else. They also do not have the funds required to hire professional assistance for yearly compliance, for very little or no taxes actually that would actually be owed to the US. Any who have special needs special needs family members have enough they have to cope with, without this additional absurdity that is emotionally and financially draining. Many would have to file FBARs as well for provincial disability assistance and for investments as the Canadian Registered Disability Savings Plan (as above), requiring the expensive foreign trust filings, IRS Forms 3520 and 3520A. It is ironic that in the opposite situation, an individual with a \*mental incapacity\* is permitted to become a citizen even though he/she does not have the requisite ability to understand or take the oath. In the case of the naturalization of a child under the provisions of section 322 of this title the Attorney General may waive the taking of the oath if in the opinion of the Attorney General the child is unable to understand its meaning

The Attorney General may waive the taking of the oath by a person if in the opinion of the Attorney General the person is unable to understand, or to communicate an understanding of, its meaning because of a physical or developmental disability or mental impairment. If the Attorney General waives the taking of the oath by a person under the preceding sentence, the person shall be considered to have met the requirements of section 316(a)(3) with respect to attachment to the principles of the Constitution and well disposition to the good order and happiness of the United States.

Links to my CBC TV and CTV News (print) interviews with the CBC, January 2014:

<http://www.cbc.ca/player/News/ID/2429927085/>

and

<http://www.cbc.ca/news/canada/u-s-fatca-tax-law-catches-unsuspecting-canadians-in-its-crosshairs-1.2493864>

Carol Tapanila

*Calgary, AB, Canada*

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# FAMILY

Steve Klaus 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-5988](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-5988)

Robert – over the last few years you have heard from many US Persons (many dual citizens) living outside the US relating how Citizenship Based Taxation (CBT) and FATCA are causing real harm to these individuals and their families. Through various channels (including submissions to the US House Ways and Means Committee, the US Senate Finance Committee and submissions from US Citizens Abroad) the US government has been informed about these horrible effects (intended and/or unintended consequences) and US Treasury has done nothing to make FATCA workable and/or eliminate CBT. The reality is that IF the US Treasury did the ‘right thing’ and go back to Congress to fix these serious issues, that FATCA could work as it relates to US Residents in a Residence Based Tax Structure – but that seems beyond the robotic Terminator like mindset of Treasury.

With regard to the number of those renouncing (yes, I am sadly also thinking of doing it despite the emotional pain it brings) note that there are usually long waiting lists to get into the Embassy to renounce. Getting an appointment is actually a gating factor and holding the numbers back. We would see much higher numbers if the wait was days not many months.

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[androol1999](#) [EmNotEx](#) • 3 months ago

<http://www.cnbc.com/id/102129478#comment-1740040531>

Very sorry to hear of your situation. I am a U.S. citizen and now living in my wife’s country. She has never lived in the U.S. but is also being affected by the over-reach as we were denied a loan for a house because of my U.S. citizenship. If I make a mistake in the arduous IRS tax filing forms, she will be affected by the potential fines the IRS levies against us. If we were able to purchase a house and then later sell it, she will also be affected by the U.S. taxes levied against us even though the house is not in the U.S.

Hope for the best for you.

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[mjh49783ab](#) [patrick](#) • 4 months ago

<http://www.cnbc.com/id/102129478#comment-1662937418>

Ridiculous, isn’t it?

Personally, my gripe is not about the taxes, or the forms, but the situation of either being compelled to report income to an agency that really has no right to have it, given that my wife is a foreign national, or, being compelled to relinquish US citizenship in order to protect her rights. Nevertheless, it’s not really a hard decision to make, and no one leaves a good marriage.

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RAFREE • 4 months ago

<http://www.globaltimes.cn/content/890215.shtml#comment-1678847381>

Fantastic, well written and well researched piece! Thank you for writing this. The U.S. media keeps missing the mark when they write about the rise in renunciations. They make assumptions and build articles around those assumptions without speaking with a single expat who has had to renounce or relinquish because of all this. You have to be able to bank where you live, not everyone can move back with foreign spouse and children in tow. We have foreign spouses who object strongly to having their banking information go to what to them is a foreign country with zero evidence of any wrong doing and no warrant whatsoever. A law abiding person who isn't American finds this situation outrageous. It is causing uproar and strife in marriages. We aren't leaving the U.S. the U.S. would not listen to a word about the problems this is causing and has left us.

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### Private blog

"I relinquished mine last year for similar reasons though I'd never owe any U.S. tax \*Hint most expats are not rich!\* My Canadian spouse makes all of our income here in Canada at his Canadian job. He was LIVID that the U.S. thought they had a right to his banking information just because he

married an American and shares a checking account, mortgage and savings with me. We pay tax here in Canada at a very high rate compared to the U.S. and gladly so for the services we use. The tax forms were always a pain in the rear to him since you end up having to pay someone to do them for the U.S., we never owe but, that money comes out of my spouses Canadian pay check and we are living paycheck to paycheck, have a kid in college who can use that money better. When FATCA came along and the Canadian side of my family found out the U.S. laid claim to their banking information with zero evidence of any wrong doing or warrant \*just have an American in the family\* that was the last straw. I could take my name off everything we own leaving me a pauper and if something happened to my spouse I'd be in big trouble, get a divorce or relinquish my U.S. citizenship. Those were my choices. What kind of country does this to people? I spent three years writing congress critters, House Ways and Means and doing media about it thinking some of this might be amended but, no it isn't going to be. I anguished over this, wore a groove in the floor many a long night and STILL consider myself American as that is where I was born and raised but, on paper I am no longer American. Nina Olsen the tax payer advocate told congress some people would not be able to keep their citizenship because of FATCA and congress did not care. We're just collateral damages to them."

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JLR22 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-20683-6021](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-20683-6021)

Robert thank you for noticing this serious issue and reporting on it.

As an ex-pat it is not only a problem for me but my family. My wife owns a business and the funds go into our account with both our names on it. I don't understand why countries are caving to the USA on this matter. Her business creates local jobs and FATCA prevents her business from succeeding.

Also, we have a child who could be considered a USA citizen despite never living in the USA. So my child has to deal with this FATCA nonsense down the road as well.

If the USA seems hell-bent on going after ex-pats (and their families) then they give us little choice but to renounce. I served for 5 years in the US military and frustrating that has to come to this.

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AtticusinCanada 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-20683-6073](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-20683-6073)

JLR22, I have met more than one ex military who are in your position and I want to apologize to you that you have found yourself having to renounce as you are not able to comply with FATCA while living outside the U.S. with a foreign spouse and children. It happened to me too and I felt betrayed but, at least I had not the double betrayal of having served my country in the military and then ending up having to renounce to top it off. WHY can't the U.S. see and respond to the onerous problems they are causing innocent families abroad? Surely they can at least go to RBT for long term expats with no U.S. holdings? I am just baffled as to what is so hard about that. Instead they would rather throw people like you and me under the bus. I was taught to admit a mistake and try to make it right. Congress and the POTUS do not seem to have this simple kindergarten premise in their grasp.

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Jazzing a writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1233008571>

I am a Canadian born Canadian married to a US person. All of our accounts are joint. I earned most of the money. These accounts will be reported to the IRS since all joint accounts are considered US accounts. This is outrageous.

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[Marion Rosen](#) · Top Commenter · [Office Manager](#) at [Gefen Publishing](#)

[http://www.timesofisrael.com/taxed-into-renouncing-their-us-citizenship/?fb\\_comment\\_id=fbcomment\\_1487174501502609\\_386716\\_1487349878151738](http://www.timesofisrael.com/taxed-into-renouncing-their-us-citizenship/?fb_comment_id=fbcomment_1487174501502609_386716_1487349878151738)

Here's my take on the matter, as a NON U.S. citizen who has the misfortune to be married to an American. My DH files his taxes annually and is in compliance. Now MY income and finances are going to be subject to reporting because we have a joint bank account. I'm not a citizen. My children are not citizens. (And yes, I'm sure, because we didn't do the paperwork to have them grandfathered and they are not citizens automatically.) But THEIR money as well will be scrutinized by the IRS

because the bank gave us wrong information and we can't take steps to correct the current situation for another 3 years. Our situation is simple; DH doesn't have to renounce his citizenship, we just have to remove him from the joint account. But why should he not have access to his own salary?

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[mjh49783ab](#) • [4 months ago](#)

[www.cnbc.com/id/102129478#comment-1661324663](http://www.cnbc.com/id/102129478#comment-1661324663)

Dear Allen Wastler,

How is it un-American to give up US citizenship when the US government itself is now the kind of government that the Founding Fathers themselves would've fought against?

What kind of government would by policy, want to snoop into my wife's financial business like some pervert in the night?

What kind of government that would speak of freedom, and liberty, out of one corner of their mouth, and then subject me to the tyranny of a Sophie's Choice, between my wife, and the government?

My wife is sick. She has MS, and the last couple of weeks for her have been hell. There will be a time in the future where I'll have to be her power of attorney out of necessity.

If I were to keep my US citizenship, then I would have no choice but to report her income. I cannot abide this!

So a couple of days ago, I wrote to my mother to tell her that I was never going to come back to the US to live and I had to explain to her exactly WHY that is so. Who wants to explain this to their mother? Especially so, when this is not my policy in the first place?

I think the US government should be the ones explaining it to my mother, and then try and tell her that what I intend to do is unpatriotic. Trust me when I say, that she knows much better than that!

So, to those that may consider my actions as 'running away', what would you call the act of running away from a disabled spouse, for a dirty flag? Or, ratting her out? That to me sounds like the real coward. Meanwhile, when the government scapegoats us, and persecutes us, while the homelander join in on the scape-goating, all for trying to live a normal

life outside of the USA, then who among us can realistically tell themselves that there is any hope for meaningful change?

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PierreD says: [OCTOBER 14, 2014 AT 3:09 AM](#)

<https://fbariswrong.wordpress.com/2014/10/13/my-boyfriends-an-american-should-i-dump-him/comment-page-1/#comment-22>

I DID make that most stupid mistake of marrying a US citizen. That was almost 30 years ago, and after living on that plantation for about 30 months without being overly impressed, I brought my spouse to Canada. Now, all these years later, she has ZERO desire to ever live back there again...and actually gets a kick out of all that "patriotic shit" she was brought up with.....like how ridiculous it is that they think they're the centre of the world etc....Canada is home.

Then we learned about FATCA and FBAR. Any good will we had towards the USA has pretty much evaporated, and about 4 vacations that otherwise would have been there didn't happen. We still visit a few times a year, but only to visit 90+ year old mother (in law). When she's gone, that'll be the end of it. Never the USA again! I like vacationing in Europe anyway.

I also have 2 cousins who've moved to Canada (and high quality, educated people, a great loss to the USA).



One is already arranging his Canadian citizenship and will drop that USA stuff ASAP once he's got it, and the other one who has yet to realize what a detriment his citizenship is to him and his family (fortunately his European wife "accidentally" lost her Green card by moving here....we keep telling her how lucky she is) but I always feel like a schmuck telling the girl/boy friends of their children to "run like hell" from these US tainted people.

*If I knew what I knew today, as much as I love my wife, I would have turned and run....*

Oh, and another REALLY idiotic thing I did was to get a green card while I lived there. Stupid, stupid, stupid!!!! Hindsight is 20/20.

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Steve Klaus 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-5988](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-5988)

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JLR22 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-20683-6021](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-20683-6021)

Robert thank you for noticing this serious issue and reporting on it.

As an ex-pat it is not only a problem for me but my family. My wife owns a business and the funds go into our account with both our names on it. I don't understand why countries are caving to the USA on this matter. Her business creates local jobs and FATCA prevents her business from succeeding.

Also, we have a child who could be considered a USA citizen despite never living in the USA. So my child has to deal with this FATCA nonsense down the road as well.

If the USA seems hell-bent on going after ex-pats (and their families) then they give us little choice but to renounce. I served for 5 years in the US military and frustrating that has to come to this.

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RAFREE • 4 months ago

<http://www.globaltimes.cn/content/890215.shtml#comment-1678847381>

Fantastic, well written and well researched piece! Thank you for writing this. The U.S. media keeps missing the mark when they write about the rise in renunciations. They make assumptions and build articles around those assumptions without speaking with a single expat who has had to renounce or relinquish because of all this. You have to be able to bank where you live, not everyone can move back with foreign spouse and children in tow. We have foreign spouses who object strongly to having their banking information go to what to them is a foreign country with zero evidence of any wrong doing and no warrant whatsoever. A law abiding person who isn't American finds this situation outrageous. It is causing uproar and strife in marriages. We aren't leaving the U.S. the U.S. would not listen to a word about the problems this is causing and has left us.

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[mjh49783](#) says: [OCTOBER 13, 2014 AT 7:10 PM](#)

<https://fbariswrong.wordpress.com/2014/10/13/my-boyfriends-an-american-should-i-dump-him/comment-page-1/#comment-16>

If your US citizen husband considers his first obligation to the US government, and not to you, his spouse, then why should you accept being treated as second best?

I am a US citizen, living in Canada, and married to a Canadian. However, I have also recognized long ago that the US has left me before I've left the US, and that is another reason why I chose to emigrate to Canada.

Do I worry about things like FATCA and FBAR? Sure I do, but what is most important to know here, is that my wife doesn't have to. This is because....

1. We have no joint accounts, nor any joint financial interests anywhere.
2. I file 'married filing separately' on my 1040 forms, and write her down as an NRA.

By doing this, not only do I lose all of my deductions as a US taxpayer as punishment for not getting her to file joint with me, I also keep her out of reach of the IRS in every way possible. This is the price I pay to be a good husband, but this is the price I'm more than willing to pay to preserve the marriage.

Ultimately, in order for my wife and I to have a normal banking relationship, as well as a normal relationship with each other in general, sooner or later, I will have to relinquish my US citizenship. I have no problem with this, either.

In a few months, I'll be applying for Canadian citizenship, and once I earn my citizenship certificate, I will set up an appointment with a US consulate and notify them that I have relinquished US citizenship upon acquiring Canadian citizenship.

***Only a fool leaves a good marriage.*** Especially for blind patriotism and tax chattel slavery. Meanwhile, I have zero desire to live in the US again. Also, if the 'greatest country in the world' sees fit to demand through policy that I have to make a choice between my spouse, and my country, then how can it truly be the greatest country in the world? The simple and self evident answer to that question, is that it is not the greatest country in the world, and that I would argue that it is arrogant, narcissistic, and morally bankrupt, based on this issue alone.

My family left stateside will likely never understand my decision. Meanwhile, the homelander there will see me as a heretic, and as yet another tax cheating scapegoat for all of their problems, but I don't care anymore. By both mind and body, I've already expatriated, and all that is left now is the paperwork

FromPatriotToExPatriate 2 months ago

<http://www.forbes.com/sites/robertwood/2014/11/15/i-am-canada-hear-me-roar-mr-president/#comment-8517>

Robert:

If you are able to contact the author of this post, you might suggest that he/she seek a legal opinion on whether (according to U.S. laws) he/she is a U.S. citizen.

This letter suggests both:

Misunderstandings of the law of U.S. citizenship; and

Incorrect inferences from U.S. citizenship law.

It may be that this person is not a u.S. Citizen according to u.S. Law.

But leaving all that aside, the simple fact is that:

The U.S. is using FATCA to “stalk” people around the world based on the simple fact that they were born in the USA. It’s so idiotic and so immoral that most people don’t believe this is true.

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powerunit 2 months ago

<http://www.forbes.com/sites/robertwood/2014/11/15/i-am-canada-hear-me-roar-mr-president/#comment-8549>

***My wife has said that if I put her name on any American documents, our marriage is over.*** I simply call her “Canadian Spouse.” We are now closing all of our joint accounts. If banks or credit unions start refusing me accounts, I guess I will be living out of a cookie jar.

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## GENERAL

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### REPEAL FATCA

<http://business.financialpost.com/2014/08/20/cra-will-not-assist-irs-in-collecting-penalties-against-dual-citizens-subject-to-fatca/#comment-1551724879>

There's not much comfort in Mr. Melnitzer's observation that the recent CRA ruling on FATCA "means that dual citizens who do not enter the U.S. (or U.S. airspace) and have no assets in the U.S. will be shielded from these penalties." That negative assurance could just as easily be expressed as a positive: Dual citizens who do enter the U.S. (or just U.S. airspace – which even some Canadian domestic flights cross) or have assets in the U.S. will be subject to penalties.

Or put yet another way, as long as so-called "dual citizens" (which evades the question of "accidental Americans" and other Canadians who in no way regard themselves as Americans) maintain a fugitive existence with respect to the long arm of U.S. law enforcement, they might not be hit with practical consequences right away. But they will indeed be considered tax criminals by the U.S. authorities, who have many ways to skin cats. For example, you can bet that once they're identified by Canadian banks to the CRA, and their information is then passed to the IRS and relevant U.S. intelligence agencies, these Canadians will be entered onto numerous, non-public data bases as tax fugitives, comparable to those kept for terror threats. The reference to "airspace" is particularly ominous. It means that covered Canadians would effectively be placed under an international "no-fly" ban unless they wanted to risk "apprehension" by U.S. authorities.

This "assurance" means only that the CRA will not (for now) take direct action to apply penalties in Canada, but they will cooperate in every other way to help the U.S. authorities apply whatever they have in their deep bag of tricks. Even at that, it's only good until the IRS decides to put the squeeze on the CRA, which no doubt will then amend their ruling to suit.

There is no way to sugar-coat it: FATCA compliance means Ottawa's complicity in stripping a class of Canadian citizens of the protection of the Charter and other legal guarantees in order to appease a foreign state threatening sanctions. This is not just a threat to Canadians with American ties; it's a surrender of Canada's sovereignty, the subordination of the CRA to Washington, and a debasement of the value of all Canadians' citizenship.

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FromPatriotToExPatriate

[http://www.forbes.com/sites/robertwood/2014/09/22/armed-with-fatca-irs-hunts-offshore-tax-evaders-while-canada-eases-up/?commentId=comment\\_blogAndPostId/blog/comment/1057-30834-8107](http://www.forbes.com/sites/robertwood/2014/09/22/armed-with-fatca-irs-hunts-offshore-tax-evaders-while-canada-eases-up/?commentId=comment_blogAndPostId/blog/comment/1057-30834-8107)

Robert:

The title of your article is:

*"Armed With FATCA, IRS Hunts Offshore Tax Evaders, While Canada Eases Up"*

You can't compare Canada and the U.S for two reasons:

1. The U.S. has citizenship-based taxation. It has become increasingly obvious that FATCA is not related to tax evasion. FATCA is simply a "world wide hunt" for Middle Class Americans abroad. Since, Canada (like the rest of the world) doesn't use citizenship-based taxation, Canada doesn't have much to hunt for. After the OVDP programs, Streamlined and the "Offshore Witch Hunt", the revenue brought in has not been tax but rather FBAR penalty revenue.
2. As you point out Canada has a stronger culture of privacy. In fact, privacy has been completely eradicated in the USA. Americans neither want nor value privacy.

Furthermore, it's not an attitude of a country's commitment to catching "tax cheats". It's more that the U.S. defines all of its citizens abroad as tax cheats. And, come to think of it, since nobody can understand the Internal Revenue Code, all Americans (including Americans abroad) are nothing more than tax cheats.

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[WhiteKat](#) [aamericannovice](#) • 4 months ago

<http://www.cnn.com/id/102141113#comment-1663271270>

The term 'expat' conjures up the image of someone who may have one foot in a foreign country and one foot in the home country, but the reality is that the people caught up in this tax and penalty nightmare (mostly PENALTY) are for the most part LONG GONE, fully integrated into the society of the countries they call home, and in most cases are citizens of the country they call home. These include people who: were born on US soil to non-American parents and left USA as young children; were born outside USA to one American parent; and ex green card holders.

The only RIGHT these people want is the RIGHT to live normal lives in the countries they reside, work, and pay taxes already without being hassled by the slave owner back on the plantation

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**Thatisme** 4 months ago

[http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment\\_blogAndPostId/blog/comment/1057-30572-7934](http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment_blogAndPostId/blog/comment/1057-30572-7934)

Mr. Wood. I don't miss one of your articles. For the simple reason that they make sense. This is what the USA Government should be doing insofar as Americans, Dual Citizens and Green Carders living abroad. How come you can see things so clearly and the USA insists in going after innocent American citizens living and working abroad. Do they think that these Americans, who have no representation or even a voice, can be trapped and milked to help pay for the American debt? Let me confess that I have been a democrat all my life and up to recently I have supported in many ways President

Obama. But against my best wishes I will no longer do it because I can't believe what is being done to us. Is this the America that I was so proud of becoming a citizen?

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VJ Allentown

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527376>

The arrogance and extra-terrestrial reach of FATCA is breathtaking. It is likely more costly for financial institutions to comply with FATCA than the profit they expect to make from a non-resident US account holder. So it makes perfect sense for them to turn down US citizens.

I have been living outside of US for more than 4 years now and have not yet met any expat who pays taxes in their home country other than US citizens. This makes US labor market participants uncompetitive in the global labor markets. So FATCA has a job destroying aspect in addition to the burdens it imposes on US Citizens abroad and those financial institutions that choose to comply with US regulations.

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Brief Al Saint Paul, MN

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13525346>

Boy do I sympathize. During my lifetime I have lived outside the States for probably 20 years. It is a hassle-and-a-half to have to file tax returns in the U.S. and the country you are living/working in. Even finding someone who knows the relevant tax laws in order to help you file is difficult and it is expensive. Further, the U.S. is not the same country I grew up in. It has changed so much in the last 20 years it is reprehensible. The U.S. now monitors all our communications, in whatever form. The government engages in torture and no one does anything about it. They have suspended habeas corpus. Flying anywhere requires giving up the same rights one has to in order to enter the country. And that is just scratching the surface. The government is bought and paid for by the wealthy and by corporations. You won't be missing much by giving up your citizenship, and you will gain a whole lot of freedom.

Yes, I know, this is being read by someone in the government and I cannot predict what will come of that.

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RAFREE WhiteKat • 4 months ago

<http://www.cnn.com/id/102141113#comment-1664070210>

I think people living in the U.S. are just now at the very tip of the iceberg of understanding what has been going on for the last three years. Those of us who have been living it for that long are far more well versed in this situation which is understandable. Yes, I'd like to have been able to marry a Canadian and not be punished with not being able to keep my citizenship because for medical reasons we could live in the U.S. That didn't mean I wanted to have to give up my citizenship and maybe be cut off from all my family living there. Why can't the U.S figure a way to not punish families like mine while still going after their homeland tax evaders? Matter of fact FATCA doesn't do much at all to harm people living IN the U.S. who are actual tax evaders. It does far more harm to expat families who never would owe a red penny in tax to the U.S. to kids born abroad to even on U.S. parent, to accidental Americans who were born in a border hospital but, who have never lived there. Come on congress, you can do better than that especially since the U.S. holds itself up as a beacon of all that is right with the world

Papi Dave writes:

<http://www.cbc.ca/news/politics/canadian-banks-to-be-compelled-to-share-clients-info-with-u-s-1.2437975>

‘Land of the Free’ eh?

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[American Overseas](#) • [4 months ago](#)

<http://www.cnn.com/id/102129478#comment-1661341874>

From a posting in one of the American Overseas’ organizations Facebook group pages:

Additionally, I feel that YOU should do a follow up commentary as it is evident from what you wrote that you did NOT do your due diligence in researching the specific issues regarding renunciations. It would have been extremely easy for you to have contacted any of the American overseas organizations in order to get robust, accurate, real information (e.g. Republicans Overseas, Democrats Abroad, American Citizens Abroad, Association of Americans Resident Overseas, etc.). Instead you are promulgating the misperceptions which permeate “American culture” as it relates to Americans overseas.

There is this unusual American cultural phenomena regarding its citizens who live outside the United States. They are looked upon with suspicion and are considered un-patriotic, tax cheats/evaders (even though we pay tax to our respective countries of residence for the services in which we benefit), or committing some type of nefarious activity. It is evident in many of the comments from homeland Americans on articles/commentaries about the situation we, Americans overseas, are currently in.

As Americans overseas, we have no formal voice we have at the legislative level, Our voice is diluted over the 50 states in which many of us vote. Some are not associated with a state hence only can vote in federal elections therefore they have no one to address any concerns. The aforementioned American overseas organizations are fragmented hence no strong voice unlike other countries like France. French expats have a delegate in each region of the world (e.g. Frédéric Lefebvre – French expat delegate – North America) where he/she sits in the French National Assembly – therefore a formal legislative voice representing the interests of French expats. In other words, France (as an example) values its expats unlike the US which looks upon its expats with suspicion and yes, considers us criminals (e.g. submitting FBARs to the Financial Criminal Enforcement Network).

Please note that not only Americans overseas are in an untenable situation at present which is getting worse and worse but also green card holders living overseas, US Persons (as deemed by FATCA), “accidental Americans” (i.e. those individuals who were born in the US because their non-American parents were on assignment and these individuals left as infants – but are considered US Persons for the rest of their lives vis-à-vis taxation issues – even though they have ZERO link with the US), non-American spouses of Americans overseas, and other countries’ expats living in the United States where they have bank accounts, investment accounts, mortgages, et al. in their respective home countries. These individuals are having their accounts closed and mortgages rescinded as a result of FATCA.

Please also note that the US State Department raised the renunciation fee 400% from USD 450 to USD 2,350 this past September. It is apparent that they did this as a deterrent for Americans overseas not to renounce but, in fact, the opposite has happened as there is a significant backlog at US embassies/consulates worldwide for renunciations (e.g. US Embassy – Toronto has such a backlog that one cannot get an appointment until at least June 2015). This spike is because many fear that the US State Department will raise the fees again.



There you go. Just the tip of the iceberg that we find ourselves in and the situation is becoming more difficult for us as we are having difficulty having local bank accounts in our countries of residence and CANNOT open a bank account in the US because we do not live in the US. Therefore, many Americans overseas are looking at what the “future value” is in retaining their US citizenship.

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Deckard 1138 June 14, 2014 06:28

<http://www.economist.com/news/leaders/21605907-america's-new-law-tax-compliance-heavy-handed-inequitable-and-hypocritical-fatcas-flaws/#comment-2416674>

Please, let's all cut the crap, shall we? Especially those apologists for CBT who treat it like some esoteric academic exercise, the same way supposedly learned men, who should have known better, once opined about eugenics.

It's really very simple: citizenship-based taxation is America's Apartheid system. It is repugnant, immoral and indefensible. Since CBT is so clearly irredeemable, there is really nothing to talk about, unless your intellectual curiosity exists in a profoundly amoral vacuum.

CBT discriminates against a particular group of people on the basis of their place of birth - a characteristic as immutable as the colour of their skin. It labels them, tracks them, intimidates them, criminalizes them and forces them into virtual prisons from which escape is nearly impossible. Worse, the architects of CBT are now co-opting the rest of the world to implement this discriminatory regime for them. It is astonishing and disheartening how quickly and easily this is unfolding.

Far too many countries, cowed by the 30% withholding stick that the U.S. threatens to beat them with, like the FBAR and OVDP sticks they already beat their CBT victims with, simply refuse to challenge America on fundamental moral grounds and it is wrong.

The U.S. does not deserve a free pass on CBT and FATCA any more than the old South African government deserved a free pass for its heinous apartheid policies. Yet several ostensibly modern and enlightened nations have rationalized their acquiescence to FATCA by publicly exclaiming that America has the inherent right to tax its citizens in whatever manner it chooses. Well, in a just world it does not, for CBT represents a clear denial of basic human rights and dignity.

Yes, the global hypocrisy is staggering, especially from countries like Canada. Last year, our Conservative government expelled the consul-general for Eritrea for that regime's tax extortion efforts against its expats in Canada. Just last week, the same government enthusiastically ushered-in America's FATCA laws to override our country's own Charter of rights and freedoms, discriminating on the basis of national origin, gutting federal banking privacy laws and setting the stage for a massive legal challenge which will be fought in our Supreme Court.

Beneath all the technocratic language about forms, compliance, jurisdictions and enforcement, there is a fundamental truth: these American policies are morally unjust and the world must not condone them any longer. FATCA will be a global disaster unless it is stopped now.

It is indeed time for the world to say no to the U.S. practice of citizenship-based taxation and to force it to adopt residency-based taxation like the rest of the world. If not, then the world better find a more deserving reserve currency in a hurry - the United States has abused its position of trust for far too long and it needs



to be reminded that it is just one nation in a community of nations. The breathtaking audacity of FATCA is simply a bridge too far.

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<http://www.mnp.ca/en/media-centre/blog/2014/9/5/fatca-is-not-your-enemy>

Saturday, September 06, 2014 - 09:40AM GMT | A. Question

FATCA is not your enemy?!! Are you joking? Tell that to a person who is the sole earner in a family whose spouse is a dual citizen. Their private banking information is being sent to the US. The US spouse did not earn the income, but because he/she is a joint account holder, the account info is sent to the IRS. Tell that to the American abroad who can't find a bank that will take him/her as a customer. Tell that to all the many accidental Americans who don't consider themselves Americans and who had no idea of the US CBT system. Canadian taxpayers and Canadian banking customers are the ones footing this bill in Canada, not the IRS. The Canadian government is just an

extension of the IRS now. If duals should have been sending this info to the IRS anyway, why should we as Canadian taxpayers and banking customers be paying the bill to find and send this info? Let the IRS deal with it themselves. If they suspect someone of tax evasion, let them build a case and have a warrant to get the information. FATCA is a fishing expedition and we're paying the bill for it. If this is such a great idea then why the 30% sanction for non-compliance? Why hide the IGA in an omnibus bill? Why was no cost/benefit analysis done when FATCA was being passed in the US and again not done when being passed in Canadian parliament? Why the need for IGAs in the first place? Why not send everyone's banking info to all governments of the world? So what you're really saying is that banking should not be private at all? Are you really so naive to believe the US will send its citizens' banking info to foreign governments? Data exchange like you're suggesting only works if the countries involved practice RBT, not CBT. Even then, it's questionable. FATCA is extortion plain and simple.

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Mike Notelling writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1234708558>

What protection do Canadians have if the USA loses our data to hackers? NONE

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## **PRIVATE LETTER EMAILED TO NOBLEDREAMER14 FEBRUARY 2015**

I am writing to express my concern regarding citizen based taxation.

First, some background on my personal situation. I was born in the United States. When I was 12 years old, my parents moved father was transferred by his employer to Canada, and moved the family to Canada as a result.

Since the age of 12 (over 40 years ago) I have been educated and employed in Canada. I have been a tax payer in Canada since I was 16. I receive my health care benefits from Canadian provincial governments. I graduated

from the University of Waterloo, in Canada. I have no plans to return to the United States. I am a Canadian citizen and have been for over 20 years. The decision to become a Canadian citizen was made with every expectation that I would not return to the United States.

My only pension expectations are from the Canada Pension Plan. In anticipation of the fact that I have no other pension, I have saved diligently for my future retirement.

I recently renewed my US passport **only** because I was told by immigration officers that I must have a US passport to enter the United States. I have never voted in a US election, because I have never felt like I had the moral right to vote in the United States. I have voted in every Canadian election that I have been eligible to vote in.

Although I would like to relinquish my citizenship, I am unable to because of that push to obtain a US passport. I still have family in the United States that

I would like to visit from time to time. But other than that I have no reason to visit the United States beyond tourism reasons that any other Canadian might have.

My concerns about citizen based taxation include the following:

1. Unfair treatment of local (foreign to the US) mutual funds
2. Financial impact for incorporation
3. Inability to attract partners
4. Loss of generally allowed tax deductions
5. Loss of privacy, warrantless search of financial accounts
6. Onerous filings, disproportionate penalties
7. Lack of information regarding IRS regulations.

Unfair treatment of local (foreign to the US) mutual funds:

Mutual fund investments are common, practical and generally considered an almost essential element of any investment strategy. They allow individuals to invest responsibly for their future. However, US tax law makes investments in something as relatively conservative as a mutual fund an absolute nightmare.

The US treats foreign (i.e., not American) mutual funds as a passive foreign investment company (PFIC). The US tax law is written to deter investment in these accounts – even though these accounts are not foreign to individuals resident outside of the United States. Frankly, the treatment of PFICs is so complex and confusing that I can't be sure that I even understand the requirements.

However, my general understanding is:

- A foreign mutual fund investor may elect to treat the PFIC as a qualified electing fund. However, this requires coordination with the PFIC to obtain a PFIC Annual Information Statement, which may or may not be available, and the PFIC must have IRS approval to be treated as a PFIC. Regardless it is not commonly available.
- Or the investor, may elect the Mark to Market election. This requires the investor to claim potentially unrealized capital gains / losses on the investment.
- Or if neither election is made, all income (including capital gains) is subject to taxation as ordinary income and is automatically taxed at the top individual tax rate (39.6%). I believe this is on top of any local taxes paid on the investment.

- All of which makes investing in local mutual funds for Americans that are not resident in the US basically impractical.

Although I am unfamiliar with the treatment of ETFs, I believe the US tax treatment of foreign ETF's is somewhat similar.

## **FINANCIAL IMPACT FOR INCORPORATION**

I have been working for over 20 years as an independent consultant in Canada. The generally accepted method of working this way has involved the creation of a corporation that contracts with a third party for specific services. It is fairly common in Canada for independent contractors to work through a corporation. In fact, I am consistently required to work through a corporation in order to obtain these contracts.

In my case, the corporation has netted \$0.00 in gross income for over 20 years. No income is hiding in this corporation. However the treatment of this corporation is far too complex for a lay person such as myself, to understand.

Frankly I have no idea what to do with regards to the reporting requirements for this corporation. Although, Revenue Canada recognizes this corporation as a completely separate entity, somehow the US requires IRS declarations linking that corporation back to me.

## **INABILITY TO ATTRACT PARTNERS**

Because of the US treatment of foreign corporations that I have > 10% ownership in, I have had to **actively decline partnerships/opportunities with individuals that are Canadian citizens** in order to exclude them from the complexities of IRS reporting.

### **Loss of generally allowed tax deductions**

Boris Johnson recently shed some light on the tax of capital gains on a home that is charged in the US, but not charged in the UK. The same applies in Canada. In the US, mortgage interest is deductible from income tax, however it is not deductible in Canada. The two differences is a perfect example of situations **where a US person living abroad is unable to take advantage of tax deductions afforded to individuals not subject to US citizen based taxation.**

## **LOSS OF PRIVACY, WARRANTLESS SEARCH OF FINANCIAL ACCOUNTS**

The reporting requirements of FACTA are extensive. They include reporting of all of my foreign accounts, account balances and account transactions over a certain value. No US person living within the United States is subject to this type of reporting/search.

There is no warrant for the transfer of my personal and very private financial information.

In addition, there are no obligatory protections of any information that foreign financial institutions may collect with respect of my citizen and/or US person status. In this era of digital privacy, this set of information would be invaluable to many.

I do not believe that the collection of this information is constitutional in either the United States or Canada. The collection of this information for well over 7 million individuals worldwide is immoral and inconceivable for those of us that were raised in a free society. I am appalled by this collection of information.

## **ONEROUS FILINGS, DISPROPORTIONATE PENALTIES**

To provide an example of the disproportionate penalties, consider my set of 20 laddered Canadian GIC accounts. These accounts were started with a total of \$20,000 invested quarterly over 5 years to build a 5 year GIC ladder where \$1000 rolls over for re-investment in a 5 year GIC each quarter.

Since I began this GIC investment, that \$20K is now worth approximately \$28K over approximately 15 years (due to the extremely low interest rate environment).

Potential penalties if those accounts are not reported to the IRS is \$10K per account per year, for up to six years. Making approximately \$28K subject to  $20 * \$10,000 * 6 = \$1.2M$  – on an account total of \$28K. That is, by far, **enough to bankrupt me**. That doesn't include penalties for late filing, or penalties for FBAR failing to file requirements. If that is not a disproportionate penalty, I don't know what is.

## **CONSIDER THE FEAR AND LOATHING THAT THE PENALTIES ARE INSTILLING IN THE US CITIZENS LIVING ABROAD.**

With regard to onerous filings - consider a US person, such as myself, living outside the United States. I've saved responsibly, looking forward to a point when I will be able to retire. While not even a millionaire, I have extensive investments in various stocks and mutual funds, not to mention several banking accounts. The IRS estimates that Form 8938 can be completed in 1 hour and 5 minutes. My estimate:

- Understanding the Form – 4 hours
- Part I – 2 hours
- Part II – 2 hours
- Part III – 2 hours per asset
- Part IV
- Understanding Forms 3520 , 8621, 3520-A, 8865, 5471, 8891 – 10 hours
- Part V – 4 hours per deposit
- Part VI – 6 hours per “other foreign asset”

Given the structure of my financial assets, my expectation is that the full completion of this form could take up to 60 hours. That doesn't include FBAR filing requirements for these accounts. It also doesn't include general completion of Form 1040 and other additional forms that must be completed for non-residents.

### **Lack of information regarding IRS regulations.**

I am not a 20 year old with a small income. I am near the end of my career with relatively significant savings. I own a corporation in Canada. Although it has no net revenue year after year, it is still complicated understanding the filing obligations.

IRS materials explaining the filing obligations are indecipherable by the general US person living abroad. IRS phone support is difficult to reach. There are no local IRS offices where I live.

Much of the information I know about filing US Tax returns is pulled from multiple internet sites offering various interpretations of US tax law. It's almost impossible to feel confident in filing a return.

Donald Rumsfeld famously writes a letter to the IRS to accompany his return each year (<http://www.dailymail.co.uk/news/article-2605586/Donald-Rumsfeld-pens-open-letter-IRS-year-explaining-no-idea-returns-accurate.html>). The letter explains how he has no idea whether his return is accurate because of the complexity of the tax code. As a US citizen living abroad, I concur with his concerns about the difficulties of filing an accurate tax return, and live in fear of exposing myself to severe penalties if I get it wrong.

## **FINAL NOTE**

Finally, I want to say that I feel that FACTA is an unprecedented display of American arrogance, and motivates other countries (China especially) to enter currency deals to the exclusion of the United States (<http://www.cbc.ca/news/politics/canada-china-sign-currency-deal-aimed-at-boosting-trade-1.2828707>).

I urge the Senate Finance Committee and US Congress to work toward immediate repeal of US citizen based taxation.

Sincerely,

A US Citizen Living Abroad

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## GREEN CARDS AND IMMIGRANTS

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[Andrew Paul Stuart Hamilton](#) · Top Commenter · [St. Joseph's College, Hunters Hill](#)

[http://www.timesofisrael.com/taxed-into-renouncing-their-us-citizenship/?fb\\_comment\\_id=fbc\\_1487174501502609\\_386153\\_1487205841499475#f268ace4fc](http://www.timesofisrael.com/taxed-into-renouncing-their-us-citizenship/?fb_comment_id=fbc_1487174501502609_386153_1487205841499475#f268ace4fc)

I'm very glad I'm not a US citizen and advise anyone thinking of taking up US citizenship against it. Its a curse on your freedom and that of your children.

\*\*\*

Neill Clift 6 months ago

[http://www.forbes.com/sites/robertwood/2014/09/22/armed-with-fatca-irs-hunts-offshore-tax-evaders-while-canada-eases-up/?commentId=comment\\_blogAndPostId/blog/comment/1057-30834-8109](http://www.forbes.com/sites/robertwood/2014/09/22/armed-with-fatca-irs-hunts-offshore-tax-evaders-while-canada-eases-up/?commentId=comment_blogAndPostId/blog/comment/1057-30834-8109)

America taxes its citizens and permanent residents on their worldwide income regardless of where they live.

Think about that for a second. If you had a green card and left the US. Until you give up that card in the proper way your expected to file and pay taxes. Have it too long and you have to expatriate in pretty much the same way as citizens (pay the exit tax if you have money). So you can have an expired green card giving you no rights to work in the US but the US thinks it reasonable to tax you! That's pretty arrogant in my book

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Hilary New York City

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527551>

A passport is a powerful thing, It confers massive privileges and expectations - which is one reason why so many of us go to great lengths to secure and preserve second passports for ourselves and our children. These privileges are enjoyed ABROAD - protection and safe haven. But now let's consider another class, which is far more injured by the tax burden Mr. Tepper is talking about. Those are green card holders. My husband is a Japanese citizen employed by a Japanese company. Because

he has a green card, even when he lives and works in Japan, he is subject to the same tax requirements as Mr. Tepper. That seems like overreach to me.

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### **ANONYMOUS EMAIL TO NOBLEDREAMER TUESDAY FEBRUARY 10, 2015 AT 7:04 PM**

This is a story of trying to love the US from afar.

After 30 years of working in the USA, and gladly paying my taxes, my small business folded in the aftermath of 9/11. I sold all my possessions to pay the fare to go live with my mother who was suffering from a long-term illness. She soon became bedridden and totally dependent on my care.

My only income (about \$4,000 a year) was from a work pension. We had no access to broadband and very

little contact with the outside world, but, it was reassuring to think that I was below the tax-filing threshold during that time.

Can you then imagine my horror upon discovering (some time after my mother's death) that IF I had held power-of-attorney to handle her multiple small accounts, I could face penalties that exceed the total amount of her bequest to me, just for having held signature power over those accounts on her behalf? Even more unbelievable, even if I had inherited NOTHING I would still be liable for those same enormous penalties for "failure to file the FBAR."

Up until that moment, I had always felt enormous respect, and even admiration, for the federal tax system, with its clear forms, well-written instructions, and the basic fairness of penalties that were a percentage of actual tax unpaid or paid late.

But in that moment, the realization that the country I loved and respected was prepared to rob me like a common criminal or mafiosi caused a distress beyond description.

Likewise learning of form 3520 and much else in the present tax code, in which people are threatened with unbelievable penalties merely for having committed the "crime" of having parents who live outside the USA, or doing so themselves, left me feeling utterly devastated.

I was already aged in my mid-sixties, and after earning low wages for most of my life followed by the period of no wages whilst caring for my mother, it was clear I would have to defer drawing social security until age 70 for it to become enough to live on. If I could eke out my mother's bequest to me until then, there would be enough to eat in old age.

Early plans to look energetically for work were overwhelmed by the terror of losing everything if an "information report" to the USA was incorrectly filed, which would have cost far more than I could expect to earn in wages. The more I learned about the experiences of those who had relied on experts to deal with their returns, and were wrongly advised, or pushed into the OVDI, the less I was inclined to hire an expert, even if I could have afforded to.

In years past I had filed my own returns with pride and determination, and gratitude to the land I lived in. All my efforts now began to focus on doing so again - but how incredibly much harder it is when there is no longer a sense of fairness or justice, and no longer any confidence in the goodness of the system. I work in fear, as if a huge hammer is swinging above my head murmuring "penalties, penalties, penalties."

Realistically, I am too old now to change locations again, and will now remain living in my mother's country. In a very real sense, I am an emigrant from the US.

I had planned to love the US from afar, and to promote it in all my contacts.

Alas, due the horrendous penalties for the so-called "information reporting," a sense of horror is now overwhelming that love.

(You should have seen the horrified look of the clerk in the computer shop when I explained that I had to buy a Windows laptop because the US required me to report all my bank accounts on software

that won't even run on my old Linux machine, or else I would face tens of thousands of dollars in penalties. He looked at my shabby clothes and wizened face, and said "They can make you do that?" His expression reminded me of the way people used to talk about the Berlin wall.)

As to renouncing, even if I could bear the thought of it, the journey to the far-off embassy to renounce is terrifying, and with the appointment cost having been raised beyond my means, it is out of reach.

So, for now it is three "tax" returns a year, covering two different tax years, two different exchange rates, three sets of instructions, penalties" that could leave me facing utter destitution. And all this as I grow older and less able to cope.

And all on a level of income which, if my mother had lived in the US, would now leave me free of any tax requirements at all for the rest of my life.

Surely you did not wish to make life hell for someone just for being absent, when their absence already lowers your costs. Surely you did not intend to create this hell?

Please, please, return to penalties that relate only to tax actually owed. Please, please, let go of your emigrants, so they can love you from afar, instead of being forced to fear, hate and reject you.

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Sa B 9 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentID=comment\\_blogAndPostId/blog/comment/1057-26083-6231](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentID=comment_blogAndPostId/blog/comment/1057-26083-6231)

I was not aware of this legislation but as a green card holder I had originally intended to return to my home country where my family reside. I am not by any definition wealthy but on a review of the cost of the exit tax, cost of advice and never ending journey to seek accurate information I just gave up. The exit tax would have taken a huge amount of my IRA on initial retirement and in the current environment and based on my age could never be recouped. Note by definition I am considered middle class whatever that means.

Based on my personal experience to understand this US exit tax and make an informed decision as to whether to ultimately stay in the US or go home I had numerous and very expensive discussions with a number of very large and reputable international accounting/tax firms in the US, Australia and the UK who all initially indicated that I would have no problems since I was not intending to leave for tax avoidance hence would

be able to pay the tax as I drew on my US accounts. Needless to say this information was both wrong and costly however on the positive side after several years I did finally find a small firm who were interested in understanding this issue for other clients currently living in the US and they did further. Final outcome was that they advised me to stay in the US. This process took me several years and a lot of money.

I also worked with accountants to work out how I could manage dual citizenship whilst residing back in my home country, long story short irrespective of being able to offset some taxes the yearly ongoing cost and pain of dual tax filings at different times of year and keeping on top of the legislation in both countries was cost prohibitive and mentally/physically draining. Finding experts in both countries was also impossible, no one in the US was aware of it nor had any understanding of the global implications let alone able to work with another country. In addition you would ALWAYS end up paying more taxes since you can only offset like taxes which means that taxes unique to either country must be paid in addition to normal income taxes.



I could not face trying to manage both in my “Golden Years” so just gave up and stayed here. I also did not want my family trying to deal with this horror when I died. Unfortunately many people commenting and politicians have no idea how ridiculous this whole process is particularly for ex-pat Americans who have chose to stay overseas with their families

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rogerc 9 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog\\_commentAndPostId/blog/comment/1057-26083-6234](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog_commentAndPostId/blog/comment/1057-26083-6234)

Sa B, your experience is the same as many other green card holders who return back home to spend their retirement years. If they do, and find it too costly to cancel their green cards or renounced their naturalized American citizenship, they are stuck with simultaneously being subjected to two usually radically different tax systems which transform their dreams of retirement into a horrible nightmare. Obligatory FBAR and Fatca reports make it even worse.

That’s precisely why Eritrea, the only other country which requires its citizens living abroad to pay home-country income tax was sanctioned by UN Security Council Resolution 2023 (2011) in December 2011) because that tax policy is in violation of the UN Declaration of Universal Human Rights which guarantees that every person shall have the right to freely leave and return to any country, including their own. US Ambassador to the US Susan Rice “led the charge” for this resolution which was approved by that Council without a single dissenting vote. Canada, in fact declared the highest ranking Eritrean diplomat in Canada as persona non-grata and expelled him because he continued to collect that tax before providing any consular services to Eritreans in Canada.

The enigma is that this is exactly the same violation of universal human rights imposed by the United States since you are not free to return to your own country.

Neither Canada nor any other country has yet expelled a US diplomat for this same tax practice. That is because the US has much more bullying power than Eritrea in imposing severe penalties on any nation that does not yield to this extraterritorial taxation by the US. It is, in effect, a forced involuntary transfer of assets from other countries to the US Treasury. The US also claims estate taxation when a US citizen and green card holder on his or her estate resident abroad at death. Which may also subject to estate taxation by their country of residence. There is no justification for the US imposing citizenship-based taxation and replacing it with the international standard residence-based taxation every other civilized country.

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UrbanNomad 7 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostId/blog/comment/1057-29843-7422](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostId/blog/comment/1057-29843-7422)

I was born in California to foreign parents who were temporarily working in the USA. I left in 1968, aged 1, and haven’t been back except on vacation. I have been fully compliant with my IRS and related obligations since the 1980s.

I have lived in South Africa since 1979, and have spent the past 5 years attempting to naturalise as a South African citizen without success, so I am unable to renounce my US citizenship. I am not in violation of any of

the naturalisation requirements; rather the granting of citizenship here is a privilege not a right. Being Africa, I suspect I could make a 'payment', but that is not how I operate (and it might put me in violation of the US Foreign Corrupt Practices Act). I identify fully with Marilyn. Until recently, I had little objection to meeting my US tax obligations. I did think it unfair that the US could assert taxing jurisdiction over me so far

away after so long, thereby depriving an African nation of some much needed revenue. However I am more pragmatic than idealistic: the tax rates are similar, and the tax treaty and foreign tax credits meant that the additional burdens (mostly admin & CPA costs) were manageable. This has changed dramatically in the last five years.

Since the IRS' success against the Swiss banks in 2009 revealed a number homelanders evading tax, they have gone on a global witch hunt. Congress has armed the Treasury Department with some constitutionally dubious legislation which has exponentially increased my tax compliance efforts. I'm spending well over \$15K, and up to 100 hours of my time, every year meeting these requirements. The biggest concern I have, given the complexities of the US tax code, is the egregious penalties applicable only to foreigners. Homelanders might be assessed penalties of around 20% of the tax owed, while we are potentially subject to the confiscation of the asset that generated the tax.

The IRS' PFIC regulations make it almost impossible to hold savings outside the USA. A foreign mutual fund, if held long enough (a wise strategy), can similarly result in taxes approximating the value of your

investment in the fund. Having been aware of the PFIC laws for many years, I decided to invest my savings in the USA, but the new AIFMD laws prohibit the sale of mutual funds to non-resident citizens.

I don't dispute a country's right to tax its citizens, even if the USA is only one of 2 countries in the world that does so. I am grateful for the

Fourteenth Amendment which has granted me the right to hold a US passport and travel freely around the world. However, when you combine these factors with the US tax code and the IRS' new enforcement abilities, they collectively amount to a violation of some basic rights. I am fortunate that I have savings and assets, and my circumstances may not elicit much sympathy from the homelanders, but the founding fathers intended for all of us to enjoy our rights, not just those on welfare.

To those who might brand me unpatriotic, that has no meaning to me. How patriotic do you feel towards South Africa? If you think that the USA is better off without the likes of Marilyn and me, think again. We don't fill up your schools and we don't congest your streets. We don't crowd your courts with spurious claims nor do we claim medical benefits or welfare. The only thing the USA has ever given me is six passports, and I paid a fee for each of them. Meanwhile, for decades we've been swelling the coffers of your treasury with earnings generated in foreign countries. Tax evaders? I think not; the appropriate term is Tax Invaders!

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[American Overseas](#) • [5 months ago](#)

<http://www.cnn.com/id/102141113#comment-1664772609>

To ANYONE who doesn't really understand the fear and frustration of FATCA and the insanity of the US tax system:

"I am not and never have been American. I don't live in the USA and I have no financial connections to the USA. However, many years ago I got a green card when I married an American. We lived in the so-called,

Land of the “Free”, until we decided to move permanently to my home country to care for my elderly parents. (Those years of living in the USA without healthcare also played a part in our decision.)

A year or so after my return to my home country my green card expired, became null and void, but I didn’t know I was supposed to return it to USCIS along with an I-407 form. (**Green cards don’t come with a set of disposal instructions.**) Years later when I found out about this I searched for days to find that old green card and then I sent it away. It was received (according to the mail trace) but never officially acknowledged and there were no replies to my follow-up inquiries. This left me trapped in a perpetual state of deemed US “personhood” which comes with onerous US tax filing and now highly intrusive FATCA reporting too. The threatened penalties for not filing FBAR (FinCEN114) forms are staggering. They would exceed my life savings (mostly a modest inheritance from my non-American parents). If I lose my life savings to the IRS I could end up on welfare and that would not be fair to taxpayers here in my home country.

What did I take from the USA when I left? I took savings of less than \$5K and a gain of less than \$75K from the sale of the house we built with our own labour and paid for entirely from the savings I brought with me from my home country (no mortgage on that house). All of this was reported to the IRS and taxed appropriately. What do I get from the USA? Absolutely nothing -- NO right to return to the USA to live or work; NO US Social Security because I have never had US income; NO rescue by US marines in a disaster; NO US vote; NO representation in the US Congress; and since I haven’t visited the USA in almost 20 years (and never will again), NO benefit from the USA’s infrastructure. I do not want any of those things anyway. What do I want from the USA? I want to be left alone so that I can lead a normal life without the stigma of being called a “US person for tax purposes” (and ONLY tax purposes).

What’s the biggest irony of my whole situation? Well my husband is no longer American since he recently relinquished his US citizenship. He now has a priceless piece of paper called a CLN (Certificate of Loss of Nationality) which means he can open and retain bank accounts here with no intrusive FATCA reporting. Meanwhile I, who never was American, will have to live with uncertainty for the rest of my life. If my bank finds out about my past connection and failed disconnection to the USA, it will report me and my accounts to my country’s tax agency which will forward that information to the IRS. And then ... well I shudder to think.

So some Americans may hate me for saying this but I have no love or respect for what the USA is doing with its irrational citizenship-based tax system and now its FATCA overreach. These same Americans might even laugh and gloat about how I became trapped as a “US person for tax purposes” (and ONLY for tax purposes) but at least my husband, an upstanding citizen, has escaped the clutches of the USA. He did so with no regrets and when his CLN finally arrived he felt nothing but relief. I and my country are proud and pleased to have him. His warm and welcoming citizenship ceremony here in my, now OUR, country was one of the best days of both of our lives. Neither of us is “un-American” but we are “non-American” and we cannot fathom why the USA will not graciously let its people go.”

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# IMMIGRANTS

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SadImmigrant • [2 years ago](#)

[https://disqus.com/home/discussion/thehill-v4/fatca\\_simple\\_premise\\_gone\\_terribly\\_wrong/#comment-979426181](https://disqus.com/home/discussion/thehill-v4/fatca_simple_premise_gone_terribly_wrong/#comment-979426181)

There are 2 huge issues associated with FATCA:

- 1) the 30% withholding threat it uses to get foreign governments to comply causes FFIs to close US persons' accounts and the discrimination that is happening all around the world against US persons.
- 2) the treatment reserved by the IRS with ANYONE with a foreign account who hasn't filed their FBAR. The only method of compliance is an expensive and confiscatory program, the OVDI, where all participants are considered tax evaders and asked to forego 27.5% of their abroad assets, even when there is no proof of actual tax evasion.

Along with Americans abroad, a lot of victims are immigrants to the US, who kept their home bank accounts, and were never told about the existence of the FBAR.

Lawyers bound by circular 31 are funneling them in OVDI, threatening them of criminal convictions and deportation if caught - most of the time for a minor amount of tax due.

Such a treatment is a disgrace in the US! You would expect that from a dictatorship - not from modern day America. Times have changed.

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[Patricia Moon](#) [SadImmigrant](#) • [2 years ago](#)

[https://disqus.com/home/discussion/thehill-v4/fatca\\_simple\\_premise\\_gone\\_terribly\\_wrong/#comment-979620994](https://disqus.com/home/discussion/thehill-v4/fatca_simple_premise_gone_terribly_wrong/#comment-979620994)

SadImmigrant, yes, immigrants are another set of people who are being affected by this harmful situation. To date, investigations indicate no information is communicated regarding these obligations when one comes to the US as a newcomer. Some attempts by groups of Americans abroad to pass this information to new immigrants via expat groups resulted in posters being expelled as it wasn't considered "appropriate."

Similarly, there have been no reasonable attempts to educate Americans abroad as to the need to report foreign accounts on FBAR. I had lived abroad for just under 30 years when a friend told me he'd read something ominous in the newspaper.

IMHO, there is absolutely no excuse for the US govt to punish those who not only did not know anything about these requirements, but in addition, were not even the intended targets.

In my case, renouncing was necessary as my non-US spouse earns all the money in our family and resented having to report his personal banking information to the IRS. He also would be the one paying those onerous penalties, if levied. I cannot imagine a homeland American, married to a foreigner, doing the same for a foreign government.

I did not want to renounce. It was the most difficult decision I have ever had to make in my life and it broke my heart. I will never forgive the US for its inflexible, callous and vicious treatment of those who are its own.

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# INCOMPATIBILITY OF TAX SYSTEMS

[Jackie Bugnion](#) 1 year ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog\\_commentAndPostId/blog/comment/1057-26083-6037](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog_commentAndPostId/blog/comment/1057-26083-6037)

Thank you Mr. Wood for this straight-forward realistic analysis of the trend of increasing numbers of Americans resident abroad to renounce their U.S. citizenship. Permit me to add other restrictions on Americans abroad due to U.S. citizenship-based taxation. Access to jobs overseas is restricted due FBAR reporting requirements, access to local mutual funds is effectively made impossible due to the reporting requirements of FPIC, access to partnerships with foreigners is restricted because of the 10% reporting rule under FATCA, joint-bank accounts with foreign spouses are shunned because of FATCA reporting requirements. In addition, the United States has stepped over the bounds of normal international tax rules by disallowing foreign tax credits against the 3.8% NIIT under Obamacare. This leads to pure double taxation. Add to all of this the heavy cost of filing US taxes which requires the assistance of a tax professional, even when no US taxes are due, and you have multiple reasons why Americans abroad are a discriminated minority of Americans.

American Citizens Abroad (ACA) has recommend that Congress adopt residence-based taxation, which would allow Americans abroad to live normal lives, would put a stop to the renunciation trend, would enhance the competitiveness of the United States and would align U.S. tax practice with the rest of the world. The ACA proposals can be found at [www.americansabroad.org](http://www.americansabroad.org).

Jackie Bugnion

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StillAmerican 1 year ago

[http://www.forbes.com/sites/robertwood/2013/04/29/despite-offshore-haul-irs-hunts-quiet-disclosures-first-time-fbars/?commentId=comment\\_blogAndPostId/blog/comment/1057-18564-3597](http://www.forbes.com/sites/robertwood/2013/04/29/despite-offshore-haul-irs-hunts-quiet-disclosures-first-time-fbars/?commentId=comment_blogAndPostId/blog/comment/1057-18564-3597)

Thank you very much. I trust you and above all your expertise and judgment. After living and working 30 years in the USA I came back to my country of origin about 10 years ago. I have nobody here who is a US CPA and understands about IRS Returns from Americans Abroad. I have one telephone number to call in Philadelphia (paid), I do not have representation (the congressmen from the last State I lived on do not accept e-mails from outside the USA. I have spent an enormous amount of time and money trying to do the right thing. I only learned about FBARS in 2009 when visiting my "children" in the USA. This was too late, I was already considered a criminal for not filing it before and the penalties were stiff and included 27.5% of my small life savings. There are so many things. For instance Americans in France do not pay US Income Tax on their French pensions. I do. If filling in as a Self Employed I have to pay Self Employment Tax to two countries, 16% to each, having no return. I live in fear, the advices I get do not always coincide. I am sleepless and in bad health. I don't want to become a "victim". I will listen attentively to your thoughts. Many thanks and regards

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Michele New York

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13532007>

For 26 years I, an American citizen with strong ties to the US, including my salary, have had to pay double Social Security tax - SS in the US as well as the equivalent in my adopted country because the two countries never signed a double-taxation waiver treaty. So the first 30 percent of my income goes to taxes. That doesn't include having to pay income tax in my adopted country. And my US brokerage firm informed me that it won't allow me to make additional investments due to the new strict reporting laws imposed on banks and financial institutions by the IRS. The IRS treats every expat like a potential criminal. I, for one, have faithfully filed US tax returns (as well as tax returns in my adopted country). I have to pay two accountants for the privilege and I earn less than \$40K a year. I'm sick of being treated like a second-class citizen, with crazy high taxation with no representation.

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KJ Illinois

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13529144>

As an American having lived and worked overseas for over 13 years in the private sector, it is interesting to observe the hypocrisy of the US tax code. Every year, I had to navigate my host country's tax code, and then turn around and navigate the US tax code. I often didn't end up owing any US taxes, but the filing requirements for US taxpayers overseas were not easy to understand and comply with. The penalties for non-compliance were draconian. US companies on the other hand have become adept at moving income offshore to avoid US taxes, seemingly without any downside.

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Deborah Vienna

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527483>

I also am an American citizen living abroad for nearly thirty years. I vote in all of the US elections in which I am allowed to, still "feel" American although I've more than adjusted to my new home while remaining solely a US citizen. I have filed my US tax forms diligently for the past years although working in the arts, I have never ever earned an amount above the foreign income tax exclusion 90,000 plus \$ and have therefore never been required to pay US income tax.....but I do the paper work anyway. I must however say how ludicrous it seems to each year spend days gathering minute details of my paltry financial investments, bank accounts, etc. in order to keep some US civil servant busy....I personally have better things to do with my time, spent often enough on work which no one pays me for...I wish the IRS would find a better way to search out the money launderers and real criminals at large in the world...or provide affordable (free!) assistance with this extra burden for us non-represented ex-pats and I am not savvy enough in the language of finance used in the instructions without spending additional time looking it up. I've acquired more knowledge already than I ever cared to in the field of finance....must I now hire an accountant in Austria who's an expert in US tax law?...I

don't ever want to give up my US citizenship but the thought did cross my mind. I know I can't afford it at the moment anyway!

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Gary Zürich Switzerland

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13529323>

Try and tell Americans that they can not have mutual funds in their IRAs. And if they do and sell them, the IRS keeps all the capital gains. Doesn't matter if you sold the funds 6 years ago and didn't know. Or that they have no representation in Congress. Or that they have to fill out a expat tax form that is difficult for many to understand. Thus being forced to pay over \$1500.00 to an accounting specialist. I own a small business and pay \$2500.00 .This is quite a burden for a middle class person.

I grew up in the States, and have a very real connection to the US. Family, friends, its where I am from. I don't want to give up my citizenship. I know many Americans like myself. And many have not filed US taxes, and now are criminals and scared. Many have

only recently become aware that they have to file as an expat American.

There is nothing false about this article.

And yes, I'm thinking seriously about giving it up . Because I can't afford it.

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wander\_woman New York, NY

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527406>

I obtained dual citizenship thanks to a grandparent, which makes working in Europe a breeze (compared to near-impossible EU work visa requirements on Americans). I grew up in the US, attended undergrad + grad school in the US (still paying!), paid taxes for 10 years on US jobs, voted in most US elections since 1996, and my family lives there. I have always been quite proud of being American but always wanted to explore my European roots. In Europe, I make a salary of about 40K/per year (half of what I made in the US) and am taxed at about 45% in the country in which I live - more than I ever paid in the US. On top of this, I am expected to file US taxes. I luckily, or unluckily, do not make enough to be doubled-taxed on my salary, but it still costs me time and money to file US taxes. I am also lucky in that I am single and don't own anything, which would undoubtedly be more difficult. Furthermore, finding a bank willing to let me open an account - even with my European passport? Difficult, due to my US birth city. A bank visit turns into an interrogation thanks to foreign reporting requirements. I should not have to consider giving up my US citizenship (which is a ludicrous and ridiculously expensive process to do anyway) in order to live my life abroad, earn a salary and save for retirement. This law was enacted to catch tax cheats, but it catches all of us regular Americans just trying to live our version of the 'American' dream.

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[John Hanson](#) • 3 months ago

<http://www.thenewamerican.com/usnews/politics/item/19072-gop-votes-to-end-tax-regime-that-is-crushing-americans-abroad.html#comment-1715534995>

It is not just about American jobs. It is also about individual liberty. As an expatriate, I do not have the same rights as a homelander to minimize my tax burden. First, I am subject to foreign legislation like any other foreign resident. I plan my finances accordingly. But wait. America does not have the same tax laws. Retirement savings, investments, capital gains on homes, local tax incentives, etc can and do differ. If I minimize my taxes abroad, America steps in, waves a big red flag, and says no way Jose.

You follow our laws. Yet I cannot participate in American-based tax savings vehicles -- I don't live there. Juggling a single tax system is tough enough, but we have to juggle two behemoths. It is not doable. It is not right. It is antiquated (a civil war measure). It is insane.

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[Michael Winterson](#) • 4 months ago

<http://www.bloomberg.com/bw/articles/2014-11-24/why-america-needs-an-exit-tax#comment-1709642000>

Charles, This is populist pap. I am a standard American, middle-aged family man who happens to have a job outside of the US. I am double taxed (regardless of treaties - the IRS is already getting around these), I am limited on what I can save and how, I have to file a 120 page plus return that costs me thousands a year, I can't save into a 401k or a Roth and my UK pension is not US recognised. I am presumed guilty until proven innocent and now have to expose my personal finances to the IRS and the Treasury. My constitutional rights are abused regularly but no one cares - I am too small of a voter base and too easy to rip off. You are spouting useless and damaging hot air. Grow up.

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[FromPatriotToExpatriate](#) 2 months ago

[http://www.forbes.com/sites/robertwood/2014/11/24/even-non-owner-signers-on-offshore-accounts-face-fatca-and-fbar-risks/?commentId=comment\\_blogAndPostId/blog/comment/1057-31995-8728](http://www.forbes.com/sites/robertwood/2014/11/24/even-non-owner-signers-on-offshore-accounts-face-fatca-and-fbar-risks/?commentId=comment_blogAndPostId/blog/comment/1057-31995-8728)

Robert – The obvious solution to this problem is to avoid all things foreign in general including but without limitation:

1. Have no bank or other financial account located outside the U.S.
2. Have no contact with anybody outside the U.S.
3. Have no spouse that has any citizenship other than U.S. citizenship
4. Buy no products manufactured outside the United States
5. Take no vacation outside the United States.
6. Neither speak nor learn a language other than “American”.

Clearly (as your article demonstrates) nobody can understand the rules prohibiting “foreignness”, so the best thing is to avoid anything that anybody could possibly construe to be “foreign”.

Also, could you explain what the FBAR rules are actually for?

Ain't that American, the home of the free ...



Marilyn

<http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/>

“Dear Mr. President,

I am writing with a heavy heart as I, my husband, and our daughter are all seriously contemplating giving up our U.S. citizenship. We are doing this not to avoid paying U.S. taxes but because we strongly object to a system that is blatantly discriminatory and unfair to law-abiding Americans living outside the country. In addition, it has become too expensive, too difficult, and frankly, too frightening, to try to comply with all of the tax filing requirements that now apply to citizens living abroad.

My husband is 70 years old and I am 69. I was born in St. Louis, my husband in Denver, and our daughter in Toronto. When my husband graduated with a PhD in history from the University of Pennsylvania, and I with a law degree from Villanova, both in 1971, he received a job offer to teach U.S. history to Canadian university students. I began teaching law at the same university. We never expected to stay in Canada but, as you know, life is often unpredictable and we have now happily lived here for 43 years. I retired many years ago and my husband more recently.

In order to practice my profession I had to become a member of the Ontario Bar, which I did in 1985 and which required me to become a Canadian citizen. My husband did so some years later because he also wanted the right to vote in a country where we were living and raising our daughter. We have continued to vote in U.S. federal elections, we hold U.S. passports as well as Canadian, and we have never failed, in 43 years, to comply with U.S. laws that require American citizens anywhere in the world to file U.S. tax returns. Of course, that obligation does not exempt us from also having to file Canadian tax returns each year, and in some instances, paying taxes to both countries. (Please note, neither one of us receives U.S. Social Security or Medicare, so we take nothing in return from the U.S.)

And yet, we now feel like second class citizens at best, or criminals at worst. The FBAR forms that we must file every year, detailing the amount in every single financial account we have, from savings to checking to investment to retirement accounts, are filed with the Fraud Division of the U.S. Treasury Department. The message given here, along with the enormous fines for improper filing, make U.S. citizens feel like they are guilty until proven innocent.

Recently I learned that, on top of all the other tax disadvantages of being dual citizens, Americans living and working in Canada can now hold Canadian mutual funds only at their financial peril. These funds carry onerous, expensive tax filing requirements for every single fund owned, as well as attracting much higher taxes than U.S. mutual funds (which we are not allowed to hold in our Canadian investment accounts.) What this new obstacle means for U.S. citizens in Canada is that, in addition to being prohibited from buying U.S. mutual funds, we must now sell the Canadian mutual funds in our investment portfolios for a reason that has nothing to do with their inherent value or what they add to our savings and retirement strategies.

To my knowledge the IRS does not tell U.S. citizens living in America that they will be penalized for owning mutual funds domiciled in that country. So why does it feel it is fair or appropriate to penalize Americans living in Canada for simply investing in mutual funds domiciled in Canada? Let us be clear. These are not funds that are investing in terrorist activities in the Mideast. These are funds that are invested heavily in U.S. bonds and U.S. companies, as well as in Canadian bonds and companies. While the IRS looks at Canadian mutual funds as “foreign investments“, obviously for those living in Canada they are local investments!

Nevertheless, I must now instruct our investment advisor to sell them. Americans living in the U.S. pay 15%

in capital gains on U.S. domiciled mutual funds. Americans living in Canada will now pay over 38% in capital gains on Canadian domiciled mutual funds, even though both funds might contain very similar investments. This places American citizens living in Canada at a distinct disadvantage in planning and saving for our retirement. What have we done to deserve this discriminatory and second class treatment? Are we to save for our old age by hiding our money under the mattress?

For many years we have been willing to pay the substantial expenses involved in using tax accountants who are qualified to file our tax returns in both countries. As you can imagine, dual citizens cannot use just any tax accountant and still feel confident that they are complying with the very confusing U.S. tax laws, tax treaty, and all of the special requirements that apply only to Americans living outside the country. This is especially true when it is the Fraud Division that investigates even the most innocent errors in filing some of the necessary forms.

However, now the overall burden and the unfairness have become too heavy to reasonably bear. My earliest known American ancestor, who sailed from Europe and settled in Kentucky 166 years ago, is probably “rolling over in his grave” to think that I am giving up my U.S. citizenship. However, growing up in Colorado I was raised and educated to stand up for what is right. I have been doing that ever since.

What America is doing to its own citizens living in other countries is not right and we have had enough. What I have outlined here is only part of the problem. All we want in return for fulfilling our responsibilities as Americans is to be treated fairly and equally. We are performing our part of the bargain. America is not.

There are approximately one million Americans living and working in Canada, and millions more in other parts of the world. I understand from our specialized tax accountant, and our cross-border consultant, that we are not alone in contemplating or taking this very dramatic and previously inconceivable step of relinquishing our U.S. citizenship. What a sad state of affairs for America and for its citizens everywhere.

Regretfully yours,

**Marilyn**  
**Ontario, Canada**

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**FromPatriotToExPatriate**

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostId/blog/comment/1057-29843-7288](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostId/blog/comment/1057-29843-7288)

Robert – thanks for printing this letter.

This letter is extremely significant because it does NOT even mention FATCA. In other words, it focuses on aspects of the pre-existing laws of U.S. citizenship based taxation.

The other point that is clear is that this couple has made a major effort to comply with their obligations of U.S. citizenship abroad by filing U.S. taxes. The irony is that the very fact of their tax compliance that means that they must renounce U.S. citizenship. Once an American abroad enters the U.S. tax system they must keep filing. The woman recognizes the impossibility of her situation.

She writes:

“and we have never failed, in 43 years, to comply with U.S. laws that require American citizens anywhere in the world to file U.S. tax returns. Of course, that obligation does not exempt us from also having to file Canadian tax returns each year, and in some instances, paying taxes to both countries. (Please note, neither one of us receives U.S. Social Security or Medicare, so we take nothing in return from the U.S.)”

This letter should be read by all Americans abroad who have not been filing their taxes. It will demonstrate that they will NOT solve their problems by entering the U.S. tax system. They will simply enter the world of the “taxation of Americans abroad” where compliance is somewhere between difficult and impossible.

I hope this couple understands that they may (and if they live in a major urban centre) be subject to the Exit Tax on renunciation.

Should this be the case, they will be forced to pay the IRS a significant percentage of their net worth (on after tax Canadian assets) to free themselves of the terror of U.S. citizenship abroad.

Great example of the life of Americans abroad where they:

1. Can't afford to comply with U.S. laws; and
2. Can't afford to renounce.

And these people appear to have a very simple tax situation ...

Oh well, one more example of:

“Change we can believe in”.

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**Merlinos Europe**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526032:13526397>

I agree that Citizenship encompasses more than paying taxes. The reality however is that as a U.S. citizen residing in the EU, you can't barely open a bank account any more with a European bank, you would not qualify for a home mortgage, business loan etc. only because you are a U.S. citizen and U.S. taxpayer. This is a fact that is widely ignored by Congress. It is difficult to find business partners that do joint ventures with a U.S. partner (I am not talking about the big corporations, I am talking about SME) because the complexity of the U.S. tax system and the aggressiveness of enforcement. We are asked to understand and accept the free flow of goods and services under WTO and our national laws, but the U.S. tax laws are not being adjusted to a global economy - at least not for the private individual. It is a funny age that when you want to live as a U.S. citizen in Europe (or elsewhere) and it is more complicated to set up a bank account citizenship it is more difficult than it is for a multi-million dollar company to move its headquarters to Bermuda, Ireland or The Netherlands. The current events in Ireland and Luxembourg show that the real tax dodgers are the corporations and they got away with billions of dollars.

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jlabrecht Vienna, Austria

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527398>

I came to Austria for “6 months” in the 90’s. I ended up staying and starting a business. I vote in every election. I follow US politics closely. My son (dual citizenship) made his first trip alone to the US last year. Someone from my family visits us here almost every year. I have a deep connection to the US.

And yet, I have been thinking of giving up my citizenship for all of the reasons here and more. Some things not listed:

- Last year Fidelity said I could no longer invest funds in mutual funds I’ve had there for over a decade, because I don’t live in the US
- Many US banks won’t let an ex-pat open a bank account
- There are government subsidized mutual funds here in Austria, but they are less than worthless to me. The US doesn’t recognize the subsidy, so I would have to pay tax on everything. Include filing and record keeping costs and I would be guaranteed to lose money.

I can only underscore the costs of filing each year. Austria has a maximum individual rate of 50%, so I don’t end up owing taxes, but there are weeks of preparation, and thousands of dollars in accounting fees.

It used to be we American expats were seen as “citizen ambassadors”. More and more now, we’re seen as shady tax dodgers. Its unfair. I don’t want to give up my citizenship, as I am proud of where I came from. I deserve to be treated fairly.

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[Neill Clift](#) 4 months ago

[http://www.forbes.com/sites/robertwood/2014/10/30/americans-renounce-citizenship-in-record-numbers-why-you-should-care/?commentId=comment\\_blogAndPostId/blog/comment/1057-31601-8445](http://www.forbes.com/sites/robertwood/2014/10/30/americans-renounce-citizenship-in-record-numbers-why-you-should-care/?commentId=comment_blogAndPostId/blog/comment/1057-31601-8445)

Those of us who face crazy foreign account reporting at home (immigrants with previous jobs abroad and hence pensions etc) have little hope of getting the risks, burden and costs associated with all these rules lowered without expats walking out of the door. That’s the only thing telling the government they have gone too far.

To give an example. Lets assume you own a foreign mutual fund as is the norm for a person who has or does live abroad. Lets say it’s just a simple fund that tracks the S&P 500.

The dividends have been reinvested over a ten year period. You will have something like 41 tax lots. Do the taxes for this year. You will have 4 dividends this year. That will be something like 170 (41 + 42 + 43 + 44) form 8621 this year. Each one a beast to calculate since you have to work out the excess distribution and divided it over the holding period for the tax lot.

The CBO kindly estimates that it will take you 15hrs for the record keeping for this form. 11hrs to understand the form and 20hrs to fill it in. It’s doesn’t scale like this but that’s 20 weeks of work to fill in 170 forms.

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Karen Vancouver

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526904>

I have dual citizenship, moved back to Canada last year, and am on my third accountant because the first two couldn't figure out the complexities of filing my American taxes. So far, my Canadian banks have not refused to serve American clients, but if they do, I will be forced to renounce my American citizenship. I'm not a drug dealer, money launderer, or creator of shell corporations. I'm a retired professor. We citizens abroad need a K St. lobbyist to support our interests.

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Ann #1 6 months ago

First, Mr. Wood, I would like to thank you for the articles that you keep posting regarding the plight of Can – Americans. Secondly, I would like to

raise a point that I haven't really seen raised by others. Recently, I discovered that even though I came to Canada as a small child, lived here for 41 years, have NO Social Security number, NO US passport, BUT I have been a Canadian citizen for 21 years and have a Canadian passport that I am obligated to do a tax return. I could make a very good case for having relinquished as I have no US ties other than a piece of paper. The US doesn't like to allow anyone to relinquish. Oh, I'm not rich. The renouncing fee would mean that my family doesn't buy a new furnace this winter or frig, which ever fails first! The issue here is that I work part-time as a bookkeeper for a CANADIAN law firm and have signing authority. In order to come into compliance, I would need to get the Social Security number, do 3 three years of tax returns and six FBARS. I owe no taxes. The Law Society regularly audits all lawyer's accounts, general and trust. We have always passed with 100% compliance! In order to do the FBARS, I would need to disclose the general, pooled and special trusts accounts of the law firm on my FBAR. The IRS requires the account numbers, the name of the institution, the institutions addresses, highest balance during the year in the accounts, the owner(s) business number and social insurance numbers. My employer is NOT amused and has grave concerns about security issues relating to a foreign country having his personal information and his clients. I do NOT believe for a single minute that FATCA was designed to catch the tax cheats. The FATCA was designed to refuel the US economy's recovery at the expense of Canada's recovery! I resent that Canada's recovery (mine, my neighbours, my employer's, my children's future) is being put at risk!

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#### **CHRIS DYMKOWSKI EMAIL TO NOBLEDREAMER THURSDAY, FEBRUARY 12 2015 AT 1:35 PM**

I was very heartened to read the recent statement by Republican staff of the Committee that "The United States needs to rethink its taxing rules for nonresident U.S. citizens," which recognises the anomalous position of the United States in regard to imposing citizenship-based taxation, "even if the citizen resides outside the United States and has no connection to the United States other than citizenship." As I am sure the Committee is aware, the only other country to tax its citizens on world-wide income is repressive and undemocratic Eritrea, and the US State Department itself condemned the practice in its 2010 and 2011 Human Rights Reports. Because of citizen-based taxation, I am currently wrestling, as are many thousands of other overseas Americans, with the unwelcome dilemma of choosing between retaining my American citizenship and being able to afford the comfortable old age for which I thought I had carefully provided. If the US were to adopt residence-based taxation, I would no longer face this stark choice.

An outline of my situation will explain the great difficulties that current US tax law causes me and many millions of middle-income Americans who live overseas. I was born in the US but studied in England from 1972 to 1974, and in 1976, at the age of 26, I moved permanently to England, so I have spent my whole adult life living and working in the UK. I became a British citizen in 1987 but was careful to retain my American citizenship, so am a dual national.

In October 2012, I retired after teaching for 26 years at the University of London. As an academic, I have earned a decent living, but, although I always filed US tax returns, as required, I never had to pay US tax on my earnings as they were below the taxable threshold. Because I worked in Britain my entire adult life and my only US earnings were in summer jobs during college and graduate school (1968-73), I am not eligible for US Social Security or Medicare. I am now dependent on my university pension and the British State Pension (the equivalent of Social Security).

Although my pensions are at present adequate to live on, they are not enough to cover any care home fees I may eventually face (which is likely, as my British partner and I have no children). Consequently, since they became available some years ago, I have taken advantage of stocks/shares Individual Savings Accounts (ISAs) in the UK – tax-free savings accounts with a limited yearly allowance for deposit, open only to people resident in Britain, which the government developed as a way of helping people to save for their old age. I intended these funds, which have been invested ethically, to serve as a safety net when/if I could no longer live independently.

However, stocks and shares ISAs are invested in mutual funds, and I did not realise that the US regards such investments as Passive Foreign Investment Companies (PFICs). I have since discovered that, because of the draconian way in which the US taxes PFICs, encashment means I would lose between 50% and 100% of the investment to US tax. This is because the US taxes PFICs at the highest ordinary income tax rate (currently 39.6%, plus 3.8% Medicaid surcharge), rather than at the long-term capital gains tax rate (0-15%), without considering other income or expenses. It further assumes that any gain made upon encashment was made evenly over the years the investment was held, so interest charges, compounded daily, are added to the tax due. As the tax adviser I consulted explained, compound interest charged in this respect on a long-term investment can often match the tax charged (presently 43.4%, including the surcharge); in some cases the tax due is actually greater than the total worth of the investment.

Furthermore, the US tax ultimately charged will be based on that year's exchange rate, which might be very different from the exchange rates pertaining when the investments and gains were made. Both the false assumption of even growth and the use of final-year exchange rate compound the unfairness of levying the PFIC tax on overseas US citizens. (For further information on how exchange rates can inflate foreign taxable income and create phantom capital gains, see the section titled 'CBT penalizes Americans abroad with unavoidable foreign exchange risks' in the American Citizens Abroad document, 'The United States should adopt Residence-based taxation (RBT)' at <https://americansabroad.org/files/4414/1571/9587/united-states-should-adopt-rbt-oct-2014.pdf>).

For as long as I hold the investment, US tax, interest, and penalties directed at PFICs take c. 50% of annual gains and income. I also have to pay an additional underpayment-of-tax penalty, even though there is no way to pay US tax before my tax return is prepared, at great expense, by a specialist.

Although I understand US reluctance to see citizens living in the US put their American dollars into foreign mutual funds, this punitive legislation makes no allowance for American citizens living abroad, like me, who have no financial ties to, or financial benefits from, the US. We live in foreign countries, work for foreign institutions, are paid salaries and pensions in foreign currency, and pay taxes in the countries in which we



reside. It is extremely unjust, perhaps even unconstitutional, to tax our hard-earned savings – savings made from foreign earnings that have already been taxed in our countries of residence – in a way designed to punish those who shelter American dollars in tax havens.

In addition, since the introduction of FATCA, US tax filing requirements for Americans living abroad have become increasingly burdensome and expensive. For example, my US tax return for 2012 was 109 pages long, prepared at a cost of \$1200. Forty-eight of those pages comprised 16 separate copies of Form 8621, on which the income and gains of each PFIC fund holding was reported; the sums involved ranged from \$48 to \$422. My total taxable income (entirely from the PFICs) was only \$5473, but the US tax, interest and penalties I paid on it was \$3430 (a tax rate of almost 63%), which meant that I lost all but \$843 (or 15%) of my taxable income to US tax costs (i.e., tax, interest, penalties, and tax preparation). My 2013 return was the same length and cost \$1534 to prepare; the US tax due amounted to \$1121.

I have worked and saved hard to ensure a dignified old age, but US tax legislation, geared towards Americans living in the US and ignoring the situation of Americans living abroad, is threatening that. In the interest of just and fair taxation, I urge the Senate Finance Committee to work in a bipartisan manner to adopt the following reforms, as soon as possible:

1. Replace citizen-based taxation (CBT) with residence-based taxation (RBT).
2. If CBT continues, distinguish between PFIC investments made by Americans living abroad and those made by Americans resident in the US in setting a tax rate (e.g., amend the UK/USA double taxation convention to exempt UK ISAs from the PFIC tax).
3. Adopt same-country exceptions for FATCA.

Also, I understand that, if RBT is adopted, there is some thought at present about applying an exit tax when a US citizen is judged to be non resident and no longer subject to US taxes on non-US income and assets.

However, it would be anomalous and against the spirit of the reform to tax non-US assets and income on which foreign tax has already been paid. It would be justifiable to impose an exit tax only on American assets that have been moved overseas.

Because of CBT and FATCA, Americans living abroad are now losing access to local banking facilities, being denied the opportunity to make prudent investments and/or to benefit from them, and dealing with excessively burdensome, complicated, and expensive IRS reporting requirements. As the American Citizens Abroad RBT proposal has made clear, a residence-based tax system would not only provide for fair, equitable, and efficient taxation of Americans domiciled abroad and free them from these problems and difficulties, but it would also increase US Treasury tax receipts, boost the country's export performance, create better employment opportunities for Americans at home and abroad, and align US tax law with that of all other developed nations. Adopting a residence-based tax system would be in the best interests of the country as a whole and of its citizens, wherever they may live. It would also mean that people like me will no longer have to decide between expatriation and financial hardship in old age.

Chris Dymkowski

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## PRIVATE LETTER VIA EMAIL TO NOBLEDREAMER

Call me David. I won't tell you my full name, because I am about to incriminate myself in a terrible crime.

I neglected to fill out a line on a form. For that, I stand to lose every penny I own, my home, my daughter's education I'm paying for, and not even see her graduate because I may be in prison. But first, some background about me.

I am a born-and-bred United States citizen, who for various reasons has lived in Hong Kong continuously for over 20 years. I didn't move here to escape the USA. I came for a job, which turned into a career, and after awhile Hong Kong simply became home—no different than if you were born in St. Louis but later settled in Seattle.

My children were born and raised in Hong Kong, but guess what their favorites were among all the bedtime songs I sang them every night—"God Bless America" and "America the Beautiful". I am not making this up!

You'll find no better ambassador for the USA than me. I can't tell you how many thousands of questions and snide remarks I've received from non-American acquaintances about American society, politics and foreign policy, and always, always, even if I agree with some of what they've said, I field such remarks with calmness and assurance, so as to make the point that the United States of America is a free society in which everyone can speak their mind and in which citizens can expect to be treated fairly.

I came here to work as a graphic designer, and in the past few years I've gone freelance. I earn what would be considered a middle-class income in the United States. My wife and I have never earned more than the foreign earned income exclusion, and have never owed a penny in US income tax. I do my own returns, and the IRS has never doubted

them. Of course, as a freelancer, I pay Self Employment Tax of over 15 percent—more than the sum total of all taxes I pay to the Hong Kong government. But please note: I am not some high-flying financial wheeler-dealer engaging in shady money laundering and tax dodging schemes. Even if I wanted to be that—and I do not—I don't have near enough earnings or savings to do so.

For years, though, I've had a creeping feeling that my government sees me that way, that just by the fact of my being an American abroad, I must therefore be a tax cheat. Recent disclosure laws confirm this feeling of being treated like a criminal—my returns aren't even handled by the IRS normal channels anymore, but by their fraud unit!

In fact, the IRS has turned me into a criminal, without my performing a single harmful act. I have faithfully, each year in June, reported my Hong Kong bank accounts to the Treasury Department, and now, under the new laws, to the IRS Fraud Unit. But guess what? It turns out that I neglected to report my official Hong Kong provident fund account, which I've maintained for 13 years. This isn't a bank account, more like a 401k, and it isn't voluntary; all employed Hong Kong residents are required to contribute, just like Social Security. It holds about \$120,000. Not nearly enough to retire on, but it's all I've got. Meanwhile the Hong Kong government won't let me touch it. So maybe you'll understand that, while I faithfully reported my BANK accounts—ones with money moving in and out, which are under my immediate control, it didn't occur to me to report the existence of an account that holds no cash—it's all securities—and which is beyond my reach until I retire.

But I'll tell you what: I don't plan to report it. There, I've incriminated myself. After all, there's no advantage for me to start reporting it now.



If I do report it, and the IRS deems that I “willfully” neglected to report, they can mete out punishment of 50 percent of the account’s value per year of non-reporting, and toss me in jail for five years. In other words, the IRS can demand multiple times the actual value of my entire retirement fund and make me spend years in prison! If they determine that I was “non-willful” in my lack of disclosure—in other words, an understandable oversight—I will be charged “only” \$10,000 per year of non-reporting for the past six years. In other words, if I’m innocent, then I only lose half of my entire retirement in one fell swoop.

All for neglecting to file a form which has no effect whatsoever on my tax situation!

And who determines willful versus non-willful? The fact that I did report other accounts but not this one deprives me of the “ignorance of the law” defense, so by such logic, my neglect was willful. But actually, the law offers no objective guidelines, and it’s up to the examiner to make the call. And the way the law is worded, I am presumed guilty unless I can satisfy the IRS that it is otherwise. Thus, if the IRS examiner had a fight with her husband the night before, I can be made destitute, robbed of not only retirement but the home I live in.

So what happens if I don’t report this account and get caught? Same scenario as above. But if I never get caught, then no fines. I’ll take that chance.

How can my government threaten to wipe me out, steal my retirement from me, leave me destitute and turn me into a criminal, all over a line in a form?

Where does it stop? Do I need to report my supermarket membership loyalty account, which currently holds over a hundred dollars in purchase credit? What about my public transport stored value ticket, which regularly holds over \$50? Must I report these as well or face up to five years prison time, according to the law? Well, I refuse to!

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#### **EMAIL TO NOBLEDREAMER SUN, FEB 15, 2015 AT 5:00 AM**

Chairman Orrin G. Hatch, Ron Wyden and other distinguished members of The United States Senate Committee on Finance.

February 15, 2015

Re: Impact of US citizenship based taxation on US person living in Australia

**The US Government has Been Unapologetically Un-American in its Increasingly Discriminatory Treatment of US Citizens**

**Resident Overseas. A Fair Remedy is adoption of Residence Based Taxation.**

Thank you for this opportunity to submit my input for your consideration.

Many in the US think that if you are a US person living overseas that you get a tax loophole. The reality is you get a tax sinkhole, not loophole, with additional US tax and compliance tripwires, penalties, and consequences. Living in Australia you are definitely worse off in terms of total tax paid (Australian + US) and compliance required compared to a US person living in the US with the same income and investments; and this = a US policy sinkhole for individuals impacted.

One myth is that the “Foreign Earned Income Exclusion” is a loophole. If you live in Australia there is no benefit to the FEIE. With the top Australian tax rate much higher and cutting in much earlier than with the US tax rates, there is no additional tax owed to the US on earned income even without the FEIE.

A key concern has been the rise of this 4th branch of US government: The US Bureaucracy (US administrative and government agencies including the US Treasury and IRS). The US Bureaucracy has gained increasing power over US laws making them complex and incomprehensible and therefore less easily governed by The Executive and The Legislative Branches. An example of this complexity is that probably none on the US Senate Finance Committee may fathom the complexity of the tax and compliance laws on US persons living overseas.

**The US Bureaucracy is increasingly in charge making its demands, laws, and requirements not based on fairness, simplicity, equity, or the Constitution, but on its own needs as paramount to make things easier for itself, with complete disregard for the impacts on individuals and with complete disregard for their compliance costs.** An example is the requirement of all US persons living overseas, including children, to report all accounts, if value of total accounts over \$10k, to the US Financial Crimes Enforcement Unit. Thus, the US Bureaucracy has dispensed with the inconvenience of the presumption of innocence and starts with the presumption of guilt. Other examples are the astronomical fines if you don’t report your everyday accounts right for receiving your pay and paying your bills. The US Bureaucracy will insist these accounts are “foreign”, the same as the accounts of a New York resident set up in the Cayman Islands with the intent of tax evasion.

How does this all impact a US person living in Australia? David Kuenzi wrote in “American Expats’ Tax Nightmare” in The Wall Street Journal that **US persons living overseas may “expect to pay anywhere from three to 20 times as much to have a return prepared compared to the cost of a similar domestic filing.”** One pays these fees because of the potentially bankrupting penalties if not done right and because of the “byzantine complexity” that changes and gets more complex every year.

**Financial planning is made perilous in Australia as two sets of tax laws need to be taken into consideration; putting the financial planning for one’s family at a substantial disadvantage compared to other Australians, other residents with citizenship from other OECD countries, and US persons living in the US.**

One example where the laws of two countries collide is the Australian mandated Superannuation retirement accounts. There is a mandatory 9.5% of earnings placed into a superannuation account. The Australian tax is 15% on the way in, 15% on annual earnings, and 0% on the way out for retirement. Yet the US laws don’t recognize that I live in another country and treats my superannuation punitively as an “unqualified pension fund.” The US laws neutralize any benefit of this fund and require tax on the annual account gains as ordinary income, with complete disregard for the Australian taxes paid (no credit for these) as in Australia it is called Superannuation while in the US the laws treat this fund as an “unqualified pension fund” – two different types of taxes on the same account: A representation of double taxation.

Australia will not give any credit for US taxes paid on superannuation as this is not on foreign sourced income for Australia. Nor is there allowance in Australia to withdraw superannuation funds to pay US tax liability on them - so good years in the financial markets become bad in that the elevated US tax liability has to be paid from other funds. The US turns the Australian tax deferred retirement vehicle into a sinkhole via sabotage – as part of an effort to thwart US based tax cheats by harming all US persons living overseas.

**My US/Australian tax adviser says take the money out of superannuation as soon as you can at 60, incur the Australian 10% early withdrawal penalty, and don’t take advantage of an Australian 0% tax pension on this;**

all in 100% contradiction to what most Australian financial advisers say and that is to put more money into superannuation and to keep it there. So this is illustrative that the US laws are not impacting marginally or just a little bit but a whole lot in a life changing way. This is but one example.

In essence the US is interfering into the internal affairs of Australia by countermanding the intention of Australian government policy to encourage savings for one's retirement via superannuation for Australian residents. One aim of this Australian policy is to reduce dependency on Australian government assistance in one's later years. On your earned income in Australia you can't do 401K or IRA as these are not recognized by Australia.

In my opinion, the US tax laws show deep disrespect for the sovereignty of Australia. The US is not immune to the claim of interfering into the internal affairs of another country – it does it all the time even to its closest allies.

Summary, in Australia US laws say that I can't get benefit of tax deferred retirement savings on my earned income. Yet if you live in the US you can take full advantage of tax deferred retirement savings. There is nothing about equity, liberty, and justice for "all" about this. The Constitution does not say that "all" only applies if one is resident in America.

My tax advisor also suggested moving funds to the US/investing in the US to avoid the US compliance expense and hassle of investments in Australia. I explained to them that my US financial institution already said that I could not make further purchases because I have an overseas address. How is that fair and not discrimination? **The US should outlaw US financial firms from denying services to US citizens with an overseas address.** I believe the "Patriot Act" needs to be revisited for its un-American/un-patriotic impact on US citizens.

It is not right that I might be subject to the Obamacare investment income tax. There is no Obamacare in Australia. My spouse is an Australian citizen which means that I am not eligible for the higher threshold of not paying this tax of: married filing jointly. Plus I believe my annual gain in my Superannuation retirement account gets added to my income to more easily breach the thresholds. Obamacare sails right through the narrow definition of double taxation of the US written tax treaties – which says that total tax will be no higher than the highest rate of each country for each individual type of tax (the laws are completely oblivious to some Australian taxes paid way higher than US levels). Obamacare investment tax for the US is 3.8%. Obamacare investment tax in Australia is 0% as it does not exist here (but as other taxes under different names).

So the full US Obamacare applies  $3.8\% - 0\% = 3.8\%$  with no credit allowable against Australian taxes. It's a completely unfair definition of "preventing double taxation" applied and defies common sense simplicity, except perhaps to tax lawyers. The Obamacare tax is only one example.

Other very unfair aspects of citizenship based taxation are that estate exemption and marital deduction are very much reduced if your spouse is not a US citizen. If I were to die right now then potentially my family would be up for lots of tax and a compliance tax nightmare with the US ripping at the family home and financial security built up over decades in Australia; all of which would not be experienced by other Australians or residents with citizenship from other OECD countries. Some aspects of the estate law are very nasty such as only asset values are considered and no debt is considered against those assets (at some points in one's life there is lots of debt and these laws would require liquidation); and burden of proof on surviving spouse that they contributed to half ownership of jointly owned Australian assets (not a requirement under Australian law).

I resent that the US laws proscribe tax and compliance on my Australian born Australian/US dual citizen children even though they may never live in the US. I recognize now the big mistake in getting them US citizenship soon after birth.

The Tax treaty definition of preventing double taxation promoted by the US is incomprehensible. There is a myth here that as a US person resident in Australia that you owe no US tax, as Australia is a relatively high tax country and there is a tax treaty that protects against double taxation. Even the Australian Taxation Office website helps perpetuate this myth, by explaining that tax treaties prevent double taxation and with no special notes in regards to the Australian-US tax treaty. Thus one may easily be misled. Even the Australian government and most all governments have been misled by the language, ratifying treaties with the US believing that they prevent double taxation on their residents. A number of US persons I have met here did not believe that they had to file US tax as they have not heard this before, it did not make sense to them, or they say that they don't have any money in the US.

Here is the common sense definition of preventing double taxation: you pay all the Australian tax for Australian source income/assets then there is no additional tax to pay to the US. However, the US Treasury Department definition is not that simple. According to the US Treasury Department the prevention of double taxation is only to be considered for each individual tax – so that the effective tax rate is no higher than the higher of the two countries, with the source country having first right to taxation. Example: pay no higher tax rate for either Australia or the US for say the category of interest income.

Here is the kicker sinkhole: The Australian and US tax systems do not match so often the best tax breaks for each country gets cancelled by the other country. Plus no credits may be carried over for excess tax paid on certain categories to other categories. Common sense may work like this: in Australia you pay way more tax on earnings than the US tax rates and then that excess may be carried to other categories of taxes that the US has but Australia does not to extinguish these tax liabilities. (Once applied The FEIE would eliminate recognition of way higher Australian tax on income as the income as well as the tax on that income gets exempted). The actual practice is more arcane than that and does not work that way, but like this with example of Obamacare: The Australia Obamacare investment tax is 0% because Australia does not have Obamacare, the US Obamacare investment tax is 3.8%, then the US rate applies in full and in disregard of any other taxes the individual must pay to Australia.

It is theoretically possible for someone to pay 100% of their income in tax to their country of residence, yet because the way the different categories of taxes are split up they could owe more tax to the US. It is another example of where the situation of the individual is disregarded by the US, as one may expect to more frequently to occur from a communist government than a democratic government.

## **PARTICULAR WAYS THE US TAX SYSTEM DISADVANTAGES AUSTRALIAN RESIDENTS.**

1. **\$0 in US benefits.** For all the tax and compliance demanded of US persons resident in Australia, in exchange there is \$0 in US government services provided. A key premise ignored by the US government is the underpinning justification and fairness of taxation is services in exchange for tax. If there are no US government services provided to me or anyone in my community then there should be no tax. I don't want any US government services, I just want the US government to stop taxing me and over complicating and financially disadvantaging me compared to the non US person living in the next Australian household, or compared to the US person living in the US – I want my US citizenship to not disadvantage me but to be an advantage as it is supposed to be. Perhaps this issue is no different than for every other country, but it is an overriding important

point nonetheless. Some in the US may say something about how the US provides security and keeps sea lanes open with the US navy and thinks I should pay for that. Perhaps what they are really thinking is that the nations of the world should pay for that. If say Australia helped pay for US provided global security I would be paying through my taxes to Australia. Plus Australia is already paying with Australian F16 bombing runs and Australian Special Forces supporting American military action, not to mention the US military and electronic spying bases in Australia. One might think that the U.S. would recognize this support instead of dismissing it. Question: Which was the first nation to invoke a mutual defence pact with the US after the September 11 attack on America; answer: Australia. Perhaps the US should pay Australia.

2. **Superannuation - US taxation of Australian retirement account.** Discussed above the US tax law proscribes taxation of my Australian retirement account – Superannuation – reversing any tax benefit and actually providing a sinkhole. If you live in Canada and I believe the UK there are special tax treaty provisions excluding retirement accounts. Then **why is this retirement account taxation exemption not offered for Australia in the Australia-US Tax Treaty when it is offered in the Canadian and UK treaties?** Potential answer 1: The Australian negotiating team did not know what they were doing, as they thought that they were preventing double taxation through recommending the treaty to the Australian Parliament. Potential answer 2: the US does not care about the well being of its persons resident in Australia. The US could have said to the Australian negotiating side something like: the US appreciates Australia as a close ally, psst, Australian negotiating team you can ask for exclusion of your retirement accounts as the Canadians and British have this. The US could not be bothered. Superannuation is but one example of an account taxed in a punitive way. Other accounts and trusts get the punitive PFIC tax treatment – all with excessive tax and compliance compared to similar accounts of US persons living in the US.
3. **Tax on Australian Home.** Australia sailed through the GFC without recession. Home prices are much higher in Australia than in the US as a result of this, other factors, and because in Australia there is \$0 tax on the gain of one's primary residence. Also there is no estate tax impact on the personal home. Therefore, the personal home becomes an incredibly attractive investment for Australians. There are quite a few suburbs here with 1 million dollar average home prices. A key factor underpinning 0% Australian gains taxes on the family home is that other taxes including income taxes are much higher than in the US. If the US had the income tax rates of Australia then the US government could better afford no tax on the family home. The US tax comes in is after exemption of a \$250K gain (married filing separately). Part of the US taxation of homes is justified by the fact that in the US one may deduct the loan interest charges from ones income, thereby reducing tax liability. Australia does not have this deduction, so living in Australia you get all of the highest taxes on the family home: potential US gains tax, potential US estate tax, and no benefit from US deduction of interest on your home loan, plus you get the higher Australian income taxes. In great contrast if you are just Australian or a resident with citizenship from another OECD country then you only get the relatively high Australian income taxes. Nor do these people get taxes on phantom gains from currency fluctuations between the US dollar and the Australian dollar.
4. **Tax on Australian Estate.** There is no estate tax in Australia. Assets are passed on as inheritance with the original cost basis – with tax attracted upon sale (this is incredibly much simpler than the US and a tremendous alleviation of tax complexity for people in their advanced years). An underpinning in Australia of no inheritance taxes is the fact that the income tax rates are much higher than in the US. Yet in Australia for a US person then there may be US estate tax (after exemption) at a fixed US 40% rate. So there is the possibility that one's estate may incur US estate

tax and from the US standpoint the cost basis is reset, yet from the Australian tax perspective then the original cost basis applies and there is no respect for the US resetting the cost basis – another form of double taxation comes into play. Complicating the equation the US marital deduction is not extended to nonUS citizen spouses and assumes these spouses are living in the US, and the tax laws try to prevent the assets from leaving the US when they are already decades gone in another country. So in sum, one gets jujitsued by the two tax regimes for estate and many other types of tax.

5. **Dampening Employment/Community Engagement.** This is true for all nations. As the US wants its subjects to report any company confidential employer accounts they may have signature authority over, this definitely potentially dampens employment prospects with potentially major fines. The reporting also impacts business partnerships, business in general, and say if a US person wants to be treasurer of the local girl scouts. Options are limited, and there may be lots of penalty if the nebulous rules are not followed to the IRS liking. This is way too much regulation of a US citizen's pursuit of happiness, in a discriminatory way compared to US citizens living in the US.

My spouse wanted us to setup comprehensive wills. We had meetings with a legal expert. Yet it soon became apparent that there would be major difficulties as I and my kids were US persons. The legal representative was oblivious to the pitfalls of being a US person and would have set up wills that would work quite well under Australian law but would run afoul of US laws and US PFIC laws.

One point we were thinking about was to include a plan for the possibility for both myself and my spouse die in an accident. A common approach to this is a trust structure for the surviving children, yet with US PFIC tax laws this would greatly diminish the ability of the trust to preserve and build capital. One way to get around PFIC is to have a trust in the US, yet many US financial institutions don't want to deal with you if you have an overseas address. Plus that would then be a foreign trust with Australian tax and compliance considerations. Plus why would someone set up such a trust in a foreign country? I was also concerned about subjecting non US person relatives to all the US tax and compliance laws of administering such a sinkhole trust. Since then we have kind of gone with a plan B which is for me, US person, not to die unexpectedly – thus foregoing a planning consideration made far more complex by US law than for US persons living in the US. All this puts stress on a marriage including the need to separate finances and all the extra compliance, tax, and penalty considerations not faced by the Australian household next door.

**While the citizenship based taxation laws remain, Obama and Congress should be honest with Americans: they should say yes you have Philadelphia Freedom yet only if you live in the United States. Americans are not free to move to another country other than for short stays or with sponsorship by a US company. If you end up living multiple years or the rest of your life in another country the laws of America will punish you harshly. Such honesty would be a refreshing departure from US Treasury Department doublespeak about avoiding double taxation.**

JFK famously said in Berlin 'we don't need walls to keep our people in.' Regan said, 'tear these walls down.' Fast forward a few decades and it is the US government who is increasingly building a virtual Financial Berlin Wall around its citizens to keep them in the country, by punishing those harshly who have ended up living in another country.

The world is becoming increasing integrated and one may imagine that the US would want to be integrated with the world and encourage mobility of its citizens to facilitate this integration and further global trade benefits to the US. Instead the US is increasingly building its Financial Berlin Wall to exert control and punishment over its citizens, and ultimately of the US itself.



What is needed is an affirmative action program to right the US government discrimination of US persons living overseas. A start would be a switch to a system of residence based taxation.

However, unfortunately, there is, in my opinion, a complete failure of US representation for the 7+ million US persons living overseas, as their votes get split among the 50 states rendering them of nil concern in the past to US government representatives. Plus there is no true representation as France has as in Members of Parliament only representing French citizens overseas. As a result of this failure, I may assure you that the 15% approval rating for Congress must be a fraction of this for US persons living overseas – which only makes sense as when you live overseas you get \$0 in US government services but pay double tax, jump hoops of extra compliance, and are exposed to potentially bankrupting US compliance penalties.

Double taxation, without representation, with excessive compliance, with excessive compliance penalties, without regard for one's well being, and without any US government services is tyranny. This should sound familiar as in a slogan the American Colonists used as justification to break from England. For such justification to be elevated and cherished as part of American History, but dismissed as any justification for claiming unfair treatment by the US government of US persons overseas represents US Government hypocrisy.

For US persons living overseas, the US government has lost its way in regards to the principles upon which America was founded, including the inalienable rights of liberty and the pursuit of happiness. The 4th of July celebrations are now a hollow celebration of the principles America once stood for. Think about that on the next 4th. Instead, in my opinion, the US functions more like one would expect North Korea or a communist country in regards to its subjects overseas along the lines of “the law is the law” with nil consideration for one's wellbeing or that there is \$0 in services provided in exchange for the tax and compliance. You never thought that you would rightfully be compared to communists in your rules on US citizens did you? Prove me wrong. Set it right.

The implementation cost of FATCA on the banks of the world by one estimate is \$200 billion. This far outweighs in and of itself an estimated \$8.7 billion return to the IRS over 10 years.

FATCA represents irresponsible legislation not just on inflicting massive compliance costs on banks of the world that far outstrip any gain. The US government has been additionally irresponsible in view that the Senate has shirked its Constitutional responsibility to approve international treaties by not demanding submission of FATCA IGAs to the Senate for review and approval.

FATCA IGA's have required the countries of the world to disregard their privacy and discrimination laws, inflicting loss of privacy and institutionalizing discrimination against US persons living overseas in a way that would not be legal in the United States; also in a reminiscent way to the institutionalized discrimination of Jews in pre-World War II Germany. Thus it appears Constitutional rights were not observed or respected in the drafting of the legislation, so says [fatcalegalaction.com](http://fatcalegalaction.com).

The Senate should take particular note of how the Executive Agreements of FATCA IGAs were forced upon the governments of the world under threat of extortion of being excluded from the US dollar banking system – under threat of 30% withholdings on US dollar SWIFT payments. Some may equate this to state level extortion that normally is not part of harmonious diplomatic relations especially with close allies.

Who is accountable in the US Government? When the banks of the world have spent \$200 billion implementing FATCA and FATCA gets deemed unconstitutional, who in the US Government will bear this responsibility for poor governance and not doing proper homework on the legislation? I may suggest that it is the Senate that has responsibility and whose members should get a massive pay cut for not doing their job.

However, the new Republican controlled Senate has opportunity to set things right.

Part of the atonement for the Senate would be for the new Republican controlled Senate to delay FATCA implementation and to bring in the IGA Agreements for Senate review – as without this review and approval they lack legitimacy as US international treaties. Else one may think that the Senate views the U.S. Constitution as a scrap of paper. Also there needs be retrospective repeal of taxation of retirement funds of other countries and other taxes on US persons resident overseas. **There needs to be an affirmative action plan to right US government discrimination of its citizens living overseas.**

The Senate Finance Committee may arrange to fund H.R. 597. HR 597 targets the study of the impact and of US government policy on US citizens living overseas. It has been a gridlocked measure under the custodianship of The Americans Abroad Caucus in the House. How about allocating \$20 million to get proper analysis of harmful impacts of U.S. government regulations on U.S. citizens abroad in the areas of (1) regulation/compliance, (2) double taxation (common sense definition), (3) financial planning, and (4) estate; with the view that US persons living overseas get \$0 in US government services. Please consider Australia for analysis in the terms of reference. The big international accounting firms have the information to make such analysis so these may be engaged. However, note that the big accounting firms have a vested interest, in my opinion, in keeping the rules complex to the extent that only they may be in position to sort out all the regulations for the perplexed individuals impacted.

It would be prudent to have a balance of Republicans on The Americans Abroad Caucus, and for HR 597 to be rewritten as in my view it has a very much ‘within the Beltway’ perspective embedded into its current incarnation. The focus should be, in my opinion, on what forms of affirmative action must be pursued – such as residence based taxation. Or, perhaps this caucus is irrelevant. Maybe the Senate is irrelevant; instead of showing leadership maybe the Senate is waiting for the Supreme Court to tell them how to do their job in regards to observance and respect of the Constitution, and the wrongfulness of the discrimination against US citizens living overseas.

I may assure you that many long time, die hard Democrats overseas have turned into single issue Republicans on this issue of FATCA and CBT. I place more faith in the legal route in pursuing injustice toward US persons overseas via ADCS, [fatcalegalaction.com](http://fatcalegalaction.com), and Republicans Abroad, to make up for the shortcomings of the Legislative and Executive branches and an out of control US Bureaucracy. The US Senate may please surprise me.

Currently, the US Bureaucracy, in my opinion, promotes state sponsored financial terrorism against US citizens living overseas. “Why are we doing this to folks? Why are we tormenting them in this way?” (Quote from Nina Olson, National Taxpayer Advocate.) In my view, in regard to US government policy and discriminatory treatment toward US persons living overseas, I consider you all communists until proven otherwise.

Thank you for your consideration.

JC Double Taxed, Australia

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# IMPOSSIBLE TO SAVE FOR RETIREMENT

Tony Vienna, Austria

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526553>

But many are not as lucky as Mr. Tepper. Like me. A decade ago my scientific career and my German wife brought me to Europe, and I lived in Germany, Austria, and finally Switzerland. Now a tenured professor, with a house, and kids in school, I am in Switzerland to stay. My university has a very generous, and mandatory, pension plan, which also happens not to qualify under IRS rules. So every bit I try to save for retirement (including my employer's contribution) is taxed now by the Americans (at the highest possible rate), and will be taxed by the Swiss when I actually see the money, after I retire. I can't get German or Austrian citizenship, because I don't live in either country. By the time I get Swiss citizenship, and then am able to renounce my American citizenship, I will be 64. Fortunately my children have German citizenship as well, and so for them it will be an easy process to stop being American, if they so choose.

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sister of a patient California

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526439>

This is not trivial for those of us who live outside the country. Unlike the author, I was born and raised in the US, lived entirely in the US until I was 30, paid my taxes, voted in every election since I turned 18, but have recently moved with my Canadian husband to Alberta for his work. As a family with two kids, a dog, a house, a mortgage, we've been dismayed to learn about all the financial restrictions that now make it difficult for us to plan for our savings, college funds, and particularly retirement accounts (see penalties for owning foreign mutual funds). No other country that I know of makes it so difficult to live abroad. My husband was not required by Canada to file tax returns while living and working outside the country. We fall well under the \$97,600 income that is exempt from US taxes (and of course we pay higher taxes in Canada anyway), so our 1040s are easy to file, but planning for our family's financial future is compromised by my US citizenship.

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Mad Master's Rower Alberta Canada @ sister of a patient

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526439:13529915>

ditto to all of this - born and raised American, married a Canadian, living in Alberta, trying to work hard and plan for a decent retirement. Our concerns are not about the ease or difficulty of filing a 1040, it's about all the other disclosure forms and the difficulty of saving and planning for retirement. My expensive accountant tells me I can't save for my kids' college educations (incented by a 20% bonus from Canada), my own future (tax-free income on \$5K/year contributions), or even save for retirement without filing annual tax-treaty forms. I vote, I file, I care about the U.S., but this is unbearable enough that I'm considering the option of renouncing. I can't bring myself to do it, my parents are horrified at the mere thought, and yet...the thought lingers. And - worse yet - I proudly rushed to the U.S. Consulate to register my childrens' births abroad and

ensure they were entitled to call themselves U.S. citizens. Now they too have to file all this paperwork for the rest of their lives, can't save for their futures without having it taxed away, etc. Yes, please, NY Times, let's hear from the Secretary of State about why this situation benefits America.

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VR England

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524949>

Ditto. I took a large pay cut to come and work in England, where I pay higher taxes and at a much higher rate than I would living anywhere in the US. Yet the few tax breaks I would get here as a British resident (e.g. tax exempt savings accounts similar to IRAs) are taxed by the US. Investing in UK mutual funds is a no-no because even UK funds operated by the same US company (e.g Vanguard) are treated as if they are some suspect shady operation, so unrealized gains (i.e. shares that went up in value but were not sold) are taxed as ordinary income. Moreover, unlike the UK tax returns which take about 30 mins to fill out online, the US tax returns are a complex nightmare with many forms specially for those living abroad. Accountants typically charge hundreds of dollars just to file a return saying we don't owe anything. Unlike the writer, I have strong family connections with the US including my children and grandchildren, so effectively I am a hostage. I thought America was founded by people who didn't like being taxed by some faraway government. What gives America the right to tax people who live (and are taxed) elsewhere and essentially have no representation? Who is Boris Johnson's congressman or senator? If it weren't for its political and economic might, this policy would just be laughed at. It only works because the US is a powerful bully that treats its citizens abroad much as ancient Rome treated its citizens in far flung corners of its empire.

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Michael Winterson • 4 months ago

<http://www.bloomberg.com/bw/articles/2014-11-24/why-america-needs-an-exit-tax#comment-1709642000>

Charles, This is populist pap. I am a standard American, middle-aged family man who happens to have a job outside of the US. I am double taxed (regardless of treaties - the IRS is already getting around these), I am limited on what I can save and how, I have to file a 120 page plus return that costs me thousands a year, I can't save into a 401k or a Roth and my UK pension is not US recognised. I am presumed guilty until proven innocent and now have to expose my personal finances to the IRS and the Treasury. My constitutional rights are abused regularly but no one cares - I am too small of a voter base and too easy to rip off. You are spouting useless and damaging hot air. Grow up.

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Lisa 2 months ago

[http://www.forbes.com/sites/robertwood/2014/10/27/5-5-million-americans-eye-giving-up-u-s-citizenship-survey-reveals/?commentId=comment\\_blogAndPostId/blog/comment/1057-31524-8427](http://www.forbes.com/sites/robertwood/2014/10/27/5-5-million-americans-eye-giving-up-u-s-citizenship-survey-reveals/?commentId=comment_blogAndPostId/blog/comment/1057-31524-8427)

I am one of those 5.5 million Americans abroad who is considering giving up citizenship. It is not FATCA or taxes that is leading me to do this. It is the inability to save for my retirement along with a lack of understanding and consideration of the situations of Americans abroad by Congress that will likely lead me to renounce.

With respect to retirement savings, due to PFIC rules, I cannot invest in tax advantaged retirement plans in my country as most of them are built around funds. The goal of PFIC taxation is to make it punitive to invest in non-US based mutual funds. I have an IRA in the US and was trying to save for retirement that way. However, I have just been informed that as I have a foreign address, due to some rule from 1930 that does not allow mutual funds to be sold to non-residents of the USA, my funds will be immediately sold and I may keep **only cash, stocks and bonds**. I have also been told that should I wish to withdraw my money from my account, my withdrawals are limited to a small amount each day and each transfer abroad needs to be verified by a phone call to me, however the bank will not call foreign phone numbers. So essentially my savings in the US have little chance to grow and they are trapped there. It is not practical for an American living abroad long term to base their financial life in the US.

When I discussed this with my Congressman, I was told to, “just come home”. When I explained that I my home is outside of the U.S., I was told that I have a complicated situation. There is nothing complicated about my situation. I live, work, eat and sleep overseas and I am American.

I am sure that there are some retirement funds in the US that might take me as a customer, but the impracticality of banking in the US versus where I have resided for the last 30 years is difficult. While I would prefer not to renounce, I am past emotions as I feel coerced to do this by the barriers the U.S. sets up for its citizens abroad to lead normal lives locally. **Ironically, one of the things the U.S. checks for in their renunciation process is if you are being coerced to renounce by someone.**

<http://thefranco-americanflophouse.blogspot.ca/2014/09/fatcacbt-see-you-in-court.html>

Kathleen is a Québécoise born in the U.S. to a French-Canadian mother and American father who left the U.S. at the age of three. She says “I know I can’t possibly plan for my retirement in Quebec while following these U.S. tax laws” and hopes to be able to pay the costs to renounce her citizenship. A middle class mother of three, she had to pay a tax expert to calculate the cost to renounce obligations to the IRS. “The cost will be at least one full year of income that I could have used for my retirement, and may be a lot more” says Kathleen.

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[Mary Henry](#) [Mark](#) • [4 months ago](#)

<http://www.cnn.com/id/102141113#comment-1664052562>

But a US citizen can’t live a normal life outside the US any more. Company pensions and local investments are taxed at high enough rates by the US and aren’t covered by tax credits, so retirement savings, trusts for disabled children, and savings plan for children’s education and other local plans aren’t useful for a US citizen abroad.

As for the tax base and the US economy - sending money to a foreign government means there is less money circulating in the US economy. Your banks would spend millions (as currently most non-US banks are being forced to do by the US) to collect and send private banking information of any one in the US with possible foreign indicia to foreign governments. Who pays for that? Banking customers. Again, less money circulating in the hands of everyday people.

The costs of administering CBT will always outweigh any taxes collected, so what would be the point? Have you even considered the cost/ benefit ratio of CBT?

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Heather Abroad

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13531386:13531634>

You do realize America's abroad must report all of their bank information too - account numbers, balances, etc? Banks then turn around and give my data to the IRS because they are being threatened with financial redress if they do not play along. My bank has told me I cannot invest money simply because I am an American - I had finally reached a point in my life where I was going to set up a retirement savings scheme and the bank said "no". Now tell me how Turbotax can fix that :) I should note I have not contacted any US investment firms, but I did read that they will only take you as a customer if you reside in the US, so if that is true, then I am out of luck.

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sangerinde Copenhagen, Denmark

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527255>

Agreed! I've now lived abroad for 15 years, and only recently came to understand the complicated and onerous rules regarding filing American taxes while overseas. I do NOT want to give up my citizenship--I still feel primarily American, though I also carry a birthright EU citizenship--but these laws are outdated and outlying: as the article points out, this is another (unwelcome) case of American exceptionalism. Lots of us, just like back home, are just scraping by, and therefore don't owe tax (beyond the 38% I already pay here, natch). Nevertheless, I must confess I am terrified that my meager retirement savings might raise the ire of the IRS at some point, and then where would I be, as a freelance artist? Screwed and destitute, that's where.

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Victor Germany

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527774>

I am a US Citizen living overseas. If anything, the problem has been understated. I pay my taxes in two countries and file accurately and promptly. In the last six years, however, my EU bank accounts have either been closed or limited due to my USA citizenship. Due to the draconian USA IRS/FATCA rules, EU Banks will not permit me to purchase mutual funds, stocks or most investment vehicles. So exactly how am I supposed to save for retirement?

I prefer not to relinquish citizenship - but fully understand those who do.

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MB Toronto-ish

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527202:13529947>

My Canadian accountant tells me I cannot have a Canadian TFSA ( to save for retirement) as it is not recognized by IRS as such. Nor can I save for my children's education with many of the usual financial tools

here in Canada. As well, Canada does not recognize some comparable US financial mechanisms. Imagine if suddenly you can no longer have ROTH for your retirement. Or suddenly it is taxable. Even better - my childrens' accounts savings accounts. (with a grand total of \$43 in birthday money) is now cited every year to the IRS as well, since they are American and must comply with FACTA at ages 7 & 9, since my name (as their parent) is on the account.

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FromPatriotToExPatriate 7 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostId/blog/comment/1057-29843-7292](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostId/blog/comment/1057-29843-7292)

Good post – you understand the problems very well.

What you recognize is captured in this excerpt from your post:

“This letter outlines some of the inexplicable trials experienced by a family that was aware of their tax obligations to the US and has kept current. Though sadly they have been left with no other choice but to give up their citizenship to maintain any semblance of normal life,”

In case this is lost on any readers, the point is that for Americans abroad, compliance with U.S. tax obligations is so difficult, that those compliant Americans are almost forced to renounce their citizenship. Those who really understand this will conclude that when it comes to financial planning there are only two things Americans abroad in Canada can do that won't cause special tax liabilities and reporting requirements.

The two options are:

1. Interest
2. Individual shares of stocks

Americans abroad in Canada are disabled from almost all normal kinds of retirement planning options. Once they are filing U.S. taxes they must file correctly. Filing correctly – obeying U.S. tax laws – makes financial planning for Americans in Canada almost impossible.

You asked Mr. Wood whether anybody was listening. The answer is obviously NO. Neither the U.S. government nor the the U.S. people care in the least. The result of this is reflected in the reality that there are two kinds of Americans abroad:

1. Those who are not tax compliant and have unofficially renounced U.S. citizenship; and
2. Those who are U.S. tax compliant and are officially renouncing their U.S. citizenship.

The tragedy is that those who are tax compliant, will pay greatly to renounce, thus demonstrating how much they are being punished for attempting to obey such unjust laws.

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MS India

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527530>

I have to say I echo Jonathan's thoughts. I was born in America, went to college, graduate school and studied in the United States. I love the country. But having lived in the US, UK and now in India, I too find myself very burdened by the reporting requirements for US citizens living abroad (and always worried that some overlooked point will result in punitive damages). The filing requirements (in addition to taxes) of the FBAR and other associated forms is tricky --every single investment has to be reported and tracked (even those that are a few 100 dollars). In addition, because of FACTA, banks / brokerage firms abroad will not allow me to register as a client and, in the US I am not allowed to invest in mutual funds as a non resident. For someone who doesn't make enough money to hire a battalion of lawyers to find loop holes to enable me to invest my savings, I struggle to find investments then will enable me to plan my future. As I haven't worked enough years in the United States to qualify for social security (you don't get back contributions if you don't qualify), planning for retirement is a real challenge. I really wish law makers would amend laws to try to make it easier for normal professionals working abroad to be able to report their assets and give them freedom to invest in securities of their choosing that will allow them to plan their future.

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<http://business.financialpost.com/personal-finance/u-s-campaign-to-catch-tax-cheats-snaring-canadians>

***"My message on this one is to sit tight. We are not unreasonable. We are not unsympathetic. We are not irresponsible," David Jacobson said during a speech to the Canadian Club in Ottawa." ... "The U.S. is not interested in going after 70-year-old grandmothers living on their retirement income in this country, David Jacobson said in a speech to the Canadian Club of Ottawa. "Nonetheless," he added, "grandma could be theoretically subject to serious penalties."***

Just why have we not heard further from Ambassador David Jacobson?

Esther Thompson, 70, and her sister Betty, 69, both married to retired farmers living near Prince Albert, Sask., are among those who have come unhappily forward to the U.S. Internal Revenue Service under a voluntary disclosure program.

Esther first heard about the IRS campaign when she read a media report in August. She told her sister and the two, who were born in Minnesota but are long-time Canadian citizens, consulted with an international accountant and decided to "come clean" even though neither owes taxes in the United States.

The sisters have struggled with anxiety over the situation — Betty says she lost five pounds since hearing of the policy — and worry that they will owe tens of thousands of dollars in penalties for failing to disclose their bank accounts sooner.

"When you're our age and you've saved money for your old age and you wanted to be self-supporting, it's a lot of money. To us it is, maybe to them it's not, but we think it is. And it's our money," Esther says.

Both Thompson sisters share joint accounts with their husbands and worry that penalties will be assessed on the days in which the accounts held significant sums after a big grain sale, for example, despite the fact that they were quickly drained to pay bills.

....But they're still spending thousands on accounting and legal fees. The Thompsons have racked up \$6,000 each so far. Other estimates have put the total cost of compliance at \$10,000 to \$15,000.

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### Private Letter

I am an American living abroad; a dual citizen of both Canada and the U.S. I was born in the U.S., Maryland to be exact. In 1986, at 24 years old and armed with a Master's degree in Audiology, I found it difficult to find full-time work in the U.S. I was willing to move, but needed a full-time job. I applied for a job in northern Alberta and was hired. As fate would have it, I met my husband, a Canadian, and have two children, now young adults. What was to be a three to five year adventure in Canada, turned into forever. I received my Canadian citizenship in 1995. I have now lived longer in Canada than the U.S.

When I moved to Canada, I knew I had to file U.S. income tax, and always have. I didn't question this or think about it too deeply, I just complied. I have never owed any taxes to the U.S. Of course, I also file my Canadian taxes. As my children were born, I knew I had to register them as U.S. citizens, and again, I complied. And again, I didn't question the "whys" of this.

A few years ago, I began to hear rumblings about Americans abroad and tax issues. I didn't pay attention because I knew that I filed my U.S. taxes with the IRS each year. It wasn't until I read an article in the business section of the paper that I had my "oh my God" moment. I felt physically sick, like I had been punched in the stomach. While I filed my U.S. taxes each year, I had not realized that I wasn't filing all of the proper forms. I had never heard of an FBAR. As I did more research, I realized that all of the saving my husband and I had done over the years was in jeopardy. This is not an exaggeration. The registered education savings plan (RESP) for my children, my registered retirement savings plan (RRSP), my tax free savings account (TFSA), my pension – all in jeopardy at the hands of the U.S. On top of that, the potential fines I faced for not filing all of the correct forms and FBARS would and will ruin my family financially. This, because I did not know the rules. The closest example I have of

describing the emotions felt at that time by myself and my husband, would be of learning one of us had cancer or a similar type of disease/disorder. We were devastated.

My husband was furious with me. There is not a day that goes by that I don't think of our situation and have guilt for bring this "financial cancer" to husband and my children.

Once we were able to move beyond the shock of our situation, we had to decide what to do. I soon discovered how difficult it is to find a professional with the knowledge and skill set required to deal with U.S. taxes. I also soon discovered the accompanying cost. Twenty to twenty-four thousand dollars was what I was quoted. I truly began to hyperventilate when I heard that number. In the end, we made decisions that weren't as expensive, but is still a significant cost to our family each year. The degree of financial information required by the IRS and for FBARS is beyond anything required for the Canada Revenue Agency (CRA). We had to pay our bank a significant amount to retrieve past financial information. The forms we are required to file with the IRS are so complicated that I cannot begin to fill them out and trust that they are correct. Last year, I paid just under \$3,500 for U.S. taxes to be prepared and filed for myself and my two children, who are in university. We owe no taxes to the U.S. We are straightforward in terms of our finances. This is a significant cost to bear each year.

I wrote my Senators and Congressman. While I did receive an initial response from a representative from Senator Harris' office, my subsequent letters have gone unanswered, as has my request for a meeting. Senator



Milkulski sent a nice “canned” response and letters to Senator Cardin have gone unanswered. I wrote President Obama and received a response that had nothing to do with my tax concerns. Are you aware that I cannot even contact my U.S. representatives without a U.S. address? I have to use a previous U.S. address in order to contact the people that are supposed to represent me. This is alarming and disheartening.

The other U.S. policy that affects my family is the foreign account tax compliance act (FATCA). This will require that my bank, through the CRA, share my financial information and my children’s financial information with the IRS. Not just my information will cross the border, but my husband’s private information, as he is joint on my account. Of course, this invasion of privacy is already done with the FBAR.

For my children, who have never lived in the U.S., but carry U.S. citizen because of me, I worry. Their U.S. citizenship will have detrimental financial effects on their future relationships and employment. They face great hurdles if they wish to start their own business; they face great hurdles as they look to plan for their financial future. With their future work, they could easily have signing authority on accounts which will have to be listed on FBARS. What Canadian employer or organization will want their private information shared with the U.S. government?

For myself, I am at an age where retirement looms. My U.S. citizenship threatens my RRSP, my TFSAs, and my pension. I will not put myself nor my husband and family into financial ruin.

I understand and support the efforts to find people who cheat on or evade paying their taxes, but this is not me or my family. This is not the over seven million American who live abroad. Residency based taxation is a solution that would allow for the U.S. to find the people they need to find with regard to tax evasion, without casting the net so broad it catches those that don’t belong. Residency based taxation would also bring the U.S. in line with the rest of the world. I was recently at a work meeting where six out of eight of us were affected the U.S. policy of citizen based taxation. On average of once a week, I

meet someone who is affected by citizen based taxation. Most people don’t want to ask questions, because they know enough to be scared of their situation and fearful of what it means to them and their families. You know, unless you are Native American, all of our parents, grandparents, or great grandparents arrived in American from another country. My grandmother landed at Ellis Island from Ireland. Can you imagine if today Ireland adopted a policy of citizen based taxation and came after my 88 year old father for back taxes and fines for not filing? That’s exactly what the U.S. has done to its citizen living abroad. I ask you to listen to the stories of Americans living abroad and do the right thing, which is to adopt a policy of residency based taxation. The nightmare faced by U.S. citizens living abroad is not a myth; our stories and our fears are real and we are living them every day.

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## PENALTIES THREATS AND DISCRIMINATION

HomelanderNot 1 week ago

[http://www.forbes.com/sites/robertwood/2015/01/14/national-taxpayer-advocate-slams-irs-offshore-programs-fbar-penalties-demands-change/?commentId=comment\\_blogAndPostId/blog/comment/1057-32632-9650](http://www.forbes.com/sites/robertwood/2015/01/14/national-taxpayer-advocate-slams-irs-offshore-programs-fbar-penalties-demands-change/?commentId=comment_blogAndPostId/blog/comment/1057-32632-9650)

I believe Ms Olson is likely familiar with FBAR history. She certainly was able to see how abusive the Treasury Dept allowed the IRS to operate in the OVDP 2009. She has simply been ignored. I quite recall Mr. Shulman's reaction to the TAD of December 2011. He claimed he was not required to respond as it was simply a regular annual report to Congress. Of course it would have been too much to expect the Secretary, Mr. Geithner to have done the right thing and order Shulman to live up to his responsibilities. Perhaps he could have put things in order when the IRS pulled the "bait-and-switch with FAQ 35. These two individuals are responsible for the persecution of those who "tried to do the right thing" by coming forward after an endless stream of threats of penalties and fines for obligations they had no idea they had. What to say of a government who had not done any due diligence whatsoever, with regard to making these requirements known to expats. They were (are) the criminal "tax cheats" who must report their legitimate foreign accounts to FINCEN. Meanwhile, we had a Secy who was a demonstrated tax cheat who paid no fines and a Commissioner who clearly lied in front of the House Oversight and Government Reform Committee. What a pair to have been in charge of Revenue for the United States.

Expats will never forget either one of them.

I am curious. How would one establish "mistake of law?"

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PeBSa 4 months ago

[http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment\\_blogAndPostId/blog/comment/1057-30572-8053](http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment_blogAndPostId/blog/comment/1057-30572-8053)

What surprises me most is that it is the Obama Administration that turned the FBAR from a little known administrative form to a means to hunt down and persecute hard-working middle income Americans abroad through the FACT legislation of 2010. Didn't he live abroad during part of his childhood? Doesn't he of all people realize that Americans abroad are not tax evaders and cheats. For that matter, do you think his mother was tax compliant for the six years she lived in Indonesia (1967-71)? For that matter, didn't the Obama administration support a UN resolution condemning Eritrea (the only other country that has universal taxation) for tracking down their nationals abroad and extorting them for wealth taxes? The RNC recently voted a resolution to take steps towards instituting residency backed taxation. It is the first time in my life I find myself agreeing with one of their policy positions.

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[Tricia Moon](#) 2 months ago

[http://www.forbes.com/sites/robertwood/2014/12/16/20-really-stupid-things-in-the-u-s-tax-code/?commentId=Comment\\_blogAndPostId/blog/comment/1057-32220-9104](http://www.forbes.com/sites/robertwood/2014/12/16/20-really-stupid-things-in-the-u-s-tax-code/?commentId=Comment_blogAndPostId/blog/comment/1057-32220-9104)

.....So what is the problem? FBAR. I believe FBAR belongs on your list as a separate item. In spite of the fact it is not truly a tax issue. Unfortunately, it has been conveniently misunderstood and linked to “tax cheats” making it all the more difficult to communicate to our fellow citizens, what is wrong with this situation. It certainly is not helpful that it has become the responsibility of the IRS.

What is the sense in requiring expats who live outside the U.S. and of course, bank where they live, to report these accounts to FINCEN? The FBAR, form to implement The Bank Secrecy Act (1970) and track the money of suspected money launderers, drug money and money funneled to terrorists; clearly intended to apply to citizens living in the U.S. With a threshold of \$10,000, not raised in over 40 years? Never mis-applied to this completely separate category of citizens until 2009 and clearly the protagonist of expat misery? I cannot for the life of me understand in what way banking where you live becomes criminally suspect simply because one lives outside the country. A large portion of accounts in Canada are government-registered accounts! FATCA will not affect many of these but they still must be reported on FBAR. I really believe in hindsight, that FBAR will be seen (outside of the Swiss bank aspect of this situation) as the determinant for the rise in the renunciation of US citizenship.

If not for the fear of FBAR penalties, I think many US expatriates would have considered becoming compliant and remaining citizens. They might have been more willing to pay the outrageous fees to file because they would not feel forced into a situation to renounce, in order to protect the financial well-being of their families. It is extremely hard for some dual US citizens, at least for an older, middle-class person like myself, to renounce. It is hard to put into words and it is certainly something much more than being explained away as an “emotional issue. When something has been so intertwined with one’s sense of identity for over a quarter of a century and is the basis of how one is raised, it is beyond painful to have to take outer steps to cut the ties of that. Surely something more than money and paying taxes defines what a citizen is. Truly and totally disheartening

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[FromPatriotToExpatriate](#) 4 months ago

[http://www.forbes.com/sites/robertwood/2014/09/18/which-irs-offshore-amnesty-program-is-right-for-you/?commentId=comment\\_blogAndPostId/blog/comment/1057-30766-8066](http://www.forbes.com/sites/robertwood/2014/09/18/which-irs-offshore-amnesty-program-is-right-for-you/?commentId=comment_blogAndPostId/blog/comment/1057-30766-8066)

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[PastBeyond60](#)

“The next problem is the determination of willfulness. So you have a person

whose mandate is to collect money, does not have your best interest at heart,

subjectively deciding that you willfully or not understood something that makes no sense to any sane person in the universe. Great...that’s right up there with Russian Roulette!”

When it comes to the Streamlined Program “willfulness” the IRS has defined this so broadly that it even includes “negligence”. This leads me to believe that (obvious and egregious cases aside) that the IRS will administer the Streamlined in the way it is intended, that is:

To allow Americans abroad to come into tax compliance by paying “back taxes” and without being subjected to penalties. It is clearly in the interests of the IRS to encourage Americans abroad to come into tax compliance. The reason is that once Americans abroad enter the U.S. tax system they can be subjected to penalties the rest of their lives.

Let me put it another way:

The Streamlined Program is an IRS investment in broadening its tax base. The broader the tax base, the more penalties they can levy in the future.

From the perspective of the IRS:

Streamlined (AKA – broadening the U.S. tax base) is, like FATCA:

“The Gift That Just Keeps On Giving!”

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**Alvin S. Brown, Esq.,** Alvin Brown & Associates, PLLC 1 year ago

[http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment\\_blogAndPostId/blog/comment/1057-23348-4636](http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment_blogAndPostId/blog/comment/1057-23348-4636)

Former IRS Commissioner Schulman made it an IRS policy imperative to bring in tax revenue from foreign hidden accounts. He testified before Congress about the hidden assets and income, and he bragged about the \$5.5 billion in tax revenue generated from the IRS “amnesty program.” See <http://www.forbes.com/sites/kellyphillipsrb/2012/11/08/irs-commissioner-says-public-goodbye-after-election-2012/>

Schulman made multiple public statements about the \$5.5 billion he raised from the hidden foreign income and accounts. He was, in my opinion, careless about classifying owners of foreign accounts as fraudulently hiding income. To the contrary, there are relatively few prosecutions by the DOJ on that issue.

In his public statements, to my personal dismay, Schulman never distinguished between non-reporting of income from foreign accounts by negligence or ignorance of the law from willful and fraudulent hiding of income and assets.

That is the legacy Schulman has left behind and there is no current IRS leadership that is taking any new direction on any topic. The IRS is determined to make sure that income is not hidden in foreign accounts. It is the only visible ongoing examination priority of the IRS.

Alvin Brown & Associates, PLLC

[ab@irstaxattorney.com](mailto:ab@irstaxattorney.com)

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[FromPatriotToExpatriate](#) 1 year ago

[http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment\\_blogAndPostId/blog/comment/1057-23348-4639](http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment_blogAndPostId/blog/comment/1057-23348-4639)

Mr. Brown:

You make a good and important point. In describing the conduct of Mr. Shulman you use the words “careless”, “negligence” and “ignorance”.

You may be partially true, depending on when his conduct is evaluated

Let's remember that there have been three OVDP/I programs.

2009 – OVDP 1 – It's possible that in his zeal to catch “homeland tax cheats” he was “ignorant” of the fact that most offshore accounts were used by Americans abroad.

2011 – OVDP – It's possible that (at least for the first part of the program) that in his continued excitement over 2009 that he was “negligent” or “careless” in not considering the existence of Americans abroad and the bank accounts used by them for their day-to-day lives.

2012 – OVDP – By January of 2012 it was very clear to ALL that Americans abroad were being destroyed by his programs. It is also clear that for Americans Abroad to enter OVDP would be to pay most of their accumulated wealth in fines, and professional fees. (Not so for Homelanders where it is likely that the cost to them would be a smaller percentage of their assets.)

Yet he continued. There was nothing in the FAQs of OVDP 2012 that suggested that OVDP was NOT intended for and NOT suitable for Americans Abroad. Yet, he knew (or certainly ought to have known) that OVDP was unfairly destroying the lives of Americans abroad. In fact he even offered those who were UNAWARE they were U.S. citizens the “deal” to pay ONLY 5% of their wealth to the IRS. Most Americans abroad who KNEW they were U.S. citizens had “reasonable cause arguments (a point you have repeatedly made).

Obviously the fact of NOT knowing one was a U.S. citizen would be an even easier case for “reasonable cause”.

Put it another way:

Mr. Shulman pressured (using the lawyers who claimed most should enter OVDP) those who clearly had a “reasonable cause” defense to enter OVDP.

By 2012, it was impossible to say that Mr. Shulman was ignorant, careless or negligent. What is the right word to characterize Mr. Shulman's treatment of Americans Abroad in the 2012 OVDP? What is the right characterization of

Mr. Shulman's behavior? How would the IRS characterize a course of action, deliberately entered into, with full knowledge of the consequences?

The result: The IRS simply cannot function without trust. OVDP penalty abuse has destroyed that trust for at least a generation. The cost to the United States will far exceed the \$5 billion that Mr. Shulman claims to have brought in.

And this is America?

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Andrew Grossman 1 year ago

[http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment\\_blogAndPostId/blog/comment/1057-23348-4648](http://www.forbes.com/sites/robertwood/2013/10/23/beware-global-irs-reach-very-long-memory/?commentId=comment_blogAndPostId/blog/comment/1057-23348-4648)

The estimates of US citizens abroad, never mind “US Persons” including present and former green-card holders and even deportees with prior long US residence, are so vague and politicized as to be unhelpful for the analysis of tax noncompliance and revenue potential. Until 2011 the State Department used a working estimate of around 4 million; without explanation they are now proposing the number put forward by American Citizens Abroad, a Geneva-based organization, of over 6 million. The GAO and the Department of Commerce have opined that a census of US citizens abroad is impractical.

From published statistics we know there are 113.4 million valid US passports. From time to time the State Department has published statistics on numbers of passports applied for from abroad; it does not, however, publish the contents of F-77 reports prepared by embassies on the “Estimated Number of Potential Evacuees” (see 7 FAM 040). Numerous countries report the number of US citizens registered as aliens, but this would not include persons also holding the nationality of that country or, within the EU/EEA/Switzerland of a member state. Nor would it include those persons born abroad to one or two American citizens whose birth was never registered with the Department of State for whatever reason, including doubt as to the requisite prior U.S. residence of a parent.

To publish a scare article about the “Global Reach” and the “Very Long Memory” of the IRS is unhelpful. With only five overseas attachés and an obvious priority for collection cases that will yield revenue, the IRS is unlikely to pursue those with few or no ties to the USA nor any assets or heirs there, but who may have a claim to US nationality. Many such persons will not be caught by FATCA because their US connection is so tenuous. Others, who may have no unpaid tax but longstanding failure to declare foreign accounts and, worse, educational or disability trusts, pensions in a non-treaty country and PFIC issues might well be bankrupted by IRS claims. Assuming the abolition of the Lord Mansfield “Revenue Rule”, the cost of compliance for many is astronomical, even impossible.

If there are really 6 million Americans abroad and only a few hundred thousand tax returns filed from foreign addresses, then FATCA and threats of penalties and prosecution — even assuming that nonfiling is assimilated to tax evasion and, with OECD support tax evasion to extraditable common-law fraud and money laundering — are not going to lead to a solution. Are we to expect that the kind of grey-haired grannies that I talk to on this subject should really quake in fear and rush to renounce their citizenship? Are we to think that the IRS will arrogate to itself the State Department and Immigration Courts’ role of determining who are American citizens and US Persons?

I neither seek new clients nor prepare tax returns. But I do hear stories, and I see that American citizens abroad are being denied bank services and that some, nationals also of the country where they live, are demanding to be treated, as public international law provides, as solely the nationals of the country of dual nationality where they reside. I wonder how long it will be before countries, while willing to give up their banks to the USG, aren’t willing to have their grannies threatened by a foreign country. I suspect we will see some countries at least take up their grannies’ claims to be protected from cross-border bullying.

For all the understandable eagerness of tax lawyers to assist those in irregular status — presumably chiefly the US residents among them — to resolve their noncompliance, I detect few or none eager to provide pro bono advice to the expatriate poor.

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April 13th, 2013

Dear Rep Adrian Smith and Rep John Larson,

I am writing to ask that the Financial Services Tax Committee of the Ways & Means Committee for Tax Reform to repeal or revise the Foreign Account Tax Compliance Act (FATCA) that is destroying the community of Americans working overseas.

As one of nearly 7 million American citizens living, working and voting from abroad, and contributing to the economic growth of the U.S. economy, FATCA legislation along with FBAR (Foreign Bank Account Report) is having serious negative consequences for those of use working abroad and for the US economy.

American citizens have become pariahs in the international financial community because of FATCA and are being denied financial tools essential for survival.

Business opportunities for Americans overseas are blocked due to the 10% American ownership reporting threshold for start-ups and business ventures.

Foreigners are backing away from investments in the US due to the increased oversight, risks and dangers of financial reporting in the United States

FATCA creates a new barrier to U.S. exports as companies, start ups are loath to hire Americans or deal with Americans due to increased exposure to the IRS/Treasury and reporting requirements

FATCA creates systemic risks for the entire international financial community.

**FATCA puts Americans working overseas at personal and financial risk due to unsecured data transfer of highly sensitive financial and personal information.**

I have been personally affected by this situation: I am a disabled 68 year old naturalized American citizen, married to a Canadian citizen and have resided in Canada since 1988. I pay taxes to my country of residence, Canada, and filed my US taxes every year according to the law. I have never owed any tax to the US because of the foreign tax credits. I have paid cross border tax preparers approximately \$42,000 since 1989 to fill out the US tax returns on my behalf (last year, I received a letter from an established accounting firm in Canada, which stated that they would not be able to prepare my 2011 taxes, or any future tax returns). The cost to continue to hire a cross border accountant going forward is at least 12% of my gross income, which is made up of social security and a minimal amount of interest, and this cost to me will increase as the paperwork for FBARs and form 8938 multiplies, especially when FATCA comes fully into operation.

In October 2009, I read in a Canadian newspaper that there was a requirement to report highest bank balances on a TDF 90- 22.1 form annually to the Department of Treasury. None of my tax preparers had ever brought this to my attention. I called the US attorney mentioned in the article, and he suggested that I enter the “amnesty” (I put this in parentheses because in fact it turned out not to be an amnesty but a bait and switch programme – see Nina Olsen’s report from the Tax Advocacy Group).

It took my husband (Canadian) and I three and a half months to locate bank statements going back to 2003 . Months later we were asked to photocopy every page of each bank statement including accounts with a few hundred dollars slated for my husband’s grandchildren. During the course of the next 23 months, I was treated as if I were a criminal by the IRS, as was my husband, who has never worked or lived in the USA. He was forced to send all his Canadian tax returns to the IRS agent who, in spite of receiving numerous affidavits signed by both of us, did not believe that the amount we transferred into our checking account for less than

five minutes in order to buy a draft for the price of our new house, was not his annual income. We spent months going over line by line of every transaction in our checking and other accounts trying to prove the percentage of ownership, and explain all transfers in and out, which occurs frequently in accounts used often on a daily basis.

All this was happening while my brother (my only sibling) was dying of cancer in England, the country of my birth. I was not able to fly to the UK to say goodbye to my brother, nor to attend his funeral, partly because my doctor advised that I was too ill to travel, and also because I was threatened with criminal prosecution if I did not meet an unreasonable deadline to pay the \$78K penalty for not filing FBARs on a timely basis. Once again, I point out that there was no tax owing to the USA. Legal and accounting fees came to just under \$24K, but this does not compare to the “Life Units” I lost that will never get back.

I (or my heirs) will be paying off this huge debt from my remaining (very reduced) retirement savings for the rest of my life. I believe this is contrary to the Constitution since I would classify this “debt” in the golden age of my life as undue hardship.

One of my doctors who wrote to the IRS requesting that more reasonable deadlines be given because of my health conditions, referred to the final outcome as financial rape. Another doctor diagnosed me with a form of PTSD, and told me that I would suffer with it for a “long time to come”. Yet another referred to the history of Americans as bounty hunters. None of these comments are good for the image of the USA.

I now live in fear every year that I get older that I might make a tiny error and be faced with additional fines. Recently I read that FBARS MUST be filed electronically as of July 1st 2013. My husband is very wary of identity fraud, and stated that he refuses to comply with this demand. Fines will be very steep.

My husband is still very upset that he has to give all his personal financial information (including account numbers, addresses of banks and highest balances) to a foreign government, and this has caused a lot of heartache in our once peaceful life. I know a number of people who have separated or divorced, or the American partner has been forced to renounce citizenship in order to keep the family together.

I used to be such a proud American, celebrated US Thanksgiving, stood to attention for the National Anthem and always tried to enhance the image of the USA, but when I recount the two year nightmare to friends and other Americans living in Canada (by the way, only one out of 56 knew about FBARs), I am now reluctant to call myself an overseas representative of the USA. To treat honest American citizens in this fashion and then arbitrarily change the rules midway through the OVDP, stating that anyone who had entered the “amnesty” was “willful,” is abhorrent.

I wonder how Americans residing in the States would feel if they had to divulge, explain and justify thousands of transactions in their checking and savings accounts, and other investments (and then be accused of hiding money offshore in the State and Country where they currently live, work and bank). FATCA is just another bitter pill to swallow, and is causing discriminatory actions against Americans living overseas (in the financial world and job situations).

Now that Canadians are becoming aware of the existence of FATCA, most are very irate that the estimated \$500 million it may cost each FFI to comply, will indirectly be passed on to them. Proponents of FATCA for overseas Americans are ignoring the existence of privacy laws in Canada and other countries. This is another deep source of concern. It certainly will not help the already tarnished image of the USA when Canadians and citizens of other nations realize that the IRS will be stretching out its arm around the world asking other countries to do its work for them.



Canada is NOT a tax haven as Finance Minister, Jim Flaherty, pointed out in a letter to the New York Times and Washington Post. Income taxes are much higher here than in the USA.

Please repeal or revise FATCA and please seriously consider the RBT proposal submitted by American Citizens Abroad (ACA). A move towards a residence- based system, like the rest of the world, would resolve the issues of FATCA and FBAR while creating a simpler and fairer system for Americans living abroad and increasing more tax revenue than the current system, which wastes compliance resources for very little return.

I would like to express my appreciation to both of you for listening to the voices of non- resident Americans and learning about the difficulties we face with regard to filing 1040s, FBARs and now FATCA, banking, investing (no mutual funds etc.). America may be the home of the free, but this does not seem apply to those of us who have chosen to live somewhere else.

Thank you again.

Yours sincerely,

**Patricia Anderson d'Addario**

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Suzanne Herman



Dear International Committee Chair Nunes,

I am a US citizen living in Canada. Although I have lived here for many decades, I have always been proud of my US citizenship. It is only due to recent policies undertaken by the US government that I have begun to question the value of that citizenship.

I have been politically active in matters concerning US citizens living in Canada. For this reason, my Member of Parliament, the Honourable John Weston, asked me to make a submission to the Canadian Government's Pre-2013 Budget Survey last summer in the hope that the Canadian Government would understand the importance of allocating Canadian taxpayers funds to examine some of the issues facing dual citizens and how those issues effect Canada as a whole. I am including the entire survey below, as it is a matter of public record, and excerpts from the cover I sent with it. The survey and letter may provide you with some insight into why US citizens are now renouncing their American citizenship in record numbers and how US tax policy plays a role in these renunciations.

\*Footnote: in my letter to the Canadian government, I state that it's been "almost 8 months" since I made a submission to the IRS's Offshore Voluntary Disclosure Initiative, when in fact it has now been 16 months with still no response from the IRS. In the past these initiatives found resolution for taxpayers in less than a year, further supporting the current need for tax reform in the US.

I also state that it is my intention to renounce US citizenship. It should be noted that I have not yet made that bold and irreversible move in the hope that our elected officials in Washington will make the necessary changes our tax laws need in order for Americans to survive while living abroad. I hope that your committee will consider my submission when working to create effective and fair tax reform for ALL Americans.

Yours truly,

Suzanne Herman

*My Submission To The Canadian Government:*

Dear Finance Committee:

***Pre- 2013 Budget Submission Concerning Citizens and Permanent Residences of Canada deemed US Persons by the US Government***

Please allow me to introduce myself. I am a US citizen, born in the US, who came to Canada with my Canadian mother and two siblings at the age of 12. I have married a Canadian, born in Canada, who through his American father is a US citizen by descent. I became a Canadian citizen in 1996. Neither of us has ever worked in the US, and I have not lived there since moving to Canada in 1968. We first learned about our requirement to file US taxes last August when we read about it in the press. I wish to emphasize that it was not through any direct effort of the US government did we learn of this obligation, although the US had the means to have done so.

My husband and I make every effort to be law-abiding citizens, and even though we have no real connection to the US, we still felt it necessary at the time to obtain the advice of a US tax lawyer. We were advised that the US does not consider ignorance of the law as a defense for never having filed US tax returns. It is with this information and much reservation that we decided to enter the IRS's "Offshore Voluntary Disclosure Initiative" amnesty program for offshore tax evaders. Any misgivings we had were far outweighed by the absolute terror of what maximum penalties outside the OVDI on our unreported 'foreign' bank accounts might do to our retirement savings and our way of life. US persons must disclose to the US government foreign financial assets over a specific threshold, an amount we often exceeded when maintaining bank accounts for our children, parents, businesses, mortgage providers, and retirement. Further complicating our situation was the sale of our principal residence in Canada, which was taxed in the US because it is not taxed in Canada. We believed that this capital gain tax combined with penalties associated with the late tax filing and FBAR's would be financially devastating outside of OVDI. Furthermore, it was revealed to us that our RRSP's are taxable by the IRS, compelling us to make the necessary US government filings to protect them from US taxation.

For us, there was no consolation in knowing that the Canadian government would not collect penalties against Canadians on behalf of the IRS. We felt that should the US decide to start enforcing its tax laws at the US border we may lose our ability to travel freely. Of a greater concern, however, was the enforcement of the Foreign Account Tax Compliance Act, a US law that will require Canadian banks to become collection arms of the IRS.

Since then we have learned through statements by the IRS's own National Tax Advocate, that we, and many people like us were misled into entering OVDI. The IRS guidance during OVDI led tax practitioners and taxpayers alike to believe that the penalty-abating provisions of the Internal Revenue Manual were no longer available to those with 'offshore' accounts. Through the NTA's report to the US Congress, it has been revealed that the OVDI's purpose is to entrap 'benign actors' into entering an amnesty scheme that often results in unnecessary penalties for those entering the program. After almost eight months we still have not received a response from the IRS. Until we do, we cannot seek the IRS's Tax Advocate's help in determining whether it's in our own interest to now 'opt out' of the OVDI, and in doing so perhaps eliminating all penalties. The uncertainty is stressful, weighs heavy on us, and is preventing us from making important financial decisions.

My husband and I are not tax-evaders or 'bad actors'. We are minnows caught in a net that doesn't discriminate between minnows and whales; a net easily avoided by whales, the 'bad actors', and the willful tax evaders who have the means to remain evasive; the majority of whom reside not beyond its shores, but within

the US's own borders. Instead, law-abiding Canadians are ensnared either because of a desire to act in good faith or because of a failing tax treaty that to some is not worth the thousands of pages of paper it's printed on. What is the purpose of a treaty when one party unilaterally changes its' provisions when it best suits their interests, leaving it's own citizens to be treated as second-class citizens in another country? US persons in Canada cannot contribute to savings as other ordinary Canadians can, as tax deferring savings plans in Canada are for the most part taxable by the IRS. We cannot save for retirement or for the education of our children as ordinary Canadians can. Under the current tax treaty, Canadian-US persons will forever pay the higher of the two country's tax rates and receive the lesser of either country's tax deductions.

I resent being treated as a criminal for having a bank account in a country where I am a citizen and being forced to report sensitive information that has nothing to do with income reporting. The Canadian government must uphold the privacy rights of its citizens. It is only a matter of time when Canadians with US citizenship will be shut out of banking services and mortgage funds because we place unnecessary risks on those who provide them. Canadians with US citizenship will be left out of domestic and foreign business partnerships because of IRS reporting requirements that leave those businesses vulnerable to the scrutiny and possibly crippling penalties by the IRS. Today, many US persons living in Canada are making the decision not to start businesses in this country because of the added high cost of US tax compliance. This is a loss to US persons in Canada, the Canadian economy, and all Canadians.

I resent being treated as a criminal for having a bank account in a country where I am a citizen and being forced to report sensitive information that has nothing to do with income reporting. The Canadian government must uphold the privacy rights of its citizens. It is only a matter of time when Canadians with US citizenship will be shut out of banking services and mortgage funds because we place unnecessary risks on those who provide them. Canadians with US citizenship will be left out of domestic and foreign business partnerships because of IRS reporting requirements that leave those businesses vulnerable to the scrutiny and possibly crippling penalties by the IRS. Today, many US persons living in Canada are making the decision not to start businesses in this country because of the added high cost of US tax compliance. This is a loss to US persons in Canada, the Canadian economy, and all Canadians.

The Government of Canada must not allow our financial institutions to release private information about Canadians under FATCA, whether they do it directly to the IRS at the expense of every account holder, or indirectly through a Canadian taxpayer funded intergovernmental agreement. The cost of FATCA compliance will be borne by ALL Canadians as its implementation and ongoing costs will translate to less profit for the banks, and thus less revenue for the Canadian government. A less robust banking system in Canada is a weaker Canada economically. The crippling costs of FATCA compliance will be ongoing for Canadian financial institutions as constant vigilance will be required. Canadian banks should not be allowed to implement policies that allow the IRS to attain information on accounts held jointly by family members and spouses who are not US persons, policies that will ultimately ravage families and destroy marriages. Canadian laws must not be changed to accommodate the financial demands of a foreign country. Should the Canadian government change laws to allow banks or CRA to request that information, Canadian citizens may have grounds for a Charter challenge against the Government of Canada. Conversely, if Canada takes decisive action to ensure its laws are upheld to the protection of its citizens, this would be a major precedent for other sovereign nations to follow. I have been blessed to have never felt persecution in my life-that is until the US government required me to pay it tribute on income earned entirely in Canada. I pray that the Government of Canada will not be complicit in this persecution.

For the survey questions for the pre-budget consultations 2012, is wish to attempt to answer each as they relate to a Canadian with US citizenship:

## **1. ECONOMIC RECOVERY AND GROWTH**

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The US government's Foreign Account Tax Compliance Act will burden the Canadian economy and all taxpayers dearly in terms of compliance costs and privacy, whether the banks report directly to the IRS or through the Canadian government. Parliament should forbid the implementation of FATCA, enacting substantial fines against banks for revealing account information to the IRS or any other foreign tax agency. The Government of Canada should provide a complete examination of what an intergovernmental agreement with the US on FATCA will cost the Canadian taxpayer.

US citizenship based taxation, by taking from the wealth and retirement savings of US persons in Canada, directly takes from the Canadian economy, and more greatly exposes Canadians with US citizenship to financial hardship and makes them less able to contribute to the Canadian economy.

## **2. JOB CREATION**

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Canadians considered US persons will see their ability to compete in domestic and international business negatively affected by US taxation and FATCA. IRS and FATCA reporting requirements increase the cost of doing business and expose the companies they are involved in to compliance issues that citizens of other countries or ordinary Canadians don't.

Certainly, as in the case of my husband's business, and any cross border business, the FATCA withholding of funds by either Canadian banks or the US government will effect job creation in Canada.

## **3. DEMOGRAPHIC CHANGE**

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

For various reasons, parts of Canada are experiencing a shortage of qualified people to fill jobs. Americans would be a good fit for Canada, but problems will naturally arise due to the US's policy of extraterritorial taxation, making these workers less desirable than those from other countries. The Canadian government must make every effort possible to persuade the US to abandon its policy of citizenship-based taxation in order to make American workers less impeded when competing for jobs and business opportunities abroad.

The taxation of US persons in Canada threatens the economic security and independence of those citizens by taking from their savings through taxes, penalties and the high cost of compliance. With Canada's aging population, it is of increasing importance that individuals are able to sufficiently save in order to supplement the government plans that are available. When the US government penalizes through taxation, the ability of US persons to contribute to even some of Canada's mandatory and voluntary retirements savings opportunities, US persons are left vulnerable and less able to contribute to the Canadian economy in old age

and will potentially place more of a burden on Canadian government subsidies. The Canadian government must examine what the cost will be to Canada's economy when US persons, unable to contribute to RRSP's, PRPP's, TSFA's, and RDSP's, are less able to contribute to the Canadian economy or cover the costs of their own care in old age.

#### **4. PRODUCTIVITY**

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Along with creating two distinct classes of Canadians, the US's extraterritorial taxation laws and FATCA will also create two distinct classes of US persons in Canada. The productivity of all US persons in Canada will depend in which class he or she falls. The Canadian government should examine how those with US citizenship who can remain undetected as US persons in Canada will be given an unfair advantage over US persons who are not so fortunate, those with US birthplaces on their identification, those already known to be US citizens, or those who if asked whether they are US persons choose to answer honestly.

#### **5. OTHER CHALLENGES**

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

In my opinion, Canadians who are deemed "US persons" face the greatest challenge of any group of Canadians. There are by estimates 1M Americans living in Canada, or almost 3% of Canada's population. A significant portion of the population, such as we are, cannot help have an influence on Canada's economy. The recent actions of the US government against its citizen's living in Canada have been life altering for many. Many US persons and their families feel under siege and worry tremendously about their future, resulting in a large number of Canadians adversely affected by the actions of the US. Canada should use its seat at the UN General Assembly to denounce United States extra-territorial taxation as a violation of the Universal Declaration of Human Rights and as a violation of the sovereign rights of other nations to have exclusive rights to tax within their own borders. With this, the Government of Canada should explore the allocation of funds it would need to make a legal challenge to the USA's extraterritorial overreach into Canada and the taxation of its non-residents in Canada. It would be valuable to examine whether the US policy of taxing its citizens abroad may in the long run cost the Canadian government more than if the Government of Canada was to invest in negotiating an end to citizenship based taxation now, and if in fact it could be achieved through treaty negotiation or through the courts. The Canadian government must use whatever means at its disposal, diplomatic or through the courts, to persuade the US government that its policy of taxing its citizens abroad is harmful to those citizens, and will cost the US government more in the long run by continuing to do so.

Barring that achievement, the Government of Canada should also make significant effort to renegotiate the Canada-US tax convention to better achieve reciprocity between the two nations. Through its "Last in Time Rule", US has already explicitly violated the treaty both in letter and spirit. This is not acceptable in any future agreement. Canada should insist that the US inform Canada of how much tax revenue is being collected

from Canadian sources from Canadian residents. In a new treaty, Canada should insist that income that is purely Canadian be taxed solely in Canada, regardless of the amount. Parliament should create a commission by which to study the negative effects of US taxation on Canadian residents and create various means of reciprocity for the US to comply with by paying compensation for those effects

Both the US and Canadian governments must make efforts to educate US persons in Canada of their US tax obligations. The IRS has the responsibility, duty and obligation to reach out to US persons living abroad to make filing requirements discoverable and known to those who are required to make them. The IRS seems to have deliberately ignored their citizens living abroad in its education and outreach efforts, when in fact these groups should have been the primary audience. Accepting this, should the Canadian government be unable to make a compelling argument for the US to invest in responsible and adequate means to educate its citizens, the Canadian government itself must step up to do so in order to protect its citizens from the potentially life altering consequences through the actions of the IRS. The Canadian government should be informing US persons in Canada of which measures our government is taking to protect their rights as Canadians or permanent residents

Finally, the Government of Canada must give consideration to the long-term effect its permanent residents and citizens with US tax and reporting requirements will have on the economic stability and tax base of Canada. Eventually, Canadian immigration authorities may need to recognize that US persons seeking residence here have inherently divided loyalties forced upon them by US tax policies, therefore becoming potential liabilities to Canada. As a result, it may become necessary for the Canadian government to restrict US persons from seeking permanent residency and citizenship in Canada.



## PSYCHOLOGICAL EFFECTS

[U-SS-A](#) 1 year ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-6036](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-6036)

In the words of Dr. Donald Young, University of Toronto Dept of Psychiatry:

For those U.S citizens who have elected to live abroad, be it in Canada or elsewhere, American tax policy can place such individuals in a position that engenders constant and severe emotional stress. The vindictiveness of the U.S. position, its unfairness and irrationality, the fact that neither the U.S. government nor tax and legal experts even know the rules and how to rationally proceed, and the constant threat of economic calamity are all factors that can be emotionally devastating. From my observations over the years in people ensnared in this situation, and I would count myself among us, it is common to experience substantial anxiety, depression, feelings of panic and foreboding, guilt over being branded a cheat and a criminal, fear, anger, resentment, and general feelings of helplessness and confusion. I have in fact seen some people who have become virtually suicidal at the prospect of losing everything for the “crime” of not paying taxes to a country they have not lived in for decades if ever at all. I am a clinical psychologist licensed to practice in Ontario with 35 years of experience. I have also been appointed an assistant professor in the Department of Psychiatry at the University of Toronto. In recent years I have had the opportunity to discuss and address these problems with many individuals who are trapped in these tragic circumstances

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Peter W. Dunn writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1232685582>

You haven’t talked to the victims. US FBAR law includes a possible 300% fine of their total financial wealth. Every form includes a \$10,000 fine for failure to file or for making substantial errors on the form. They are really afraid, and you don’t give a sh--. You don’t get the emails or phone calls from people who are depressed that they are contemplating suicide. These are destructive fines and the IRS has the ability to destroy anyone they want.

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### PRIVATE EMAIL TO NOBLEDREAMER

I became a dual citizen in 1967. I loved the USA. Lives and worked there for thirty years. I am grateful for the way they received and treated me. I came back to my country of origin and continue to pay my income tax to the IRS. Since a few years ago I don’t believe what I am going through, I feel that I am treated very unfairly by the USA for the first time in my life. I am in failing health and I am spending sleepless nights afraid of losing my small life savings. I have to comply now with so many forms and information that it is always difficult to know if I am doing it right. I can not prove this but I suspect that my health is deteriorating because of this. I never expected one day to me in this predicament, of the USA being unfair to me.

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Thatisme 4 months ago

[http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment\\_blogAndPostId/blog/comment/1057-30572-7935](http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment_blogAndPostId/blog/comment/1057-30572-7935)

Once again Mr. Wood. I am beginning to give up. In my thirty years in America I used to hear: “you can’t fight city hall”. Never quite understood it. Now I do. In my situation I believe the best I can do is to shut up and every year go from January to September or October collecting data, filling forms and send them to a CPA in NYC to do my IRS Return, FBARS and all. I And much long to go in this world. And I regret having one day, many, many years ago going to an US Court and become an US Citizen. Thank you for all your help.

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jtns wrote: 12:40 pm February 18, 2015

<http://blogs.wsj.com/expat/2015/02/18/when-american-expats-dont-want-their-kids-to-have-u-s-citizenship/tab/comments/#comment-503>

I’m a retired FSO who spent my 28 year career all as a consular officer overseas. It almost seems that 9/11 was used as a pretext by the U.S. to wage war on our own overseas Americans: exorbitant fees for consular services, inaccessible embassies, hard to get appts to see a consular officer, FATCA, closing of overseas IRS assistance offices, a Washington bureaucracy that really does not ‘care.’ By the time I retired in 2011 I was almost ashamed, overseas Americans deserve much, much better.

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SadOne

<http://isaacbrocksociety.ca/renunciation/comment-page-154/#comment-3426721>

We are nearly 70 years old. When I said modest income the total in the retirement plans would be in the order of \$400k. We depend upon the much long to go in this world. And I regret having one day, many, many thousands of dollars in penalties, back taxes on the employer contributions, and perhaps/probably a “willful” penalty outright loss of half our retirement savings. Then on top of that FBAR/Fincen penalties of what tens of thousands more dollars? That would pretty much end up taking the entire balance in the plan and maybe even more.

I’ve let my family down. At my age even if I could find work there would be no way to recoup what will be taken away. When there’s no hope it seems pretty hard to know where to turn, what to do. Too late to take out a life insurance policy and besides I’d die a US citizen and owe more tax. The sad part is over the last 30 years I spent hundreds of hours filling out tax returns genuinely believing I was doing the right and correct thing all along. The \_really\_ sad part is what I’ve done to the family. I’m pretty depressed. :(

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Taxidea Taxus writes:

<http://thehill.com/blogs/congress-blog/foreign-policy/197953-canadas-fatca-capitulation#comment-1240733848>

This will deeply scar any future relations with the US. In my Canadian family we will never forget the extortion and injury done to us by the US....

Deckard1138 writes:

<http://thehill.com/blogs/congress-blog/foreign-policy/197953-canadas-fatca-capitulation#comment-1240689630>

You know, most of us, in our heart of hearts, had never completely abandoned America. But now, it is painfully clear that America has completely abandoned us.

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EmNotEx writes:

<http://business.financialpost.com/2014/02/11/canadas-u-s-tax-capitulation/#comment-1240734184>

I am not a US citizen but according to US bizarro thinking and due to US bureaucratic bungling I am sentenced to being a “US person” for life. Time will tell how long I am able to bear the stress of this situation.

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<https://fbartherapist.wordpress.com/>

June 2013 – Obama’s IRS and the effect on U.S. citizens abroad

*What follows are the observations of a non-U.S. citizen of a meeting of U.S. citizens abroad who have been traumatized by the IRS. This is simply incredible. It explains why many U.S. citizens abroad live in a state of terror, trauma and fear. What do they fear? They fear the government of that “great citadel of freedom and justice” – the United States of America.*

I have always been under the impression that many people sacrifice their lives, families, etc. in order to get into the USA and become American citizens; and I never imagined that anyone who has this “privilege” is willing to do anything and everything to renounce their U.S. citizenship.

Recently, I met a group of people in Toronto who were claiming that they have been traumatized by the Internal Revenue Service (IRS) and its rules. My understanding from this rule, The Foreign Account Tax Compliance Act (FATCA), is IRS requires US persons to report their financial accounts outside of USA.

At first glance this issue didn’t seem to be a problem with this issue, and the first question that popped up in my mind was, why are these so called “US citizens” having problems complying with their civic duties; after all, Canadian citizens are also required to report their income, gains, losses, and assets to Canada Revenue Agency (CRA).

Then, I realized that the IRS and some US officials are working with foreign governments and financial institutions to become a vehicle to disclose private and confidential financial information of their American citizens and clients to the IRS. Now, I am thinking, why should Canadian tax money subsidize collection costs of a foreign agency? Don’t we have enough challenges in Canada that need immediate attention?

However, the momentum of this meeting changed drastically after just a couple of minutes, when the first attendee stood up to introduce herself, giving her reasons to be there, instead of enjoying the beautiful and pleasant weather, that Saturday morning.

A mature lady from the front row stood up, and said that she left US in the sixties, and has been in Canada, her new home, ever since, and she obtained her Canadian citizenship in the early nineties. She and her

husband, who passed away a couple of years ago, considered themselves as good citizens, who paid their taxes, obeyed the law of the land, and raised their children with the same values.

She seemed to be very upset, apprehensive, and afraid of her future in her retirement years. Apparently, she has been notified, sometime within the last three years, that she must comply with the new US rules, and is about to lose her life savings, which by the way were earned in Canada, by her and her late Canadian husband over the last forty years to IRS, because she was born in United States of America.

The second lady introduced herself and said that she came to Canada about 35 years ago, worked here and raised her family. She emphasized that all these years, she has been in compliance with IRS and its rules and regulations. She and her Canadian husband invested in a mutual fund over years in Canada. She broke down in tears just after a minute, as she described that recently she also has learned about rather confusing FATCA rules that could drastically affect her family in her retirement years.

The rest of the attendees followed suit and one by one described their circumstances and expressed their emotions in different ways, a few cried heavily, some were very angry, and many were extremely attentive and laser focussed, grasping as much information as they could that could help their situations.

These strangers, who have never met each other in the past, started to bond with each other, engaging, sharing their experiences, describing the circumstances they were in, offering the knowledge they have obtained in the last few short years, etc. for 6 continued hours under one roof.

In my short life I witnessed many people from many walks of life who cried in public for different reasons: loss of health, loved one, home, asset, career, passion, etc. However, it was painful to observe experienced grown men and women succumb to the pressure of “what if IRS does...., what will happen to me and my family.”

Probably FATCA was originally designed for those are involved with offshore tax evasion, and recover unpaid federal taxes; however, watching these people and their suffering tells me that there has not been sufficient consideration in recognizing different scenarios, or communicating with the public. I guess when there is a fire, wet and dry burn together.

We live in a violent world, and violence manifests itself into a variety of shapes and forms. Some of us are born to survive and some are here to fight with those who abuse their power. Either way there is a hefty toll has to be paid: financially, emotionally, and socially. Those who have the privilege of designing and deciding on policies that affect a significant portion of population should consider how their actions contribute to human progress.

Then there is the question of how much value a government allocates to patriotism. All these attendees expressed their genuine devotion to the idea of America and being American patriots, However many of them seriously consider the option of renouncing their citizenship, mainly because of the shortcomings of the present US administration. Neither money, nor force can replace the value of loyalty of citizens to their land and identity. Can a government afford to lose its most valuable assets – Its citizens!

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**PRIVATE LETTER EMAILED TO NOBLEDREAMER**

30 years ago I left the US and moved to the UK to attend graduate school at a UK university. I met my husband there, married, and never returned to the US.

Nevertheless, I submitted a US tax return every year. I had investments in the USA (money originally saved for university which I had not drawn upon). And every year I paid any tax due to the US (usually zero, occasionally a small sum).

It was some time in 2011 that I first heard the word 'FBAR'. I had never submitted one. My accountant was my father, a retired CPA, who had never mentioned it. I was alerted to it by a neighbour who knocked at my door one morning, ashen faced, saying that her husband (a man of 75 who had lived outside the USA for 50 years) was beside himself with worry having found out that his retirement was in jeopardy owing to some form he had never heard of.

This was at the height of the FBAR reign of terror, with overseas Americans leaping like lemurs into confiscatory OVDI programmes. My English husband and I had recently bought a house and the money – hundreds of thousands of pounds – had moved through several of my bank accounts before heading to the vendor. FBAR penalties would require me to pay 25% on each of those accounts, over five years – penalties on money that mostly never really existed. Quick addition made it clear that FBAR penalties would wipe out everything I and my husband had and leave us in debt for the rest of our lives.

I sought advice from an 'international tax expert' who confirmed I would have to pay this vast sum amounting to well over a million dollars. When I protested, his response was 'well, it's better than jail'.

My terror was such that I became ill. I had to take leave from my work (I took 5 months off work and was very lucky that my employer took me back after that). I suffered a mental collapse and, as someone who had never had any mental health problems of any kind, was forced to take anti-anxiety medication. I lost 20 pounds (from an already thin frame) and did not sleep for months. My marriage was very badly affected – I'm lucky it survived. I have not had a truly happy day since.

Laboriously, over many months, I put together the information to fill in many years' FBAR forms (like many people in the UK, I have had dozens of different bank accounts over the years). It was very difficult and costly. I engaged a tax lawyer who charged £475 (around \$700) per hour. I engaged an accountant specialist to amend tax returns. I spent some \$10,000 on this project.

All this as a (once) loyal and law abiding American.

I am now ashamed of the country where I was born and want nothing to do with it. I make sure to no longer invest there. Before 2011 I had no involvement with Americans living in the UK. Now I do, if only for mutual support. All feel nothing but bitterness and betrayal towards the USA.

I beg the US government to implement resident-based taxation rather than citizen-based taxation as soon as possible.

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Paul G Melbourne Australia

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527384>

The truth is I'm a bit scared. I've been abroad for nearly 30 years: first as a Peace Corps volunteer, and then as an English teacher, and now as a salaryman. Expats come in three flavours: short-term, for fun; mid-term, on corporate welfare; long-term, for love or for hate. The long term ones -- love or hate, an echo of that bumper sticker: Love it or leave it. And we used to share a memory of the States, a joke, a bit of common culture but now we hardly mention it. The uncle that gone mad, the the aunt who rages against the dying of the light, but none the less who still haunts the corridors of power. And we used to not care, thinking 'we don't bother you, you don't bother us'. But our conversations have gone quiet and there's an unease, a hesitancy, a furtive glance: we're scared to say it outloud. Re-read Mr Tepper a second time between the lines and the emotion will float up, the anxiety will rise, the heart slightly quicken.

We're scared, fellow Americans, like you. Reading some of the harsh comments on here and NPR and other places makes me scared, and quiet.

Not with a bang, but with a whimper.

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richmond Canada

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526539>

As an American dealing with these issues - does it make those of you who are so dismissive feel better to know that I have shed tears over the thought of renouncing my citizenship? I value my citizenship but complex IRS laws makes me fear inadvertent non-compliance, where penalties can exceed your net worth even when you owe no taxes. No American living in the US faces that situation.

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Ruth Freeborn 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-5930](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-5930)

Robert, an information meeting was held in my smallish city last Saturday. I attended re: FATCA. Forty people showed up to learn more about this. Most were just now learning of it. Nurses, musicians, Canadian military families, were there, former U.S. military too. Not one was an overseas tax cheat billionaire. The question was asked

"Who has already renounced" I raised my hand as I already have done so to protect my family. Then the question was asked "Who is planning to renounce?" Every single person raised their hand. This is a tragic situation going on. The look of fear on these people's faces, wondering how they are going to deal with this and figuring out what's involved in renouncing.

That is for those who can renounce. Two people I spoke with have elderly parents who were dual citizens and both have senior dementia. They were both born in Canada and never considered themselves American. They both have their names all over their parents' accounts. This thing is an absolute mess here. I still think the

vast majority either do not know yet or they think this might not apply to them since they aren't rich. Only the U.S. has something like this public "name and shame" list. It's really not accurate. I think this list now is going to show the problems with FATCA. Most people on there are not going to be wealthy. They simply going to be families who could not comply \*as Nina Olsen\* said with this and who will lose their citizenship. It is a real eye opener to stand in a room full of these families affected. They all feel so betrayed. Yes, the list is inaccurate and if we are going to name and shame anyone this time there are a few names of people I'd like to see called out. Those who would not adjust this at all even after hearing hundreds of submissions from those who won't be able to comply. They should be named, in bold. I don't think history is going to look kindly on this situation at all.

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[Pastbeyond60](#) [Repeal FATCA](#) • [6 months ago](#)

<http://business.financialpost.com/2014/08/20/cra-will-not-assist-irs-in-collecting-penalties-against-dual-citizens-subject-to-fatca/#comment-1552069384>

Does the US legislature have any idea at all regarding the level of devastation they are inflicting on the entire planet? When you speak to the folks in DC, as I imagine you have a few "ears" down there, what do they say? How do they justify this? I cannot believe they are so foolish and uninformed to believe this is about stopping tax evasion. They know the wealthy tax evaders are not going to get caught by this and it is only the retired grannies/little guys they are utterly destroying. Inflicting all of this hurt to fund the US government for 2 hours a year, really? In what universe does this make any sense? Do they read any of our stories in the comments sections? The levels of depression, fear, divorce, full blown anxiety disorders, alcoholism they are inflicting on innocent, law abiding souls around the world. How governments are too afraid to protect their own citizens.

They justified invading Iraq even though there were no WMDs found as saving the people from Saddam. Who is going to save us from our own version of Saddam whose name is Uncle Sam? (No this is not an exaggeration, if someone comes in and takes all of your life's savings and puts you on the street for no reason other than having a US tattoo, causes night terrors about finding yourself jailed for having done nothing wrong, doesn't allow you to visit/care for your aging parents, care for their grave, attend family/friends funerals well, I'd say this is mental torture of the first order. They make it virtually impossible to shed yourself of this tattoo, a tattoo you most likely never wanted in the first place.)

My vision is they all just walk about the halls of congress pounding their chests, high-fives all around gloating over the fact they were able to extort the entire world. After all it is just their Manifest Destiny playing out. This is just simply inhumane torture conjured from distorted sick minds deluded by their conviction of exceptionalism.

Please Mr J, you have their ear, tell them to st

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## **PRIVATE EMAIL TO NOBLEDREAMER FEBRUARY 1, 2015**

PLEASE, spend a single moment to walk in my shoes.

I am hopeful the Senate Finance Committee can take a few moments to read and actually understand how citizenship based taxation and FATCA are ruining the lives of honest hard working low-middle class people that have, for varying reasons, ended up living abroad.

I have lived in Canada since 1976, worked hard all of my life to support myself, my children and save for my retirement. The reoccurring nightmares throughout my life have always been filled with the terrors of being unable to accomplish this. My children are now grown and I am a senior citizen living off a very modest retirement I was able to put aside.

Being of the lower-middle class I never thought I would be subject to taxes, especially to a country I did not live in. I understand now that I was mistaken. I cannot afford to come into compliance and I cannot afford to renounce. I will not allow you to bankrupt me and make me a burden to my children. You may assume I am not the person the IRS is after. You are mistaken. I am exactly the person they can easily catch and destroy in FBAR fines. I am the sitting duck they can quite readily decide is willfully non-compliant and I cannot afford a fancy lawyer to fight this determination. The FAT CAT tax cheats you say you are after are long gone, you know this. This law was intended for folks like myself.

Since I have learned of this immoral insanity you are unleashing upon the world I am terrified to enter the United States. Being a proud Daughter of the Mayflower and having taken my children to the Mayflower Compact Monument in Provincetown and proudly pointing out very great grandfather's name, having gone to the Harlow homestead in Plymouth and proudly teaching my children of their heritage you have now made me shake my head in wonder as to where my country has gone. I am now ashamed, as you should be. You are now the legislators that are keeping me from tending my parents' grave, from caring for elder relatives needing my help and indeed one day attending their funerals. I ask you to search deep within your soul and decide if you can actually live with yourself after passing such legislation, if you can justify in your heart citizenship based taxation and FATCA. If indeed you can than my only wish is that you rot in Hell, which is what you deserve.

I will soon be divested of all my assets. Better they go to my children than a country I get nothing from nor expect anything from. At least I have enough integrity to not ask my children or Canada to support me because I just happen to have been born in the United States, a nation which has decided it has the right to rob innocent people and nations of their assets. Please tell me where I should report to serve my jail sentence. All I ask is that you keep me there until I die.

I have always been a loyal extremely patriotic American. Being a Daughter of the Mayflower I have taken my children to the Provincetown memorial honoring the signing of the Mayflower Compact. I felt great pride in pointing out their "very" great grandfather's name, they experienced the same. We have visited the Harlow house at Plymouth Plantation and again felt great pride in our lineage to the founding fathers and mothers of our great nation. This can never be taken away from us.

Sometime back in the '70's my then husband and I came to Canada for what we thought would be a two year fellowship for him. At the completion he was offered a position and we stayed. Along came two children and we settled into our new life. At some point we decided we would like to vote in Canada and became Canadian citizens. During this time I was a stay at home mom and my husband the breadwinner. He took care of the finances and tax obligations.

Fast forward thirty years: I am now a divorced senior citizen living off a fixed, very modest retirement savings account that was given to me as part of a divorce settlement. I never knew anything about US tax obligations and even if I had I would have just assumed my means so very modest and again, not earned income but part of an equalization of assets from divorce, that the US would have no interest in me.

Very recently a neighbour gave me a financial article regarding FATCA. I had never in my life heard of FBAR. In an instant my life came tumbling down. The modest amounts I have squirreled away in tax free savings accounts, just barely above the reporting limits on occasion, combined with my checking account will render me bankrupt in form filing delinquency penalties.

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**MrsUkSofA**

<http://isaacbrocksociety.ca/2011/12/14/about-the-isaac-brock-society/comment-page-8/#comment-1998542>

I am a dual citizen EU/US (born in the US to Europeans) who has been living in the UK for over 20 years, basically all of my adult life. My husband is UK (NRA) and has earned the vast majority of our income whilst I stayed home to raise our children. From what I understand about the UK IGA it is not an immediate threat to us but more like a silent cobra ready to strike. We're effectively living on our pension so if we sold our family home or either one of us passed away the financial consequences of being a "US person" could be devastating. I think it's fair to say that the IGA has impacted me more psychologically than anything else. Fear, hopelessness and disbelief as it goes against everything taught throughout my US education. Constitutional rights? What a load of "beep"! "Land of the free"? I feel anything but free and there is the Atlantic between us! I used to feel proud of my "international" upbringing and now I feel completely trapped by it. With this anger in mind I can only imagine the outrage felt by those of you who never even lived in the US as well as those who became Canadians but have now been "reclaimed" as "US persons".

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[RAFREE PIOGGIA](#) • [4 months ago](#)

<http://www.cnbc.com/id/102141113#comment-1664022429>

My dad was in the army, my grandfather was head of Disabled American Veterans organization for his state after WWII, my uncle served a tour in Korea and two tours in Vietnam. That uncle was very dear to me and before he passed away I discussed the situation I found myself in with him. He replied "I'd have to do the same thing in your position." I'm truly sorry you have come to feel the way you do. Sorry, I had to make the decision \*Non decision\* I Had to make too. I'm just sad and sorry all the way around about the way things are going right now. Thank you for your service anyway. Despite the commentator saying to "quit whining" I often have tears in my eyes over a lot of this. Especially not being American on paper anymore. The commentator can skewer me for being emotional again in another video if he likes. So be it. Best of luck to you and I mean that with all my heart for what it's worth.

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**LS EMAIL TO NOBLEDREAMER TUE, FEB 10, 2015 AT 2:26 PM**

I am single and retired. I was born in the U.S. to Canadian parents and moved to Canada in 1965 with my family at the age of 6. I never claimed U.S. citizenship and believed I was a Canadian citizen only until 7 months ago. I have never had a SSN or U.S. passport. I have never lived in the U.S. since the age of 6 and I have never worked there or owned any property there. I have no ties to the U.S. The last time I was in the U.S. was over 20 years ago.

I have been under a great deal of stress and emotional turmoil since finding out I am considered a U.S. citizen. Since I saved for my retirement, I have a Canadian RRSP, TFSA (foreign trust) and mutual fund investments (PFICs). Since I have these investments the cost to become tax compliant and renounce would probably bankrupt me.

~ LS

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[RAFREE Pastbeyond60](#) • [4 months ago](#)

<http://www.cnn.com/id/102141113#comment-1664003406>

When I realized the shocking fact that I probably would not be able to keep my citizenship of birth and of a country I love I started as any typical American would do to fight back and try to help see if there could be some amendments. I wrote to congress people including Levin. I told Levin while the stated goals of FATCA seemed laudable it would result in a lot of people not being ABLE to remain citizens of the U.S. I invited him over the border from Michigan to have a sit down to discuss, I wrote to Nina Olsen, sent several letters to House Ways and Means committee. I contacted ACA \*American Citizens Abroad\* and Americans Resident Overseas organizations, I attended meetings here with expat families \*still haven't met a rich one yet!\* I sent more letters when AARO went to D.C. to meet with congress persons. They met with five who said they had sympathy for our situations and were uncomfortable that this was happening but, also said they could do nothing about it. Three years went by. I had to see the hand writing on the wall. I became Canadian and relinquished my U.S. citizenship. It was just simply heart wrenching to do it but, there just wasn't any other way. I am sorry to read that Americans in the U.S. think such things are of no consequence. I have many, many family members living in the U.S. and many,many who have served in the U.S. military. Some still alive and some not. My family back in the U.S. are also heart broken and have been put through hell over this. I really am at a loss. It is laudable to want to get to tax evaders, drug lords and criminals. Harming innocent proud Americans living abroad for family reasons, for medical reasons is not the way to do that and in some cases the American in the family abroad CANNOT keep citizenship and CANNOT wait forever to have to give it up. Despite the commentator saying to "stop whining" I think I'll never get over being put in a Sophie's Choice position to not be able to remain an American citizen. And btw, I would not ever owe any tax to the U.S. We were told among other things our mortgage was at risk for not being renewed. I am fifty six years old and was a stay at home mom to a kid with a lot of medical problems. In 2008 the Obama campaign called people like me "medical exiles" In 2010 I was lumped in with criminal tax evaders by some bizarre calculations of congress and treated the same as those characters. Interesting Americans have no problem with worst murderers in prison being able to keep their citizenship but, think it's perfectly fine that law abiding Americans abroad are now in a lot of cases going to lose theirs like it or not

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**LH VIA EMAIL TO NOBLEDREAMER****My Story**

I am a Canadian citizen who has been living in Canada for almost 50 years who was born in the US to two Canadian parents. My parents decided to return to Canada when I was 9 years old. They were told that their children would have to «claim» US citizenship, if they wished to have it, after the age of 22. I chose not to claim it. I have never had a SSN or a US passport and have never worked in the US or owned property there, I have no ties to the US. I am married to a Canadian citizen who is not a «US Person» and has retired, I was a stay-at-home mom. I was horrified to find out last year that the US was claiming me as a citizen and calling me a criminal for not filing US taxes. I am the victim of a US law change that was not communicated to me and has denied me the option of renouncing this citizenship years ago when it would have cost me nothing to do so. I immediately wanted to renounce but found many roadblocks in the way. I would need to file 5 years of taxes to satisfy IRS claims on me, paying thousands of dollars in accounting fees, owing little in US taxes, pay the fee of \$2,350 US to renounce and deal with the restricted access to the necessary US Consulate appointment.

Since finding out that the US considers me to be a citizen I have been depressed, I feel the joy is gone from my life. I don't sleep well at night anymore and I wonder what the stress is doing to my health. I have arguments with my family about what to do about this terrible situation the US has put me into. My elderly parents regret ever having lived in the US. This is not the life I want to live, this is a nightmare I cannot awaken from. My non-US husband has opened his own accounts and I no longer have access to the family money. He feels the US has no right to know anything about his financial affairs. FATCA, FBARs and US CB taxation threaten my family with bankruptcy. Because we did not know I was a US citizen we have not structured our lives to adhere to the life restrictions the US places on me. My birthplace jeopardizes the well-being of my family. I chose not to «claim» the US citizenship, I acted in good faith in regards to the US law I believed still existed. Why do I not have a right to renounce this citizenship that I never wanted and be free of tax implications without it costing me a substantial amount of money? Why do I owe anything to the US, I pay taxes in Canada and receive benefits only from Canada? I did not choose my birthplace nor did I have a choice in my departure from the US yet the US wants to punish me and my family for this. The only thing I ask of the US is to please let me go.

~ LH

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**A WOUNDED EXPATRIATE VIA EMAIL TO NOBLEDREAMER WED, FEB 4, 2015 AT 4:38 PM**

It has been difficult to overcome my recently-acquired paranoia and voice my concern and anguish after long months of agonizing disappointment! I am a 77 year old expat, born in Chicago, Illinois, and have been living in Europe for 53 years, never having been aware that filing tax reports for the IRA was obligatory. On September 1, 2014, I learned I am being called a tax cheat and criminal. That is the day a letter arrived from my bank requesting information to be turned over to the IRS, and that is when I first even heard of FATCA, FBARs and U.S. citizen-based taxation. I immediately closed my small account and canceled the authorization that enabled me to deal with my husband's account, as there was no way I would succumb to my non-American spouse becoming embroiled in this unworthy U.S. maneuver. I was told that, had I not closed the account myself, the bank would have done it. Either way, it has put us in economical distress because I cannot accept any work or sell my hand-made products since being an American, no financial institution will

handle my monetary transactions. It is a huge strain on our economic situation, which has always been in the minimum range, but is now even tighter as prices are on the rise where we are living. I suffered a period of absolute torture, outrage, disbelief and depression, until I finally wound up sick and am now on medications. I could not believe that the America I knew, the land of fairness,

When I came to Europe 53 years ago, I had no assets, no trusts, no insurance, no return address in the U.S. No one talked about citizen-based taxation back then. In Europe I paid for my own studies from saved money and occasional part time work. During all those years, I had and presently still have virtually no contact with other Americans and live with my European husband in a very small town. On my occasional trips to American Consulate offices to renew my passport, no one ever mentioned CBT. Notice of it appeared for the first time in 1996, but who reads the text in one's eighth passport?! Even had I known about the filing obligations, my very existence and that of my family would have been jeopardized had I tried to send tax documents and/or foreign currency out of the country we live in. It was forbidden, as was dual citizenship.

My husband is the bread winner in our family; I never had a regular income. That is why we find it so absurd that I, and so many like me throughout the world, are required to file tax reports all our lives to the USA! Why should I give money from here to something I never use over there? It is a terribly misguided law for those of us who never intend to return, never use its infrastructure or receive any benefits from it and never ask for any. If you look at it realistically, even our passports are no privilege: they are items bought and paid for.

I cannot reasonably expect the government where I live to protect me from an intrusive government that assumes it owns me as long as I remain the it's citizen. I am now in the process of relinquishing my US citizenship. I was proud to have been an American and was a good ambassador; now I am appalled by the oppressive legacy I may have unwittingly saddled my children with. They have never set foot in the USA, nor do they intend to. All they want is to live their lives normally in the country of their birth. And they are not in a financial position to pay that exorbitant and unjustifiable release fee!

I am grateful to the Isaac Brock Society website (and others) and the efforts of all their contributors to help clarify the FATCA issue and try to return some sanity to a nation gone mad. They have given me the courage to write this letter. My sincere thanks.

**Suzanne Kiraly Moss**

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**Thatisme**

[http://www.forbes.com/sites/robertwood/2014/11/15/i-am-canada-hear-me-roar-mr-president/?commentId=comment\\_blogAndPostId/blog/comment/1057-31907-8534](http://www.forbes.com/sites/robertwood/2014/11/15/i-am-canada-hear-me-roar-mr-president/?commentId=comment_blogAndPostId/blog/comment/1057-31907-8534)

Mr. Wood, again thank you. I lived and worked in the USA for thirty years. In 1967 I was proud to become an US citizen. I am now back in my original country, with a failing health afraid to lose my small life savings in sleepless nights for the past many years. I never thought that this would be happening to me in my very old age. I cannot believe that this is happening in a Country supposed to be fair where there is no taxation without representation. Too late!

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Thatisme 1 month ago

[http://www.forbes.com/sites/robertwood/2014/11/10/fatca-letters-promise-disclosure-to-irs-what-to-do/?commentId=comment\\_blogAndPostId/blog/comment/1057-31692-9917](http://www.forbes.com/sites/robertwood/2014/11/10/fatca-letters-promise-disclosure-to-irs-what-to-do/?commentId=comment_blogAndPostId/blog/comment/1057-31692-9917)

Mr. Wood, between you and me, do you think that what is being done to Americans who live and work abroad is fair? Do you consider them the same as the Americans who live in the mainland and invest US earned money in foreign banks?

**Robert W. Wood**, Contributor 1 month ago

I personally do not think it is fair. No, I do not consider Americans in mainland U.S. the same. I don't think this is a close question either.

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TriciaMoon 5months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostId/blog/comment/1057-29843-7385](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostId/blog/comment/1057-29843-7385)

It is completely out of line to accuse the writer of this letter of racism. To bring that into this discussion is just garbage.

You seem unfamiliar with the fact that Senator Obama supported FATCA and signed it into law in his first term. Americans abroad supported Pres. Obama heavily due to the promises he made, see here: [http://obama.3cdn.net/610c7f29ee85b124a3\\_3cm6bxltu.pdf](http://obama.3cdn.net/610c7f29ee85b124a3_3cm6bxltu.pdf)

Particularly pertinent to your remarks, was the promise to provide a census for Americans abroad. We have no real representation in the Congress. In an early comment, Ms. Bugnion pointed out that the maximum represented in any Congressional district is 2%. You may remember how important the concept of “no taxation without representation” was in the founding of this country.

As to directing comments to the Congress, they are fully aware of this situation and simply do not care, nor do they have to since we have no voting power. Perhaps that is why the writer chose to direct the letter toward the President instead.

We often hear about the “privilege” of having been born in the US. And certainly, there are sides to that. However, when one has returned that “privilege” by growing up responsibly, educating oneself, abiding by the law, providing for oneself via employment, voting and so on, the country has received something in return. That is the most any human being can do. I wonder how many who harp on that do dishonest things, harbor hatred, cheat themselves on taxes; does that represent a respect for the “privilege” of being born American? Look at the state of the country and please show me that somehow we are the ones who lack respect and appreciation.

Americans abroad are one of the ONLY positive influences the US has going for it. And irreparable damage has been done by the irresponsible and reprehensible acts regarding this situation. No efforts to educate Americans abroad of the requirement to file tax returns. None whatsoever about FBAR, an obscure law never enforced for over 40 years. The creation of so-called “amnesty” programs to bring people into compliance



with simply hideous and vicious levels of penalties. You are obviously not aware of all this. Never mind the argument that we receive NO services whatsoever and the concept of citizenship-based (or rather, birth-based) taxation amounts to the US “owning” us. This is wrong. All countries in the world save the US and Eritrea tax based upon residence. We pay where we live. And it is quite enough already.

It is most unfortunate that some homelander, having no concept of what is going on, feel compelled to comment with “good riddance” and “don’t let the door” and so on. Anyone I have spoken to directly in person has been horrified by the way the US govt treats its citizens abroad. It must be something about the written word that lacks the ability to elicit at least some understanding and perhaps concern for your fellow Americans. This is truly a deplorable situation. What do you gain from being so malicious?

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Granny 5 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_BlogAndPostId/blog/comment/1057-29843-7379](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_BlogAndPostId/blog/comment/1057-29843-7379)

@ Tricia Moon, Thank you so much for your comment. So very well said. These people need to remember that they too have come from somewhere else through their ancestors. The US would not exist without immigration. The lack of understanding and compassion in the comments made here is unbelievable. “Good riddance” comments are insulting to me and others. I have been caught up in this mess because the US changed its laws and did not bother to let anyone know. I feel betrayed and most people I talk to cannot believe that a country would treat people this way. Maybe this is why you can’t believe the above letter is real. My husband has ancestors dating back to the 1700s in the US, he thankfully is fully Canadian as his father could not pass citizenship on to his children and probably lost his own when his father moved to Canada. Unless the US changes its laws again... I have no such ties, my parents simply thought that they would take advantage of an opportunity to move to the US. They changed their minds after 10

years and returned to their home country where their families lived. “Good riddance” you say. It’s a decision they regret having made now, since it has thrown their children in this citizenship mess. All through history there was a lot cross border moves between the US and Canada. Now US citizens will have to consider very carefully all the tax implications of making such a move. As this situation becomes more and more public, the US may have to answer for its terrible treatment of its citizens abroad. The US worries about the “optics to the world” of how it treats the people coming into its country illegally, especially the children. This is much worse, these are people it deems its citizens who have only made a choice to live elsewhere

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Granny 5 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostId/blog/comment/1057-29843-7408](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostId/blog/comment/1057-29843-7408)

@ ross senft Maybe the situation has changed because the US is constantly changing the tax rules and making it harder and harder to comply. The punishing tax treatment of mutual funds is fairly recent. Also there is a US tax deduction for earned income, once you retire, that changes and the mismatch on the types of income incur more taxes to be paid in the US. The double taxation may hit harder on retirement. FATCA requires your local banks to send information to the IRS. How would you like all the information of your investment account , deposits, withdrawals and balances to be sent to the IRS? In Canada this violates our



Charter of Rights, that's why there is a lawsuit that has been started against the Canadian Government. The US government has promised to "work toward" the same sending of information to other countries as well through this agreement. That won't happen, we all know that, US citizens value their privacy and there would be uproar, but you don't seem to care about your fellow citizens abroad. Have some sympathy. This is not "Bull-crap"

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**mjh49783ab** writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1236452371>

We're talking about Canadians with US ties, and nothing to hide. Their only crime? Trying to live normal lives.

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**Thatisme** 5 months ago

<http://www.forbes.com/sites/robertwood/2014/08/07/many-americans-renounce-citizenship-hitting-new-record/?commentId=comment+blogAndPostId/blog/comment/1057-29622-7148>

This is what irks me. Americans in the mainland do not have any idea of what Americans Abroad are going through with the incredible demands being placed on them. They seem to keep thinking that we are working abroad to have taxes advantages that they do not have. This is not true and there must be a way to inform the Americans in the mainland that they are being misled to support what is being one to us to the point of us renouncing the citizenship of a Country we love.

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**Tricia Moon** 7 months ago

[http://www.forbes.com/sites/robertwood/2014/08/07/many-americans-renounce-citizenship-hitting-new-record/?commentId=blog\\_commentAndPostId/blog/comment/1057-29622-7153](http://www.forbes.com/sites/robertwood/2014/08/07/many-americans-renounce-citizenship-hitting-new-record/?commentId=blog_commentAndPostId/blog/comment/1057-29622-7153)

I am curious what sort of deal they think we have. Nobody I have spoken to (when visiting the US in the last 3 years), thinks it makes any sense for people who live and pay taxes elsewhere to owe the US, much less, be liable for the sort of penalties FBAR and the OVDI programs levy. Perhaps the sort of negative thinking we experience in online discussions occurs because the other side does not view the problem as those of actual people but rather, as some sort of debate about concepts.

I tend to think that US persons at home have a very poor understanding of three particular points:

- 1) Most of the 7 million expats abroad left long ago simply as a education, marriage or employment. Most of the comments I read online seem to reflect a belief that taxes play a major part in those decisions. Or worse, don't even realize how long most of us have been gone and jump to the conclusion that we are all "Eduardo Saverins." I don't know a single expat who came here other than for one of the first three reasons.

- 2) Most expats abroad are not wealthy. Since overseas goes with “tax cheat,” we must be rich. and therefore, tax cheats. None of my expat friends are rich, nor am I.
- 3) Somehow it is unthinkable anyone would want to live anywhere other than the US, therefore, we are somehow less worthy. This is truly unfortunate because interaction and exchange between different cultures and peoples promotes understanding while insular behavior and thinking promotes misunderstanding and distrust. “Foreign” is not a dirty word

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Blaze S 8 months ago

[http://www.forbes.com/sites/robertwood/2013/04/29/despite-offshore-haul-irs-hunts-quiet-disclosures-first-time-fbars/?commentId=comment\\_blogAndPostId/blog/comment/1057-18564-6604](http://www.forbes.com/sites/robertwood/2013/04/29/despite-offshore-haul-irs-hunts-quiet-disclosures-first-time-fbars/?commentId=comment_blogAndPostId/blog/comment/1057-18564-6604)

Those “ingrate” Mr. Kelly talks about include a US military vet who would have lost the mortgage in his home in Switzerland where he moved for employment after he lost his job in the US.

They include a Canadian police officer of 33 years who was born in Maine over five decades ago when his mother was sent there to give birth. Having lived his entire life as a Canadian, he is not prepared for the United States to seize his family’s financial records.

They include a grandfather in Sweden who asks “Why is the America

I love doing this to us?”

They include a woman with multiple sclerosis who was told 41 years ago by the US Consulate she was “permanently and irrevocably relinquishing US citizenship by becoming a citizen of Canada.

They include stay at home mothers around the world married to men who have no connection to the US other than the love of their spouse.

They include honest, law-abiding people of all ages and occupations who are earning an income, paying taxes and supporting families where they live and work.

With FATCA, the United States has totally alienated the very people who could be their best unofficial ambassadors

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[AtticusinCanada](#) 9 months ago

[http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment\\_blogAndPostId/blog/comment/1057-28067-6600](http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment_blogAndPostId/blog/comment/1057-28067-6600)

Clearly, Robert Kelley has no idea the impact FATCA is having on innocent families abroad. Ingrate swine?? These are the people who defended the U.S. abroad. I’ll have you know Robert Kelley, that my father was in the army, my grandfather served in WWII, my uncle served one tour in Korea and two tours in Vietnam and I have a nephew who is a Marine who also served in Afghanistan.

I had to renounce and it isn’t “for money” I would never owe any U.S. taxes. The ability to be able to keep our mortgage was a huge issue. The rights of my Canadian spouse to not have his banking data shared with a nation he is not a citizen of was another and those are just for starters. I spoke with my uncle about what was

happening to my family over FATCA before he passed last year. I was very close to him and I will quote him “If that was happening to me I’d have to think about giving up my citizenship too. I sure don’t blame you.” I think I’ll take HIS opinion over those who are ill informed on this topic and unless you’ve served as much as he did you’ve no right to judge.

Some of these people YOU are calling “ingrate swine” have done more for the U.S. than you can dream of. On this “Memorial Day” some of them served in the U.S. military and now find they can’t keep their citizenship because of FATCA. I’ve met quite a few people in that situation. Maybe you should educate yourself on the collateral damages FATCA is causing before you make such blatantly ill informed, harmful remarks against those who have already been harmed enough through no fault of their own.

As I am one of those “ungrateful swine” I’ll just list a few things I used to do before FATCA came after my family. I urged my Canadian spouse to always do his best to buy American when investing. We shopped over the border to support the U.S., I got on a plane and volunteered after the Oklahoma City bombing as that is my hometown. I sent money to NYC to support the victims there, I took my entire Canadian family to Disney World one month after 9/11 because I wanted to support the U.S. economy after such a tragedy. In every conversation I had here in Canada when someone bashed the U.S., I defended. And much, much more as I saw all of the above as my duty to my home country. Unfortunately, my home country decided to treat every single expat as a criminal until proven otherwise, and not just us but, our foreign spouses and children too.

The type of people the U.S. is losing are NOT traitorous ingrates sir, they are people who previously defended and supported the U.S. while living abroad. A valuable asset which the U.S. hasn’t yet understood they are losing. My family made the U.S.A. as much as anyone else’s did. In fact we were there since before the revolution. Many have no choice. FATCA is so onerous that for some keeping citizenship is not an option. Even some in congress have acknowledged this and so has the tax payer advocate. I wouldn’t be so quick to get on a high horse if I were you, perhaps some FATCA education is in order.

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[FromPatriotToExpatriate](#) 9 months ago

[http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment\\_blogAndPostId/blog/comment/1057-28067-6607](http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment_blogAndPostId/blog/comment/1057-28067-6607)

Robert Kelley:

Truth is that Americans abroad are NOT renouncing U.S. citizenship FOR money. Actually, many of them ARE PAYING good money (in the form of the U.S. Exit Tax) to be free of the U.S. Again, they are paying money to not be U.S. citizens. They don’t want to live with the threats, penalties and accusations of being tax cheats.

Your comment is very curious. If you are sincere, then it seems to be that one or both of the following may be true:

1. You lived overseas a very long time ago before the assault on Americans abroad began; or 2. You just believe that you were in compliance with all applicable U.S. laws, but perhaps weren’t aware of some applicable laws.

Really, your comment is so extraordinary, wonder if you would elaborate a bit.

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[FromPatriotToExPatriate](#) 9 months ago

Robert Kelley:

[http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment\\_blogAndPostId/blog/comment/1057-28067-6614](http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment_blogAndPostId/blog/comment/1057-28067-6614)

Thanks for following up. As I suspected your experience living abroad was a very long time ago and predates the assault on Americans abroad that began in 2011 and continues with the world of FATCA (can't get bank accounts), FBAR (as in the Fundraiser – penalizing people for failure to report when they didn't even imagine such a law existed), PFICs (how is a poor American abroad supposed to save for retirement), OVDP (okay give us 25% percent of your net worth for the privilege of cleaning up past mistakes). The world you lived in was nothing like the world of today – did you even read Mr. Wood's article?

Re your comment:

“Just don't expect others to regard you as freedom fighters devastated by accusations of tax evasion.”

Americans abroad are NOT renouncing citizenship because they view themselves as “freedom fighters” (whatever that means). They are renouncing citizenship precisely because they want to be compliant with both the laws of the United States and the laws of their country of residence. To repeat: it's the desire to be compliant with U.S. laws that is forcing people to renounce their U.S. citizenship.

To be in compliance with U.S. laws affects Americans abroad financially (double taxation and the costs of compliance), professionally (it's harder for them to find employment and U.S. citizenship makes businesses reluctant to have them as partners, shareholders or investors), socially (the non-U.S. spouse is reluctant to be tied to a U.S. spouse whose primary obligation is to the U.S. government), in terms of retirement planning (many local retirement planning vehicles are NOT compatible with U.S. tax laws), and in term of quality of life (how would you like to have to worry about the threats of fines, penalties, etc.)

So, instead of calling those who renounce “freedom fighters” (which I suspect you view as a pejorative term, I invite you to see them for who (in most cases) they really are:

People who are trapped in a system that is completely incompatible with attempting to make/live a life outside the U.S.

It's the desire to obey U.S. law that forces the renunciation and NOT the attempt to avoid any obligations. Really ....

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[FromPatriotToExPatriate](#) 9 months ago

[http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment\\_blogAndPostId/blog/comment/1057-28067-6622](http://www.forbes.com/sites/robertwood/2014/05/25/even-on-memorial-day-some-americans-wish-they-werent/?commentId=comment_blogAndPostId/blog/comment/1057-28067-6622)

Atticus in Canada:

The irony is that you are a Patriot in the finest tradition of American Patriots. Your renunciation of American citizenship is a great loss to America.

What American Homelanders fail to realize is how much Americans abroad provide a positive image of

America internationally.

Americans abroad have traditionally been the equivalent of “word of mouth” advertising for America. That is clearly changing and America will pay a huge price for this. Whether America realizes this is another story.

But, thanks for your support of America and your willing to tell the truth about this situation.

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AticusInCanada writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1232451332>

My local bank down the street from where I live and where my spouse and I are citizens are NOT “off shore” This law scoops up millions of innocent people and treats them the exact same as UBS criminals and drug lords. It should have been amended. AND the U.S. should go to the international norm of residency based taxation before implementing something like this to avoid treating every single expat family all seven million of them exactly the same as criminals.

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[American Overseas](#) • [4 months ago](#)

<http://www.cnn.com/id/102141113#comment-1670427424>

Consider these facts:

1. There are more than 7,000,000 US expats living around the world.
2. If we were a state we would be 16th largest state and have 2 Senators and a dozen or more congressional representatives.
3. Puerto Rico, Virgin Islands, Guam and the US Pacific Island have a combined population of less than half of the total expat population. Each of these territories has a representative in congress.
4. The people living the territories are not required to pay US income tax or file returns to the IRS in addition to local taxes in the country of residence.
5. US expats, Green Card holders along with other “US persons” living outside the US are required to report and pay taxes on their worldwide income to the IRS.
6. Only one other country in the world collects taxes on worldwide income from its citizens: Eritrea.
7. US expats are required the report the balances of their local financial accounts in their country of residence to the FinCEN - (US Treasury- Financial Crimes Enforcement Network) as if we are criminals.
8. Foreign Financial Institutions are required to report US citizen account balances and movements to the IRS.
9. Due to high cost of compliance and risk of HUGE fines Foreign Financial Institutions in many countries are denying US citizens banking services in the countries where they work and reside.
10. Aggressive interpretation and enforcement of the so-called “Patriot Act” US banks and financial

institutions are closing long existing accounts and refusing to open new accounts for US citizens without a US address (ex: Fidelity, Vanguard, Citi,...)

QUESTION: Do you think this is fair treatment and why? Why not?

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[calgary411](#) [Glen Roberts](#) • 4 months ago

<http://www.cnbc.com/id/102141113#comment-1664767005>

Glen Roberts,

Yes, it should be the basic right of all U.S.-defined \*Americans\* and it should not cost \$U.S. 2,350 and come with the U.S. tax law and accounting compliance costs (\*usually\* for no taxes owed - only horrendous penalties), criminalizing persons for their ignorance of knowing all about U.S. citizenship-based taxation law and its consequences -- when the countries in which they live practices, as most of the rest of the world, residence-based taxation. Did you learn about U.S. citizenship-based taxation in your schooling? Did the U.S. government keep you informed of the consequences of U.S. citizenship if you left the “homeland”? That U.S. slavery really was NOT abolished? In the case of “Accidental Americans” they are “US-defined” dual citizens, having had no choice (or CLAIM to that citizenship) as adults (AND with “requisite mental capacity”). They had no choice where or to whom they were born – they returned to their and their parents’ own country with their Canadian (or other country) parents as infants or children.

For U.S. citizenship to be just for these U.S.-defined “dual citizens”, they should have had a CLAIM (and LAPSE of that possibility if not claimed), ESPECIALLY that the U.S. practices citizenship-based taxation and these persons had no control of the CBT consequences of their U.S.-defined U.S. citizenship in their own country (Canada) that practices residence-based taxation (RBT).

The same unfair consequence is true for children born to U.S. parent(s) in Canada, their birth never having been registered with the U.S. (although that matters not a wit for some!); they never having lived in the U.S.; they never having had any benefit from the U.S. – only the consequence of, again, U.S.-defined U.S. citizenship in their own country that practices residence-based taxation.

With the CONSEQUENCE of U.S. citizenship-based taxation, to be morally fair and not ENTRAPMENT, it should only have been a CLAIM to U.S. citizenship or LAPSE of that possibility if not claimed. If the U.S. practiced residence-based taxation as of the rest of the world (save Eritrea), these persons would not have these unjust consequences of U.S. citizenship bestowed upon them without their choice, without their consent, without their claim to such, given the facts.

My “avatar” if you click on it will tell the story of my family and what will be many other families who have family members without ‘requisite mental capacity’ to renounce U.S. citizenship -- such as those with a developmental disability, a brain injury from a medical event like a stroke or an accident, or age-related dementia or Alzheimer’s. All will be entrapped into their U.S. citizenship and its consequences -- and a parent, a guardian or a trustee does not have the RIGHT to renounce on such a person’s behalf, even with a court order.

Can you tell me just how those persons shall renounce and get on with their life? An answer would help my family and many others? To me, you sound like Conservative MP’s who heckled my family’s situation and immaturely interrupted a speaker to cry JUST RENOUNCE in the Canadian Parliament!

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**ANONYMOUS 09FEB2015 VIA EMAIL TO NOBLEDREAMER****“THE MYTH OF THE AMERICAN ABROAD”**

It's way past time for the US to accept that people who live “abroad” in Canada are not those who try to hide their earnings from view. They didn't make the money in the US to start with. It was made honestly here at home in Canada. And people are not attempting to hide it in places across the globe to avoid taxation. We, the people of Canada, live in Canada. We fight along side Americans to free those in foreign countries from oppression. Our soldiers die the same as Americans die defending both our countries' freedoms.

We pay some of the highest taxes in the world. We are not thieves although we are considered to be foreigners with “foreign bank accounts”. I am a Canadian citizen. I have lived and worked and paid taxes here for a long time, and residence-based taxation for DNA American citizens abroad is the only fair and just approach to this confusion. The US continues to lose one of its most valuable resources, its people, its ambassadors, who are increasingly renouncing their citizenship because of unjust laws which purport “compliance”. People are being forced to renounce their U.S. citizenship to protect themselves and their families from the U.S. government. This goes against not only taxation without representation, but also the Canadian Charter of Rights and Freedoms. Why is there no respect for this?

We are not money launderers or millionaires trying to hide from anything. Most of us have no ties to the US, no property there, and conduct no business there. Tax accountants are getting fat on the backs of ordinary people who happen to live in Canada, one of the greatest places to live on the planet. Our life is here, and we will never leave for anywhere else. All we want to do is live our lives in peace without fear.

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[ES71](#) • [5 months ago](#)

<http://www.cnn.com/id/102129478#comment-1658224435>

It is un-American to treat innocent people like criminals and this is what IRS is doing with the onerous reporting requirements. Expats have to prove they are not tax-cheats, otherwise they are presumed to be tax cheats. It goes against the very foundation of presumption of innocence.

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[Victoria Marie Ferauge](#) • [5 months ago](#)

<http://www.cnn.com/id/102141113#comment-1663793048>

Wow, fascinating comments. Redmond describes the situation beautifully and he is correct that the situation is “untenable” for so many of us. To put in in terms that the homelander might understand a bit better - the majority of US expats are firmly in the 99% category and most owe no US taxes at all. Replace the picture of the champagne-sipping yacht owner with something a bit more realistic - a poorly paid English teacher or translator, a stay at home mother trying to raise a family in a strange land or an independent consultant. As for myself I'm an unemployed IT worker, blogger and cancer survivor sitting here in France. As I read some of the comments about “paying your fair share” and “enjoying ill-gotten gains” I'm on the floor laughing. And I have to say that I'm a bit confused as to what the homelander expect of me. I've paid my taxes to the French government religiously for decades and not one dime of my savings came from the US - it was all earned in France. As a result I enjoy all the benefits of living here including excellent health care which is keeping me alive. For the record I have also paid taxes to the US in my time abroad. And for that money sent to the US



what am I receiving today? From the tenor of some of the comments here the answer to that is insults and insinuations about tax evasion and inversions. Honestly I don't know what to make of it. I frankly get the impression that there is no way to win here and the best thing to do is simply make that trip to the embassy and get out. So for those of you who think that we are just bad people trying to get away with something, then it should not bother you one whit that we leave, right? So drop the complicated procedures at the consulates, the outrageous fees, the name-calling and all the other BS and just let us go. And then we can all get on with our lives. Deal?

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**bobprz**

<http://www.theguardian.com/money/2014/sep/24/americans-chased-by-irs-give-up-citizenship-after-being-forced-out-of-bank-accounts#comment-41414179>

In the 12 years I have left the US, I have had to deal with lawyers, accountants, I have received threats of penalties from the IRS, and so on. FATCA is just part of the problem. The root of the problem is America's citizenship based taxation. If it switched to residence based like the rest of the world, It's 7.6 million residents may start to consider themselves as good will ambassadors or assets who can help the US. Today we are treated with contempt by our own government. These laws are unjust!

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**AtticusinCanada** 1 year ago

[http://www.forbes.com/sites/robertwood/2013/04/29/despite-offshore-haul-irs-hunts-quiet-disclosures-first-time-fbars/?commentId=comment\\_blogAndPostId/blog/comment/1057-18564-3770](http://www.forbes.com/sites/robertwood/2013/04/29/despite-offshore-haul-irs-hunts-quiet-disclosures-first-time-fbars/?commentId=comment_blogAndPostId/blog/comment/1057-18564-3770)

I agree with you about the "feeling ashamed" part. I've always done my very best in a multitude of situations here to defend the United States when faced with those who claimed to dislike or hate my home country. There are many outside the U.S. who feel that way. Through actions, words and deeds I sought to change their minds and change the face of the U.S. overseas wherever possible. Now I'm starting to think I was the one who was wrong. It's also quite a slam to wake up and realize the U.S. only sees ex pats as a cash cow and cares nothing for the damages they may cause us. Doesn't exactly make me feel like singing the "Star Spangled Banner" most days. I will have to renounce, it will be under protest but, I need to remember the U.S. I loved is one from long ago and not what she is today. So sorry to know this is fact but sadly, it is.

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**FromPatriotToExpatriate** 4 days ago

[http://www.forbes.com/sites/robertwood/2015/03/26/tax-fraud-draws-6-12-year-prison-term-despite-alzheimers/?commentId=comment\\_blogAndPostId/blog/comment/1057-34082-11417](http://www.forbes.com/sites/robertwood/2015/03/26/tax-fraud-draws-6-12-year-prison-term-despite-alzheimers/?commentId=comment_blogAndPostId/blog/comment/1057-34082-11417)

**Robert:**

While not condoning the conduct of the defendants, there does seem to be a lot of crime in America. Do you think that in order to reduce the amount of crime it might be a good idea to reduce the number of laws?

That aside, I found the suggestion that Alzheimer's disease contributed to this interesting. I do understand that this is a question of fact. But, what if it were agreed that the woman was suffering from Alzheimer's? As

our population ages Alzheimer's is becoming a bigger and bigger issue. (If you haven't seen the movie "Still Alice" I urge you to see it.)

Now, moving forward. Yesterday I was alerted to the following article/post which includes:

[benswann.com/income-tax-is-immoral-and-unconstitutional-and-not-just-for-the-reason-you-think/](http://benswann.com/income-tax-is-immoral-and-unconstitutional-and-not-just-for-the-reason-you-think/)

"I'm no high school drop-out. I have a first class degree in physics from one of the best universities in the world. I like numbers. I like logic. I like intellectual rigor. I even have a nerdy love of spreadsheets (which tells me, for example, exactly how much I spent on groceries this month five years ago (\$173.41, as it happens. I'm low-maintenance)).

But I could not reverse engineer those 149 pages of tax returns if my life depended on it. And I would defy anyone without a CPA qualification to be able to do so."

I recommend all to give this article a complete read. The point is that (leaving aside payroll taxes) the Internal Revenue Code, reporting requirements and penalties are now so onerous that it is simply NOT possible to ever be certain that you are in compliance.

This is particularly true for Americans abroad which you correctly describe as facing a "hostile" tax system.

Consider this. A number of Americans abroad who are renouncing U.S. citizenship are renouncing because they fear that as they age (worrying about Alzheimer's and other diseases) that they will NOT have the ability to complete the forms and information disclosures. They believe (whether rightly or wrongly) that even if they lack the capacity to file the forms that they will be subject to penalties. (Robert, what kind of government puts that kind of fear in people?)

I am NOT making this up. Imagine: renouncing U.S. citizenship because you fear NOT having the mental faculties to complete all the IRS forms.

A second group of Americans abroad is renouncing now because they fear that, as they age, the State Department will argue that they don't have the mental capacity to understand the consequences of renunciation.

Seriously Robert. There is something seriously wrong, I mean very seriously wrong with America.

## RELINQUISHED NON US CITIZENS

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NB: Many US citizens came to Canada and became Canadian citizens in the 1960's, '70's and '80's. At that time, taking an oath to another country resulted in an **automatic** loss of US citizenship. There was no specific requirement to report this to the Department of State nor to obtain a Certificate of Loss of Nationality (CLN). A matter of concern is the number of people who have been advised by tax lawyers and accountants that they are still US citizens because they do not have a CLN. This is causing unbearable distress for expatriates in this situation. Tax lawyers and accountants are not trained in citizenship law and clearly there is a conflict of interest. People who are not US citizens have been entered into the OVDP/OVDI programs, which are intended for criminals and inflict high in-lieu of penalties. Application of law retroactively in this situation is highly questionable. Some citizens have received backdated CLNs while others are denied.

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### LETTER EMAILED TO NOBLEDREAMER FEBRUARY 10, 2014

I shall never forget June 26, 2014, the date I learned I might be a "U.S. Person". My life, in an instant, was turned upside down and I would soon find myself mercilessly tossed into a nightmarish hell. . . . On July 2, 2014, with disbelief in my heart and the hope of ensuring partial protection, I instructed my accountant to apply for acceptance under the United State's *2014 Offshore Voluntary Disclosure Program*. . . . The Internal Revenue Service, the overseers of this program, will never know the grief and worry they have caused me nor the tears I have shed. I have gone through many emotions since last June; mostly shock, disbelief, anger, and overwhelming sadness. . . .

Unfortunately, I was born in the United States (to a Canadian father and Italian mother) and this "crime" apparently makes me guilty of tax evasion and ownership of some investments that are not U.S. compliant—both punishable with possible back/present/future-U.S. taxation and penalties. It does not matter that I moved from the States to Canada as a child with my family, too young to have worked in "that" country or to have enjoyed any of its benefits. It does not matter that I have never had a U.S. passport or Social Security Number, or that I have lived in Canada nearly all my life (complete with my Canadian citizenship and Canadian passport)! It doesn't even seem to matter that my American-hired lawyer has concluded U.S. Immigration (under Section 350) clearly implies I lost my U.S. nationality back in the 60s when I obtained my Canadian citizenship!!! It seems the IRS does not always embrace its own country's Immigration laws; the IRS and its "tax law" state I am a "U.S. Person for taxation purposes" unless and until I can produce for them a "written" *Certificate of Loss or Nationality*. . . .

How can a country tax people who have never enjoyed any of its benefits nor dreamt they would one day be labeled "U.S. Persons"?! How can a country justify changing previously held laws to unfairly punish others with the sole purpose (I believe!) to benefit only itself by enhancing its revenue base? How can it possibly justify taxing the innocent and elderly; causing them unbearable hardship, stress and worry? I just cannot get my head around the fact that a country can cause such misery and despair to so many. Two words have kept swirling around my entire being since this nightmare began; they are not kind yet they refuse to abate—they are "bully" and "extortion". The fact that I harbour such dreadful sentiments has had me feeling completely downcast, but as hard as I try they have not (will not!) budge from my soul. I am angry. I am numb! I have done NOTHING wrong, yet this country has (and continues) to violate me! It has already "snatched away" my precious privacy and now it wants to "take" what it can from my savings. . . .

Who am I? I am a 68 year old grandmother to four lovely grandchildren. I am honest, hardworking and law abiding; I have never once been in trouble with the law. I have saved my entire life and have never incurred any debt; not even on my home which is, as yet, unfinished. My husband and I only buy new materials for it when we have accumulated enough cash to pay up front (my priority has always been “savings come first!”). We were able to avoid a mortgage because we did without while we saved. To live like this was our choice and it was not easy, but we decided long ago to try to manage with “little” so we could reap the benefits “of having ample” as we grew old. We are now “old”; the time in our lives when we need our savings most. Living frugally while accumulating our savings has taken years and I very much resent the IRS wanting to dip into it! They did not work for it; it is NOT theirs!

Sadly I believe I had little choice but to comply with the IRS and the current U.S. law—but I am doing so totally against my will; it is my sincerest belief this entire dreadful process is completely unjust. I also have grave concerns the IRS does not recognize INA 350 and the obvious fact that most expatriates, young and old alike, are absolutely (one hundred percent!) innocent of any wrongdoing.

Respectfully,

**Mrs. E. Clarkin (a deeply Concerned Canadian)**

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**Concerned\_Canadian • 3 months ago**

<http://thedailybell.com/news-analysis/35859/Bloomberg-Calls-for-a-US-Exit-Tax-on-the-Horizon/#comment-1714096465>

**I moved to Canada decades ago and became a Canadian citizen.** Best move of my life – like buying Tim Horton’s stock before Burger King’s reverse takeover drove it through the roof.

I am solely Canadian, and have a shiny new Certificate of Loss of US Nationality CLN to prove it, backdated to the day I became Canadian. But I remain aggrieved.

Unlike Canadian citizens from anywhere else, I now have to be able to prove I have severed the ties of citizenship to my birthplace in order to have the same rights as any other Canadian citizen. This is due to my own Canadian government signing an agreement to implement the US law Foreign Account Tax Compliance Act (FATCA) in Canada. This causes mandatory discrimination against any Canadian with a US place of birth. This law is being taken to court in Canada because it violates the anti-national-origin discrimination clauses of Canada’s Charter of Rights and Freedoms.

I’m pragmatic: my partner’s Jewish ancestors fled Nazi Germany to survive, so I had a strong precedent to what was needed. But I’m still far from feeling good about it.

I play casual hockey with diverse groups of people, many of whom are also immigrants to Canada. One of the joyful privileges of this is skating with Canadians of many different national origins: 1st and 2nd generation Canadians with nationalities ranging from the UK, Europe, Asia, South America, and beyond. However, I am the **ONLY** guy in the locker room who had to hire lawyers and file complex legalistic paperwork disconnecting their citizenship from their place of birth.

The ill will, angst and fear caused by the US law FATCA in Canada is pathetic. And bad for business; the ultimate beneficiaries of FATCA will be the US’s competitors in the global marketplace, because it’s becoming impossible for US citizens to live and work abroad.

However Canada will be a “battleground state” for FATCA. Because of its large population of so-called “U.S. persons”, almost all of who have some kind of

financial accounts, Canada is in the absurd position of being the world capital of so-called “illicit and undeclared foreign accounts held offshore by U.S. persons”. And the Alliance for Defence of Canadian Sovereignty (ADCS) “Charter Challenge” will shine a light on this. It has filed the world’s first statement of claim against FATCA.

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I was born in the States and lived half of my growing-up years (with many good memories) on each of the East and West coasts. The present U.S. is not the country I grew up in however. I am retired from the work force and presently 71 years old, wanting to live a simple life without the stress the issue of U.S. citizenship has brought.

My then-husband and I moved to Canada in 1969 and both became Canadian citizens in March 1975, completely believing (as we were warned of it at the time by the U.S. Consulate) that we relinquished our U.S. citizenship by taking the Oath of Allegiance for our Canadian citizenship. We chose to live and work in Canada, pay our taxes in Canada and, especially, raise our children (born here) in Canada.

In 2008 I was made aware that the rules had changed (without anyone in the U.S. giving me any notification or a choice to opt in or opt out) -- I was still a U.S. citizen and was not in compliance with filing U.S. tax returns -- I am NOW compliant for years 2005 through 2012. The Canadian accountant that I had used for so many years and who knew that I was born in the States referred me to a Calgary cross-border accounting firm as he was not trained or licensed to deal with doing my back U.S. returns. It was confirmed by that respected cross-border accounting firm that I was required to back file and so at that time they helped me make a ‘quiet disclosure’ for three years of returns and (Foreign Bank Account Reports) FBARs. In November 2012, I renounced my US citizenship, having paid US tax lawyers, US tax accountants and US immigration / nationality lawyers over \$42,000 in compliance fees, and accounting fees.

Carol Tapanila

*Calgary AB*

# RENOUNCING

## IT HURTS MY HEART: ON RENOUNCING AMERICAN CITIZENSHIP

Posted on February 1, 2015

Bern, Switzerland is built on a horseshoe bend of the river Aare. Its old town is in the center of this horseshoe and is designated a UNESCO World-Heritage site. Bridges lead to the ‘younger’ neighborhoods. Mine, the Monbijou, is only a ten-minute walk from the Bundeshaus or Parliament building. My favorite route to the old town is through Flora Park, past the gated compound of the American Embassy and through the Kleine Schanze, a park bordering the Bundeshaus and offering views of the Alps. I have taken this walk countless times, passing the embassy, sometimes stopping to light a candle at the Dreifaltigkeitskirche, a catholic church located just outside the Kleine Schanze.

On June 12th, 2014, on our third hot day of what had been so far a cool, rainy summer, I am taking this walk with my Swiss husband. He is dressed in a weather-appropriate ‘Move Ya Body’ t-shirt and floppy shorts. Heeding my mother’s advice to dress nicely, I have elected to wear a weather-defiant conservative suit and simple blouse. This time we will not pass the embassy, but instead, will stop to enter it for the very first time. I have a 2:30 p.m. appointment to renounce my citizenship.

We had left early, expecting the normal long line of people waiting for visas. There is no one. My husband walks me to the labyrinth of barriers set up to keep the lines organized. For security reasons, he will not be allowed in and for security reasons I only have the appropriate documents with me: my American passport, my Swiss passport, a copy of the pre-appointment questionnaire, my renunciation fee of \$450 (which would be raised to \$2350 in September 2014), and just in case—the other information documents the embassy sent informing me that this step, when taken, is irrevocable. Unseen, but certainly there, is an enormous pressure in my chest. My breathing is shallow.

I check the door. It is locked. As I turn to my husband, a security guard opens it. I fumble with my passport, look back at my husband and go to him for one last kiss. He will meet me after 3:00 p.m. when this is over.

The guard speaks African-accented English. He walks me through the security process. “Put your documents in this box, please.” He seems friendly and kind. I put my things in a plastic box like those used at airport security. “Do I need to put my jacket in it, too?” I am shaking. Not hearing what he says, I take it off and put it in. He asks me to take off my watch and put it in the box. I can keep my wedding ring and my shoes on.

Before I walk through a metal detector, he asks me to take off my belt. I fumble again.

“You can leave it on.” His voice is soft. I swallow tears as I walk through the metal detector. He then scans me with a wand—front and back—with my arms open and out by my sides. Nothing beeps.

In Dutch-accented English, his colleague takes me through the inventory of things in my box. She asks me if I want to leave my sunglasses at this station. Confused, I look at the documents and sunglasses I am holding in my hand. “No, thank you. I can manage.”

The next step takes me through a door and back outside. I go down a small ramp and find a door. There is a lone security guard there. “I have a two-thirty appointment.” My throat feels dry. “Take a seat there,” he says, pointing to a row of chairs and then adds, “Don’t put your sunglasses on.” They are still in my hand.

I am surprised to see someone else sitting there. I take a seat next to a woman dressed more in keeping with the summer season, a thin folder of documents in her hand. She doesn't look at me; her focus is straight ahead. I blink hard and swallow.

There is a man at the window talking to a white-haired official. He raises his hand, takes an oath, turns and leaves. He is smiling. I wonder if he is an "accidental American," one of those citizens who are born in the USA to alien parents, but raised elsewhere. Their only tie to the US is their place of birth; but whether they know it or not, their obligations, for example, to file annual income tax forms, are the same as non-accidentals.

The white-haired embassy official calls a name. The woman stands and goes to the window. She is asked to sign documents, and raise her hand to "swear or affirm" that the information given is true to the best of her knowledge. From what I can hear of her accent, I can tell she is a native Swiss. In less than five minutes it is over. She isn't smiling as she leaves. The white-haired man disappears. I realize I have just witnessed a renunciation. Two, in fact.

Except for the security guard, who discreetly looks up every now and then, I am alone in a sterile narrow room that looks much like a bank. In front of me are four "bank-teller" windows. On the wall to my right are two framed posters that I won't remember when this is over. To the left of the windows are simple A-4 signs, one reminding citizens to "Remember the past, think of the future and vote." I notice little brass plaques next to each of the "teller" windows. They seem to say, "Smile you are not a criminal." Puzzled I get up to examine them more closely. They actually say, "Smile you are on camera."

I check the time. My appointment won't be for another 10 minutes. The pressure in my chest is uncomfortable. I breathe consciously in an attempt to ease it away. A lady in a wheelchair appears on the embassy employee side of a window and calls my name. She asks for my passports and gives me a "Certificate of Loss of Nationality Information Sheet" and says I can read it later. Her accent is American. It is time to pay, but I don't pay her. Instead I am instructed to go around the corner to booth four and ring the bell. The cashier will come and take my money along with a second document the lady gives me. I do as I am told.

Booth four is dark. There is a blind drawn on the other side of the window. I have trouble finding the bell, but then realize that it is the flat thing much like the doorbell that had been on our front door back in Mississippi. I press it. Nothing happens. I notice a sign saying they don't accept notes printed before 2006. Surprised, I look at my bills; one of them is from 2003. I check the documentation I had been sent. It says that no bills printed before 2000 will be accepted. I am relieved. I'll just have to show them my papers and stand my ground. I press the button again. Nothing happens. I ask the security guard if the bell works. He smiles and says yes. Finally, the blinds are raised, and I am reminded of "The Wizard of Oz." I point out the differences in information and that I have a bill from 2003. She apologizes and explains that they had just changed the rules. She sounds British. I pay and she tells me I will get my receipt after my interview. I go back to the chairs and wait.

The woman in the wheelchair brings a file to the farthest window at the right. The white-haired man reappears and calls my name. I approach the window. He greets me with a polite, "How are you today?" and I give the standard response—fully aware that our exchange is bizarrely out of place. He asks me to sign two sets of two documents each. I sign the first set and realize I haven't read what I signed. I glance through them and then sign the second set. Eye contact is minimal.

"Raise your right hand."



I do as I am told.

“Do you swear or affirm that all the information presented here is correct to the best of your knowledge?”

I repeat, using “affirm” rather than “swear.” He explains that my documents along with my passport will be sent to the State Department for approval. Once that is done I will receive a Certificate of Renunciation along with my canceled passport. He gives me my Swiss passport and my receipt. It is marked 2:37:01 PM “Renunciation of,” “Customer Copy” and “All Transactions are Final – No Refunds.” As I prepare to leave he says, “Thank you.” Words catch in my throat, “I don’t know how to say ‘you’re welcome’ under these circumstances.” “That’s OK, I understand.”

As I am leaving, the security guard wishes me a nice day. I put on my sunglasses. I walk up the ramp and to the second door. The other two security guards are still there. They too wish me a nice day. I don’t remember how I answer.

Outside the building, I look at my watch; it is 2:45p.m. My renunciation had taken all of 15 minutes. My husband is not there yet, but I know where to find him. After standing at the edge of the street waiting for cars to go by, I finally cross into Flora Park. It is the same as it had been less than 20 minutes before. In the soundtrack of my mind, I hear Peggy Lee singing, Is that all there is, my friend... The pressure in my chest is gone. I am breathing easily.

The questionnaire I had filled in prior to renunciation had asked if I would like to make a written statement as to why I was choosing to renounce. I had declined that opportunity, but I had given it a lot of thought. Why had I chosen to do this? Why had I taken a step that is absolutely final?

Most statesiders don’t know that non-resident US citizens have always been required to file income tax returns with the IRS. There is a Foreign Earned Income Exclusion, which may vary depending on how much time the non-resident spends in the States, and it is possible to make deductions. One normally only has to pay taxes on the difference if there is less tax paid in the host country. It can be pretty straightforward, but becomes more complicated as one acquires property or has investments. Double taxation is still possible—especially when it comes to retirement savings and pension funds.

In 2008 Swiss banks came under increasing pressure after a scandal involving the Swiss bank, UBS. It wasn’t long before all non-resident US citizens living in Switzerland began feeling the side-effects. It had become a burden for Swiss banks to have American clients. Mortgages were canceled and accounts closed. Swiss citizens living in the USA also began feeling the squeeze. Swiss banks wrote letters to these expat Swiss requesting that accounts be closed and safety deposit boxes emptied. Ties with the USA had become a liability for account holders.

The Foreign Account Compliance Act or FATCA became law in 2010. FATCA not only requires foreign financial institutions to report all accounts held by US citizens, it also targets US citizens about foreign financial assets and offshore assets. By law all US citizens must report all foreign accounts to the US government regardless of where they live. For me, this is not a simple process. There is form 8939 in addition to the Report of Foreign Bank and Financial Accounts or FBAR (formerly known as TD F 90), both of which are sent to the “Department of the Treasury Financial Crimes Enforcement Network.”

I am not a criminal.

I work hard and I pay taxes. My bank is not a Foreign Financial Institution. It is a Swiss bank and, since I live here, I consider it a Domestic Financial Institution.

I am one of those US citizens who had not been regularly filing my income tax forms. I knew that I earned under the foreign earned income exclusion, so I wasn't too worried about it. But with FATCA this changed. By the end of 2012, I knew I had to do something, so I began gathering five years of paperwork. It sat in the corner of my office for a year before I finally organized it into logical units that could be scanned and sent to an accountant specializing in US tax returns. In the meantime my bank had asked me to sign a form giving them permission to send my bank data to the US authorities—including information about my husband's and my joint accounts. My husband is a non-resident alien spouse; he is a Swiss citizen, living in Switzerland. Despite the fact that he had signed papers declaring he did not have a green card and was not a US citizen, he had to sign the same documents releasing his bank data to the US—just in case we were hiding my money in his bank accounts.

I had my paperwork ready and scanned by early February 2014. After sending them to the accountant, I asked for an estimate so that I could plan my budget. She quoted roughly CHF 2,000 per year (about \$2,240)—slightly higher than a “normal” private person because I am also self-employed and unbeknownst to me my little “entirely Swiss” company has to report to the US government as well.

I am a Swiss citizen because my mother is Swiss – from the Emmental. People from the Emmental are practical. We are taught to save money, buy only the things we can afford and if we want something we can't yet afford, we save for it. I am not good with numbers but I can multiply both CHF2,000 and \$2,240 by five, the number of years I was being billed for. CHF10,000 (\$11,200) is a lot of money. I tend to be quite frugal, and after having seen the amount of money I would have to pay an accountant to be compliant, I had to call a friend to talk me off the ledge.

Fortunately, the final bill was just over half the estimated amount—still a healthy sum to prove that I don't owe anything. Ironically, according to the tax returns, the US government owes me money—\$123. I later received letters from the IRS disallowing this “refund.”

But are these laws fair? I have read the history behind them and I have read about Delaware, which seems to proudly boast that it is the nation's tax haven. I have read about Irish Inversions—a legal, tax-avoiding maneuver saved for corporations, which are considered people except when it is more advantageous to be a corporation. And I've talked to the mother of a mentally disabled adult son, who having been born in the USA is an “accidental American.” Being typically Swiss they had worked and saved and put money aside for him in a trust fund, so that he could be taken care of when they were no longer here. When I talked to her, she was at a loss as to what to do because the IRS was interested in her son's bank account. I have read about other, similar cases.

Switzerland is not a tax haven if you live and work here. We pay a lot in taxes, but we get a lot. Great public transportation. Excellent infrastructure. Excellent services. As a Swiss citizen, I can vote and if I were so inclined, I could gather signatures for a referendum. I have never done that, but I have certainly signed many petitions, and I vote.

When I began considering renunciation, some of my friends thought I was crazy. Talk to your representative they said. I didn't have one. Should I have contacted someone in Mississippi, a state I haven't lived in since 1985, the year I moved to Switzerland? Or perhaps someone in Indiana, a state I had never lived in but had had a contact address in? Would anyone care? How fair is the law, when you have no representative?

While reading about FATCA, I came across a quote from a senate staffer who preferred to remain anonymous, “...nobody in Congress represents overseas Americans. And government officials think this law is succeeding at catching the tax cheats. That may be worth the side effect of losing a few thousand American citizens every year. ...”

What happened to “Taxation without representation is tyranny?” I am not a tax cheat, I am not a criminal, and apparently I am not worth the effort to change legislation.

For most of March and April, I alternated between anger and depression as I waited for my returns to come back. I talked to friends who had renounced and those who hadn’t. Most importantly I read and did some heavy duty soul-searching.

In his “Letter from Birmingham City Jail”, Martin Luther King Jr. wrote:

...an individual who breaks a law that conscience tells him is unjust, and who willingly accepts the penalty of imprisonment in order to arouse the conscience of the community over its injustice, is in reality expressing the highest respect for the law.

How does one show passive resistance or civil disobedience towards a law that carries consequences not just for the citizen, but also for the citizen’s non-resident alien family and for their bank? A law that some consider to be unconstitutional in that it violates the fourth amendment (unreasonable search and seizure) and the eighth amendment which prevents cruel and unusual punishment (in this case heavy fines).

Civil disobedience didn’t seem to be an option here. So I offered my resistance the only way I could, by renouncing my citizenship.

But never think that this was an easy choice.

William Faulkner wrote a short story called “Two Soldiers.” In it, the older of two brothers, Pete, decides to join the army after hearing about the attack on Pearl Harbor. The younger brother, who is only nine years old, doesn’t really understand that the war is far away and is determined to go with his big brother to “chop firewood and tote water” for the troops. The day after Pete leaves the Mississippi farm to go to Memphis and join, the younger brother sneaks off and heads to Memphis as well. Despite the distance the young boy manages to find the city, get to the army recruitment center and ask for his brother. The officers realize that they need to get the older brother to talk to the young boy. When Pete firmly insists that his younger brother has to go home, the child says, “It hurts my heart, Pete.”

And that is exactly how I feel. This hurts my heart, but I could not continue to comply with a law that I feel is short-sighted, imperialistic and unjust.

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**AtticusInCanada** writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1232424399>

“JUST” renounce. Why should any nation be forcing people to choose between being able to live normally with their family here OR having to “just renounce” the citizenship of their birth. ONLY the U.S.A. treats people this way.

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AtticusInCanada writes:

<http://business.financialpost.com/2014/02/05/canada-signs-agreement-to-dull-impact-of-u-s-crackdown-on-tax-cheats/#comment-1232470105>

Why should I have to choose to be able to bank here normally like every other Canadian with my Canadian spouse and child OR keep the citizenship of my birth?!

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[SwissTechie awastler](#) • [4 months ago](#)

<http://www.cnbc.com/id/102129478#comment-1661379103>

Citizenship doesn't void heritage or ancestry. Rather, it simply helps the US government to understand that Americans abroad don't live in America, especially when US policy causes discrimination. Discrimination against Americans caused by US policy is un-American. It's a US federal crime!

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Kate Collins Florence, Italy

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527138>

Though in a few years I will have lived in Italy for as many years as I lived in America, I still feel profoundly American, and most of the time I am proud of my American citizenship. It saddens me that I would even have to consider renouncing my citizenship, but in the long run I simply cannot afford to pay taxes (namely Social Security which I will never use) in two countries, especially as Italian tax is crippling. This is not because I am un-American and don't want to support my native country, it is because I need to support my own family.

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Liz Switzerland

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13528538>

I read with great interest all the comments, as I too renounced my citizenship this year. People living in the States have been sold on FATCA to "catch tax cheats" and their concept of fairness is based on a lack of experience of the many inequities born by expats. The only way to be equitable, considering all the tax structures around the world, is residence based taxation.

Changing to residence based taxation, like the rest of the world, would mean FATCA would then really only apply to the tax cheats and Americans living abroad can live normal lives. Everyone wants to live a normal life, and to be treated like everyone else. It would be better to keep Americans living abroad as great ambassadors for the States. Instead, the problems they are facing due to FATCA, the onerous reporting requirements make them angry at the States.

Many are held hostage by the dilemma, like I was. Giving up US citizenship was the hardest thing I ever did. I love the US. It took me time to come to terms with the need to do it: to keep my bank account, no local

insurance company would even quote me on annuities, life insurance, inability to invest in my local currency etc, to get a mortgage, imposed FX risk, etc.

In reality FATCA and the fines imposed on “rich” foreign banks is a politically popular way to finance the wars and expats are collateral damage. Raising taxes would anger voters...expats aren’t considered in the polls.

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**Discerning1 France**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527632>

Much of the post-9/11 terrorism legislation was hastily passed and poorly thought through. This has put an unfair EXTRA tax burden on U.S. citizens living abroad. I doubt that some of the preening patriots below would enjoy the results if they were subject to the same reality--including having your foreign bank shut down your checking account solely because you are a U.S. citizen.

Some of us are married to foreign nationals and thus find ourselves living outside our home country. I’ve voted by absentee ballot from abroad in every election since Clinton and been part of the leadership of Democrats Abroad for over a decade, taking a keen interest in U.S. politics and voter registration.

Nonetheless, as we age, our income shrinks and the special burdens imposed by the new system are expensive to meet--even though in my case and in many others, we owe no taxes to the U.S. government and pay high taxes in our host country. At 62 I am now weighing with a heavy heart the possibility of renouncing my citizenship in order to retire without the mental and financial burden currently imposed by the IRS uniquely on Americans abroad.

It’s disheartening that some in government wish to paint Americans abroad as unpatriotic tax cheats or potential criminals. I carry the American flag in war remembrance ceremonies every year in our French town and feel moved when the Star Spangled Banner is played. But in this tax morass, I feel my government has turned its back on me.

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**Sasha France**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13527013>

Of all the people you could have picked to highlight this issue, why did you have to choose Mr. Tepper? Unlike Mr. Tepper, I very much regretted having to give up my U.S. passport after 40 yrs of being American. Despite having lived all my adult life outside the U.S., I still feel a strong link. I often regret having done it, until a story like Mayor Johnson’s hits the press.

Like Mr. Tepper, I owed Uncle Sam no tax. But onerous filing obligations, meant spending hundreds of dollars a year on compliance (my 1st yr’s accountant fee: \$2,000). Own shares? Fill out an extra form. Pension plan? Ditto, plus extra tax. Self-employed? Extra form, plus social security contributions. And forget about any deductions.

Then there's FATCA: penalties for not filing start at \$30,000, can lead to imprisonment or confiscation of half the balance. European banks are now asking U.S. clients to prove 6 yrs of FATCA filings or produce a certificate of loss of nationality, failure to do either leads to calling in loans/mortgages and closure of the account. Failure for them to comply means being shut out of U.S. money markets.

Then there's the act of renunciation. Prior to 2006, it cost about \$25 (same as Canada). Then the fee was increased to \$450 and last September to \$2,350 to discourage renunciations. For me that about a month's net salary. It's no wonder when I renounced at the Embassy, there were probably more people asking about renunciation than renewing their passports.

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**Stephen Pfeiffer Schriesheim, Germany**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526625>

I'm on my way out the door too. It's not just that the United States disgusts me - it is not the country that I grew up in - it's that I have to pay through the nose each year just to prove that I do not owe any US taxes. Anyone who has tried to fill out form 1116 correctly knows why this is. To add injury to insult, the US now wants over 2300 dollars (up from 450) for the privilege of renouncing citizenship. This is way out of line with any other consular fee for private citizens. It is simply another example of the simple-minded black/white thinking that Americans indulge in. If you're all leaving, then you're bad and we're going to punish you. I'm still going to pay, and I'll be glad to do it. And - please - no self-righteous crap from insulted Americans. It's so thick-headed and so predictable

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**Pastbeyond60 • 3 months ago**

<http://thedailybell.com/news-analysis/35859/Bloomberg-Calls-for-a-US-Exit-Tax-on-the-Horizon/#comment-1713696814>

Bloomberg editors and readers alike might be interested to know that there is an actual U.S. law that \*prohibits\* the institution of any sort of punitive exit tax or renunciation fee. It comes from the Expatriation Act of 1868 (15 Stat. 223) which says "the right of expatriation is a natural and inherent right of all people, indispensable to the enjoyment of the rights of life, liberty, and the pursuit of happiness." These words now appear in U.S. law as a note to 8 U.S.C. 1481. According to its own laws and principles the United States \*must\* allow all citizens the right to expatriate without hindrance, financial or otherwise. It is one of the cornerstones of the freedom the United States purports to defend.

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**Roger Evans Oslo Norway**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524671>

I wholeheartedly agree. It is logically impossible to fill out an American tax return by the (extended) due date of June 15th, because you don't definitely know the taxes you will be charged by the country you live in by that time. And in fact you will be doubly taxed if the tax treaty between the country you live in interprets the tax treaty differently from what the IRS does. Unlike the author, I have a history of living and working in the

U.S. and have served in the U.S. military, and I proudly vote in American elections. But I too, am looking for a way out.

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<http://thefranco-americanflophouse.blogspot.fr/2014/09/fatcactb-acting-in-your-own-defense.html>

**Anonymous said...**

Note sent Victoria!

I am a US ex-pat who has lived in Canada for the last 21 years. I have held Canadian citizenship for the past 13 years. I recently tried to document relinquishment of my US citizenship as of the date I became Canadian but was refused by a consular officer. I was told I could only renounce my USC.

Due to arcane US tax policies, I cannot afford to keep my US citizenship. Now, with a five-fold increase in the fee to renounce my US citizenship, I also can't afford to abandon it.

If I wanted to renounce my Canadian citizenship (I don't), the process would be simple and straightforward-- it could be completed by mail and the fee would only set me back \$100.

The previous \$450 fee to renounce US citizenship was already too high. This recent five-fold increase in the fee is shameful, out of touch with financial reality, and abusive to those who need to document their expatriation from the US

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**Jeff Sheldrake • 6 months ago**

<http://www.telegraph.co.uk/finance/personalfinance/tax/11077310/No-Isas-for-British-Americans-Post-Office-overreacts-over-hated-US-tax-law.html#comment-1576971231>

The IGAs which give FATCA the power to get banking data need to be challenged in either the European Court of Justice or the European Court of Human Rights.

FATCA creates second-class dual citizens and this must be challenged.

People say just renounce. Well the US has just this week increased the Renunciation Fee from \$450 to \$2350 to stem the tide of people going to the exit door. On top of that the US wants you to file the last five years of intrusive US tax forms and if you have a net worth of over \$2M the US wants you to do a theoretical sale of all your overseas assets under US tax law and pay an exit tax - so renunciation is not as simple as it seems. The only way forward is to mount a legal challenge through the European Courts and strike down the IGAs for resident dual citizens.

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[FromPatriotToExpatriate](#) 4 months ago

[http://www.forbes.com/sites/robertwood/2014/10/30/americans-renounce-citizenship-in-record-numbers-why-you-should-care/?commentId=comment\\_blogAndPostId/blog/comment/1057-31601-8448](http://www.forbes.com/sites/robertwood/2014/10/30/americans-renounce-citizenship-in-record-numbers-why-you-should-care/?commentId=comment_blogAndPostId/blog/comment/1057-31601-8448)

Robert – thanks for keeping this front and center. Your article is describing those who “renounce” citizenship.



Two points about “renouncing”:

1. “Renouncing” is a process of going through a series of steps prescribed by the U.S. government to obtain an agreement with the U.S. government that you are not a U.S. citizen. The vast majority of Americans abroad are NOT renouncing. What they are doing is simply making the decision to never return to America. As other commenters have made clear it is no longer possible to live as an American abroad. 3000 official renunciations a year doesn’t even come close to measuring the number of people who are actually cutting ties to and leaving America.
2. In any case, the word “renouncing” is misleading. You “renounce” something that you believe you have. We must distinguish between those who the U.S. government believes are citizens and those non-U.S. residents who believe they are citizens. Here is what I mean:

The U.S. government takes the position that it has the right to tax people – wherever they may live – just because they were born in the U.S. This is to confuse “technical citizenship” (according to the U.S.) and meaningful citizenship that includes a connection to the U.S. There is no way that anybody could consider one to be a U.S. citizen who has never lived in the U.S.

Therefore a number of these “renunciations” should be characterized as a simple case of people who do NOT consider themselves to be U.S. citizens, taking steps to ensure that the U.S. cannot “stalk them”.

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Liz Ontario @ Richmond

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13526539:13531069>

I am so sorry you too are facing this decision. My Canadian spouse makes all of our income here and IRS regulations along with FATCA severely impacted our ability to keep our mortgage here, to save for our child’s education, to save for retirement as all of my spouses finances were affected. Finally, this caused major issues in our household even though I’d owe no taxes on EARNED income but, later on we might. We are too poor for me to remain dual. I was gutted and still am but, I had to relinquish my citizenship of birth. I still love America but, it does not love me back. Being an expat having married a Canadian seems to put me in the category of deserving of punishment in the attitudes reflected here. I hope no one else, not even one person has to face the rock and hard place decision and that congress will amend this. It’s simply awful to go through.

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Uncle Sam’s Shakedown 6 months ago

[http://www.forbes.com/sites/robertwood/2014/09/22/armed-with-fatca-irs-hunts-offshore-tax-evaders-while-canada-eases-up/?commentId=comment\\_blogAndPostId/blog/comment/1057-30834-8144](http://www.forbes.com/sites/robertwood/2014/09/22/armed-with-fatca-irs-hunts-offshore-tax-evaders-while-canada-eases-up/?commentId=comment_blogAndPostId/blog/comment/1057-30834-8144)

I just attended a seminar last night in Montreal designed to inform dual Canadian-Americans about the implications of citizenship based taxation and what we do about it. Even renouncement can be a trap with huge exit taxes imposed on our assets...our homes, savings accounts, retirement accounts.

The US is clearly suspicious of anything “foreign” or of its own citizens who live abroad. We are all under suspicion of tax fraud, money laundering, drug smuggling, or terrorist activities. No thought is put into the fact that each of the 7 million Americans abroad has a very personal reason for relocating.

All of the taxes, penalties, exit taxes amount to is an opportunity for the US to raid families and economies

overseas and make a deposit to the US Treasury. Of course, the compliance industry is making tons of money helping to keep us compliant with the US.

It used to be when I bumped into a fellow American in Canada we would talk about any plans for 4th of July or Thanksgiving, now all we talk about is our status and situation with the IRS or the US Treasury's "Financial Crimes Enforcement Network" that we must report to.

Yes, I sat in a room of 30 fellow confused and vulnerable middle class Americans last night, all of us dual nationals. The room was seething with anger and contempt. Just about all of us wanted was contemplating renouncement. What a shame it has come to this.

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[jrh13](#) 4 months ago

<http://www.forbes.com/sites/robertwood/2014/10/27/5-5-million-americans-eye-giving-up-u-s-citizenship-survey-reveals/#comment-8431>

As an American living/working overseas for the last 6 years, I can safely say that the number of American expats I know who are considering renouncing their citizenship is at an all-time high. This is anecdotal, to be sure, but being in compliance has become incredibly complicated. It's absolutely essential to pay top dollar for an accountant who understands the ins and outs of the new regulations, as it's simply become too complicated for a novice to follow. Additionally, the amount of disclosure required for non-US spouses, even those who have never set foot in the US, is terribly invasive. And for those US citizens who have opened any local accounts beyond normal personal checking, the amount of reporting is ridiculous. Trying to own and operate a business in a foreign country, and amend filings from previous years to comply with new codes is not even worth the trouble, and foreign financial institutions are simply turning Americans who want to use their services away because of the administrative costs this new legislation adds to their overhead. I would prefer not to give up my passport, but the amount of money, time, and energy that it now takes to meet all requirements is definitely giving me second thoughts.

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[Suzy Glespen](#) • 4 months ago

<http://www.cnn.com/id/102141113#comment-1663314656>

Many of expats did not choose to live elsewhere for the remainder of our days. Many of us went abroad to study for a year or two and then stayed because we met someone and found ourselves at 30 living overseas with families, jobs and other responsibilities. I did not think of myself as an expat until my mother moved to another state and I had to give up my driver's license.

We are not wealthy; we do not live abroad to hide our money. We go "back home" to visit our families in the States, we are patriotic Americans, and we vote in general elections in the U.S.

The purpose of FATCA was to get money from tax evaders who have offshore accounts, not the average middle-class person.

We don't want to renounce our U.S. citizenship, but we are all hurt by FATCA. Even those who don't earn enough to pay taxes in the U.S. still have to shell out additional \$\$\$ to accountants to fill out the additional forms. This is unfair.

Most Americans abroad want to remain American citizens. We are not against paying taxes in the U.S., but we want to be treated fairly and not be penalized because we live abroad.

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[Bruce Newman](#) • 4 months ago

<http://www.cnbc.com/id/102129478#comment-1687577901>

Allan Wastler wrote: "And I totally agree that the current law is onerous and frankly unjust to Americans who are just working overseas, not hiding millions overseas. But it's the flight, not fight, decision that I find troublesome."

Mr. Wastler, I am 66 years old, have lived in Canada for 50 of those years and am married to a Canadian national. As a fine artist, my income is very low but I am pursuing my dream. I have a wonderful family and have paid taxes and contributed to society in many ways. I am also extremely proud to have come from a small town in Michigan and go back from time to time to visit old friends and classmates. I also renounced in 2012 after months of educating myself on the realities of US tax law, the endless, non-sensical paperwork and the Draconian penalties.

Your question has to do with fight or flight so I won't go into the persecution of expat Americans or the wrongheadedness of citizenship-based taxation. I am not a freedom fighter and I choose to live my remaining years in a world of positivity. There is no hope that I can change the minds of Sen. Schumer or Sen. Levin--both want to abolish the Foreign Earned Income Exemption--let alone the entire US bureaucracy. I am 66 and I want to enjoy and protect my family and create art in a peaceful and forward-thinking society.

Yes, I am "un-American". I renounced my US citizenship and that, pretty much, is the definition. It was not by choice, however, and I resent to a degree the way US homelander toss this term around. Did you know that 47% of US homelands pay no tax at all?

Change the stupid laws! Or better still, engage competent people to write them. This post is as much "fight" as I am willing to do.

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[Jen Guest](#) • 4 months ago

<http://www.globaltimes.cn/content/890215.shtml#comment-1678988042>

I was born in the States but moved to Canada as an infant with my Canadian parents. I held dual citizenship since infancy. 48 years of living, working and paying taxes in Canada and I finally had enough of the fear and threats. I made less than twenty thousand a year. Did I have to pay taxes in the U.S.? Nope. But I had to fill out regular tax forms along with special foreign earned income exclusion forms, more forms because the U.S. Considers my retirement investments gains "income", still more for various other "foreign" investments. To add to the joy I had to provide the U.S. with detailed banking information (account numbers, amounts in every account). If I didn't I would be faced with horrendous penalties (\$10,000/year/account + more) And recently my bank has been forced to report financial transactions of U.S. Citizens to the I.R.S! My completely Canadian spouse wasn't amused that the U.S. Government also insist on HIS banking and personal information. Having an accountant do my taxes cost \$1500/year (it's much more for people with more complicated lives). I finally bit the bullet and got rid of my U.S. Citizenship last year. I did not want to be turned down for a mortgage because my bank felt I was not worth the paperwork as a U.S. Citizen. I did not

want strife in my family. I sobbed as I said the words of renunciation - it was not a decision made lightly. And now I feel a depth of resentment to the United States government that I don't think I will ever overcome.

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SueSmythson 2 months ago

[http://www.forbes.com/sites/robertwood/2014/10/27/5-5-million-americans-eye-giving-up-u-s-citizenship-survey-reveals/?commentId=comment\\_blogAndPostId/blog/comment/1057-31524-8409](http://www.forbes.com/sites/robertwood/2014/10/27/5-5-million-americans-eye-giving-up-u-s-citizenship-survey-reveals/?commentId=comment_blogAndPostId/blog/comment/1057-31524-8409)

DeVere can add another one to the list. They didn't call me, but I'm in the midst of preparing my renunciation, and in a few years when they each turn 18, my now minor children will be renouncing as well. There is no benefit whatsoever, to me or to my family (including my non-US husband), of retaining US citizenship, only a tremendous number of disadvantages — from the real and financial, to the mental wear and tear. The true disadvantages, though, are to the US and those will not be felt or understood for generations. There's an ever-rising tide of resentment and hostility among expats (and their families and friends, not to mention colleagues), and I suspect it's only going to get higher. Hard to believe in the current global climate, that this is something the US government does not want to nip in the bud. Incredibly short-sighted policy, penny wise and pound foolish.

There are many outdated ideas, it seems. US citizenship was once considered a "golden ticket", and the fact that I'm willing (embarrassingly eager in fact) to give mine up would profoundly pain my immigrant grandparents. In fact, I'll be quite proud to finally be included in the Federal Register list. Far from what the US would like people to believe, it's not a "name and shame" list, it's a list of those who have come to their senses, refusing to be bullied by a mercenary government.

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[Not Bloody Likely](#) • [4 months ago](#)

<http://www.cnn.com/id/102129478#comment-1658984270>

As an American living in Europe I consider it all the time. I have been dropped by my bank already and the tax situation is idiotic. Why I have to pay taxes in two countries is beyond me. Citizenship based taxation is the problem and needs to be revoked. Expats don't call it 'America's Berlin Wall' for nothing.

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[RAFREE](#) • [4 months ago](#)

<http://www.cnn.com/id/102129478#comment-1663729536>

Wow so the the person with the platform for this commentary which Americans abroad do not have seems to not understand that sometimes you have family in two countries? You really believe that Americans should have to give up their citizenships "choose one" if they marry and live abroad and "quit whining" about having to give it up?? I lived in Canada for a long time as ONLY an American. I did not become Canadian until FATCA made it impossible for me to remain American. It was gut wrenching and until you have to go through something like that I wish you wouldn't comment so harshly until you have done a little more homework. You seem to be operating on the premise that those who live abroad have a ton of money and can willy nilly choose their citizenship or would even want to. Just because I a married a Canadian did NOT mean I wished to give up my citizenship of birth. What you were clearly pointed out is that FATCA has made it nearly

impossible to remain an American abroad. It's attitudes like yours combined with FATCA that are driving the renunciations because when Americans abroad approached the U.S. government to do something about these problems they responded pretty much as you did. The conclusion is that not only does the U.S. have a very strained relationship with their expats they really don't care if a U.S. law is putting them into a position to not be able to keep their citizenship and then you "whine" about why it's happening or that it is? You can't have it two ways. Either Americans abroad are all able to keep their citizenship or they are not. If they are not able to and you don't care about that then you can't turn around and tell them they are complaining too much? There's 'obviously nothing they CAN do. It's too bad Americans don't think of their expats the same way other nations view theirs. At any rate, bottom line I think I'm going to start advocating FATCA be applied inside the U.S. to all of you and then when you do see the serious problems this is causing families be sure to not "whine" about those problems. Some of you are living in a Craigslist economy. Your banks need to turn over automatically to FINCIN, IRS and treasury your bank account information to prevent tax evasion. Americans abroad who have been put in a position to not be able to keep their citizenship? You see what home landers think so why are you bothering to engage them on this topic? They will remain judgmental and myopic. They'll further say if you could not keep your citizenship through zero fault of your own you shouldn't be allowed

back to ever see your family again. The question then becomes who would want to be part of such a group?

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[BlankReg](#) 6 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=blog\\_commentAndPostId/blog/comment/1075-29843-7683](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=blog_commentAndPostId/blog/comment/1075-29843-7683)

While this open letter clearly underscores the plight of over 7 million US expats, I think the final result is going to be that more and more of those expats are going to select the "renunciation" option. It's the only way to finally get clear of all the insane IRS obligations.

But one thing that hasn't really been touched upon in this thread is another important reason Americans today might be choosing the expat option: They are offended by where their US taxes are GOING.

I am making my own expat plan. It has nothing to do with taxes, per se. But at least the taxes I will pay in my chosen country will go to things that build and help the citizens of the country, like infrastructure, medical care, elder care, etc. Compare this to the US, when much of my taxes go to war, murder, police-state surveillance, interventions, corporate welfare, and foreign aid to dictators and terror groups. America is no longer a democratic republic, but an oligarchy of an unholy alliance of mega-corporations and big unaccountable government.

The country I have chosen has a booming economy, a rapidly growing middle class demanding more "stuff" and services, and a national debt that is only 9% of GDP (as opposed to over 100% for the US). Strangers are welcome, especially if they want to set up businesses, hire people, and keep the good times going. The government wisely stays out of the way most of the time.

To the simple-minded "love it or leave it" people, I can only say – is this STILL the country you were born in? Would you honestly be willing to gamble your life's savings, assets, or even your life itself, that somehow we can all magically turn things around 180 degrees in a few short years? I'm not seeing it, and I'm too long in the tooth to be a front line soldier in a civil war (which is sadly inevitable, in my thinking). So don't go judging ME for simply trying to make the best of a horrifying situation that will NEVER be solved via a ballot box.

Given all the new rules, those considering the expat option today have to plan things far more in advance and way differently than previous expats did. Today's strategy has to have at its core "renunciation" as the earliest possible opportunity, not as an afterthought/last resort.

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Anonymous 09FEB2015 via email

#### "THE MYTH OF THE AMERICAN ABROAD"

It's way past time for the US to accept that people who live "abroad" in Canada are not those who try to hide their earnings from view. They didn't make the money in the US to start with. It was made honestly here at home in Canada. And people are not attempting to hide it in places across the globe to avoid taxation. We, the people of Canada, live in Canada. We fight along side Americans to free those in foreign countries from oppression. Our soldiers die the same as Americans die defending both our countries' freedoms.

We pay some of the highest taxes in the world. We are not thieves although we are considered to be foreigners with "foreign bank accounts". I am a Canadian citizen. I have lived and worked and paid taxes here for a long time, and residence-based taxation for DNA American citizens abroad is the only fair and just approach to this confusion. The US continues to lose one of its most valuable resources, its people, its ambassadors, who are increasingly renouncing their citizenship because of unjust laws which purport "compliance". People are being forced to renounce their U.S. citizenship to protect themselves and their families from the U.S. government. This goes against not only taxation without representation, but also the Canadian Charter of Rights and Freedoms. Why is there no respect for this?

We are not money launderers or millionaires trying to hide from anything. Most of us have no ties to the US, no property there, and conduct no business there. Tax accountants are getting fat on the backs of ordinary people who happen to live in Canada, one of the greatest places to live on the planet. Our life is here, and we will never leave for anywhere else. All we want to do is live our lives in peace without fear.

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SteveK 4 months ago

[http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment\\_blogAndPostId/1057-30572-7923](http://www.forbes.com/sites/robertwood/2014/09/09/canadians-attack-u-s-expat-rules-decrying-accidental-americans/?commentId=comment_blogAndPostId/1057-30572-7923)

As an American expat (and now dual citizen) living abroad for 20 years, I have first hand, on the ground experience, to say without hesitation that (i) Citizenship based taxation and FATCA have been, and are, a disaster for US expats, and (ii) the US government is the biggest threat to US citizens living abroad today. No other country treats its overseas expats as poorly as the United States, and without any justification. We are treated like property, and under threat of fines and penalties applied extraterritorially, the US extracts taxes for money earned, invested and spent overseas by expats living overseas, with no connection whatsoever to the United States and without receiving ANY services for the tax dollars extracted from us. We already pay taxes in the countries where we live and work.

Now, because of this grand idea called FATCA, we are branded as second class persons to the entire financial community worldwide. Citizenship based taxation and FATCA is a square peg forced by the US government into a round hole, and it is ruining the lives of US citizens overseas. If the US Treasury was a responsible entity (which it clearly has not been), it would go to Congress and the Administration and propose that citizenship based taxation be changed to the world standard of residence based taxation. Ironically, US companies already get the advantage of residence based taxation for money earned and retained outside the



US, but US persons are taxed on worldwide income no matter where they reside on the planet.

Whereas holding a US passport living overseas was a point of pride, today because of FATCA, the US passport has become toxic for US citizens living overseas. For the first time in my life, I am faced with the decision whether to renounce my US citizenship so I can have the same level of ‘normalcy’ in my life outside the US as any other world citizen. It is a horrible choice forced on me by this Administration.

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[Steve Klaus](#) 1 year ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-5988](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-5988)

Robert – over the last few years you have heard from many US Persons (many dual citizens) living outside the US relating how Citizenship Based Taxation (CBT) and FATCA are causing real harm to these individuals and their families. Through various channels (including submissions to the US House Ways and Means Committee, the US Senate Finance Committee and submissions from US Citizens Abroad) the US government has been informed about these horrible effects (intended and/or unintended consequences) and US Treasury has done nothing to make FATCA workable and/or eliminate CBT. The reality is that IF the US Treasury did the ‘right thing’ and go back to Congress to fix these serious issues, that FATCA could work as it relates to US Residents in a Residence Based Tax Structure – but that seems beyond the robotic Terminator like mindset of Treasury.

With regard to the number of those renouncing (yes, I am sadly also thinking of doing it despite the emotional pain it brings) note that there are usually long waiting lists to get into the Embassy to renounce. Getting an appointment is actually a gating factor and holding the numbers back. We would see much higher numbers if the wait was days not many months.

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[FromPatriotToExPatriate](#) 3 months ago

[http://www.forbes.com/sites/robertwood/2014/11/18/mayor-boris-johnsons-terrible-horrible-no-good-very-bad-day-as-an-american/?commentId=blog\\_commentAndPostId/blog/comment/1057-31926-8545](http://www.forbes.com/sites/robertwood/2014/11/18/mayor-boris-johnsons-terrible-horrible-no-good-very-bad-day-as-an-american/?commentId=blog_commentAndPostId/blog/comment/1057-31926-8545)

Robert – thanks for keeping this issue “front and center”.

This is about is the U.S. claiming the right to levy taxes on people who do NOT live in the United States on income not earned in the United States. This claim of right is based (in most cases) on the fact that somebody was born in the U.S.

So, to be clear, it’s time that this be called what it is:

“U.S. place of birth taxation”.

It’s absurd. It’s unfair. It’s unjust. It’s inhumane. People don’t choose where they are born.

Because “place of birth taxation” is America’s “dirty little secret” (a secret from most Americans abroad as well) the IRS will not be anxious to elevate discussion of “place of birth taxation” to the mainstream press. Boris Johnson will not be paying U.S. taxes. Why not? Because the IRS won’t be asking for them. This is only a problem for average people who want to be law abiding. The problem is that because of the nature of U.S. tax rules, no American abroad can be BOTH U.S. tax compliant and participate in financial planning.



Your post includes:

“A decision to expatriate should never be taken lightly. Taxes or not, it can be a big step. And around the world, more people are talking about taking it.”

This is NOT a decision at all. Americans abroad cannot be identified as U.S. citizens if they want any semblance of a normal life. They can't live abroad as a person identified as a “U.S. citizen”. Although FATCA is exacerbating the situation, it is really U.S. tax policies that make U.S. citizenship abroad impossible.

The question that Americans abroad are asking (and this is the only real decision) is:

1. Should I officially and formally renounce U.S. citizenship? or
2. Should I hide the fact that I am a U.S. citizen.

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ThatisMe

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057/26083-6046](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057/26083-6046)

Mr. Wood. Again, congratulations and thank you. What you describe is the truth. The great majority of us Americans living and working abroad are not renouncing in order to avoid paying taxes. I am beginning to explore this possibility because I cannot spend six months filing my Income Tax return to two countries, besides being double taxed. Not to speak of the enormous fear of doing something wrong and losing my life savings. Do I like this? No! But I feel I have no choice.

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BigBlackGold writes:

<http://www.theglobeandmail.com/report-on-business/international-business/us-business/ottawa-to-give-irs-information-on-americans-in-canada/article16710461/comments/>

Just exactly what benefits to Americans receive from Uncle Sam when they are living in Canada. Do they use the schools, roads and medical system in the US? Other than the privilege of holding a US passport you get nothing but tax headaches. Renouncing citizenship is not an easy process and is expensive - having said that, in the long run it will be much cheaper and you will lose less sleep worrying about how the US will try to screw you next

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kred 5 months ago

[http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment\\_blogAndPostId/blog/comment/1057-29843-7430](http://www.forbes.com/sites/robertwood/2014/08/15/dear-mr-president-why-im-leaving-america/?commentId=comment_blogAndPostId/blog/comment/1057-29843-7430)

Yes, we have heard it all. Fortunately, my friends and family who are homeland Americans understand and are appalled by the situation we, Americans living overseas with which we are dealing. For them it is not difficult to grasp the concept that even though we are Americans, we pay our taxes to the countries in which we reside for the services which we obtain. It is clear and simple for them and they thoroughly understand the injustice in having it linked to one's citizenship (or I should say to US citizenship as the US is the only country save

Eritrea which inflicts CBT on its citizens). I am grateful have this circle of individuals who are pragmatic and able to see the full picture. My heart goes out to those individuals who are forced to be American through no fault of their own. It is always easier to spout platitudes about something one fully does not grasp or understand vis-à-vis the serious implications for Americans living overseas and for those “US Persons” as FATCA as deemed them (aka “Accidental Americans”). Additionally, it is also hard to grasp that someone can have a decent, happy life living outside the US. It is shameful for any country to put its citizens in a situation because of myopic policies to choose between financial ruin for themselves and their respective family or renouncing one’s citizenship. This is what the United States of America is doing.

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**Jimbof** 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-6098](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-6098)

Robert, thank you for putting up this important article and bringing attention to a neglected and thoroughly disastrous part of US policy. The 2,000 number of course is a tiny sampling of the number of Americans renouncing– it’s a short-list of generally wealthy individuals kept for mainly administrative reasons. Given the throngs of Americans pouring into consulates worldwide these days to renounce their passports, I’d say the number is in the hundreds of thousands. (I have a couple dozen fellow expat friends who’ve renounced and none appear in that list.) This is on top of the millions and fast-growing number of Americans who are becoming expats without formally renouncing– with costs of school, health care, business loans, marriage (or divorce), child care and other expenses, it’s all but impossible to keep up with the costs of living in the US anymore. It’s a mess and only getting worse.

You’re right to note the hardships of the mostly middle class (and plenty of hard-working working and upper class) Americans who have to deal with FATCA’s awful effects– losing their bank accounts, losing business colleagues and partnerships because of the difficulties of compliance, outrageously disproportionate penalties, irrational treatment of productive citizens and other issues. But the real damage is being done to the US economy itself. As foreign investors and businesses shy away due to all the pitfalls and financial minefields associated with FATCA, the USA loses trillions of dollars worth of foreign investment. FATCA is thus shaping up to be one of the worst and most self-destructive laws ever enacted.

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**KrustyBurger** 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog\\_commentAndPostId/blog/comment/1057-26083-5917](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=blog_commentAndPostId/blog/comment/1057-26083-5917)

Robert, I would like thank you for this balance report. I see you are starting to get the point about us persons abroad. I personally have gone through many years of agony in order to get the coveted CLN. It was never about taxes. With the foreign tax credit I was never owe a single dollar in tax. The AMT made me a little nervous at some times. The real reason I pushed to get the CLN was the policies and treatment of citizens abroad and the treatment of the IRS of foreign tax reporters. Not too long ago, you could not even phone the IRS from abroad about tax issues. The was answer they said this number was only available to those within the United States. Getting a person that was knowledgeable about filing abroad was near impossible. In Canada each year you get an acknowledgement of your tax filing, what forms were submitted, and any adjustment that might have been applied. From the IRS, all ever got was a demand for payment for \$30k. I had to figure out

what without any of their help, why this happened. I eventually clear it up; but not before additional fines, penalties and interest was assessed. Not very customer friendly.

I have also filed the 8854. Nothing from the IRS that says thanks for years of compliance. Nothing I can take to the Bank. I guess I just wait for another 6 years and see if they decide to audit me for some clerical error. I will never know if I am actually free.

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Harold 11 months ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/1057-26083-6027](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/1057-26083-6027)

Those lists are infamous for being not even close to accurate; they leave out thousands of names. I renounced back in 2010, still not on the list. And here I am, just a commoner. They don't dare list them all, as being able to publicly display that number as "small" is a form of propaganda. A big name ditches the albatross, then they can bash those that make up the fake numbers on their list as if they are all "tax cheats" or something. Propaganda, pure and simple. If the homelander got wind of reality, they'd see a very different side of reality. To the expat, there are zero benefits for all of this, none, nadda, zip zero zilch. The embassies turn a profit on our fees (and there are fees for everything now), if we get into trouble, they just provide a list of lawyers who paid to be on said list. Unless we are spies or political hay-in-the-making, they really don't care. And those emergency evacuations... they ain't free by any standard. They cost more than even the best 1st class airfare or chartered private jet. Sure, it's a "loan", but they revoke your passport till it's been repaid, with interest of course. Meanwhile, all their saber-rattling and provocations do us zero benefit, usually just making our lives even more difficult and adding to the list of destinations which are now dangerous for US citizens to venture. And for this, they think they can pull the same blackmail as Eritrea is denounced for. God help you if you dare to marry overseas, where you reside, and think about visiting the US. Visa policy just assumes your spouse is a Thai gold-digger scamming a green card. I renounced so my spouse could actually meet my family, how's that for crazy?

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[Mark](#) • 5 months ago

<http://www.cnn.com/id/102129478#comment-1658228580>

I'm a Canadian who at various times has lived in 3 other countries namely Australia, New Zealand, and England. When living and working in those countries, I paid taxes to their governments but I did NOT pay taxes to my native Canada as far as Canada is concerned, if I live overseas then I do not have to pay taxes to Canada because I receive NO benefits from Canada when living overseas. That is how it should be and how almost ALL countries in the world treat their citizens after they have left their country.

Because I was not taxed by Canada as well as the country I was living in, I never once considered giving up my Canadian citizenship. I'm proud of it and glad I still have it.

There is ONLY one major country in the world that does not take this position and who insists that their overseas citizens not only pay tax to the country they live in but to their native country as well. The United States of America.

Given the unreasonable attitude of the American government on this issue, is it any wonder that Americans

who move overseas turn their back on the USA. I think not. The only wonder is that more Americans don't renounce their American citizenship once they have left the States.

Why don't more renounce? Because they have to pay a very large fee to do so (most other countries allow their citizens to renounce their citizenship with the filing of a simple letter or form and usually at no cost) AND they are now required to attend an interview at the American embassy (which could be hundreds of miles away from where they live) at which they are subjected to intense pressure NOT to renounce their citizenship (in order that the American government can continue to collect taxes from them no doubt).

Shame on the USA

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[FromPatriotToExpatriate](#) 7 months ago

[http://www.forbes.com/sites/robertwood/2014/08/07/many-americans-renounce-citizenship-hitting-new-record/?commentId=comment\\_blogAndPostId/blog/comment/1057-29622-7104](http://www.forbes.com/sites/robertwood/2014/08/07/many-americans-renounce-citizenship-hitting-new-record/?commentId=comment_blogAndPostId/blog/comment/1057-29622-7104)

Robert:

Some thoughts on this.

1. The percentage rise in renunciations/relinquishments is far greater than the percentage rise in people immigrating to the U.S.
2. The numbers of those relinquishing/renouncing is vastly understated and it is growing.

The numbers are understated for at least three reasons.

1. As you point out, the "Official Numbers" come from Treasury.. This clearly is based only on those who report to Treasury. But, it's the State Department and NOT Treasury that actually deals with relinquishments (which include renunciations). In other words, there are plenty of people simply not notifying Treasury/IRS that they have contacted the State Department and renounced. There are two separate databases and there is no reason to suppose that the "right hand knows what the left hand is doing".
2. There are many Americans abroad who are seeking and receiving from the State Department CLNs based on relinquishing acts (example becoming a citizen of another country) many years ago. These are NOT "renunciations" but rather documentations of "relinquishments" in the past. This is a growing number.
3. The largest number of renunciations are the "unofficial ones". These are American abroad who simply are terrified of the U.S. government, have gone underground, are hiding their "USness", and have made the decision to NOT renew their passports or return to the U.S. Sad but true.

Why would they do this? The answers are simple:

- A. FATCA is turning "the worldwide hunt for American citizens" into an international sport. Any wealthy American could be your "retirement plan".
- B. FATCA and the enforcement of U.S. taxation abroad has made it difficult for Americans abroad to access basic financial services.
- C. FATCA and the taxation of Americans abroad subjects many Americans to massive unfair double taxation making life simply impossible.

But, the most important reason follows from this excerpt from your post:

“U.S. taxes are complex, and enforcement fears are palpable. Moreover, the annual foreign bank account reports known as FBARs carry civil and even criminal penalties. Civil penalties alone can quickly consume the balance of an account. And then there is FATCA, which requires filing an annual Form 8938 once foreign assets reach a threshold.”

Americans abroad live in terror of the U.S. government.

In any case, the statistics that come from Treasury actually put the “renunciation problem” in a much better light than it deserves.

The simple truth is that Americans abroad are being forced to shed U.S. citizenship so that they can live normal lives.

And that’s: “Change we can believe in”.

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Allen Watkins 1 year ago

[http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment\\_blogAndPostId/blog/comment/1057-26083-6093](http://www.forbes.com/sites/robertwood/2014/02/06/americans-renouncing-citizenship-up-221-all-aboard-the-fatca-express/?commentId=comment_blogAndPostId/blog/comment/1057-26083-6093)

What it seems to boil down to is this: If you still have some involvement in the US’s economic structure they’ll tax you, as they should. If you don’t want to pay US taxes, then sever all ties to the US and never go back. The US is not the be all and end all that they imagine they are, a fine life can be had in any country, with a few exceptions.

I know this as I am a long term resident overseas, I have my sources of income in-country, and I certainly don’t send money to the US to pay their taxes. They probably tax my SS, I don’t know as I never see it, nor pay any attention to it as it is so very little.

The numbers of expatriates quoted in the article are those who have actually gone to the trouble of renouncing their US citizenship. There are hundreds of thousands of expatriates abroad and more coming all of the time who haven’t renounced their citizenship, in my case because it doesn’t seem worth the bother of doing so, or because they still have some interest in the US, usually family.

I think the IRS has a very inflated idea of their power overseas, as does the US in general. Perhaps in Switzerland or Canada they do, but I’ll guarantee you that where I live they have zero power.

Anyway, the reason I left is that the US does not provide a good quality of life anymore. I love the vastness of the country, but I don’t like the government, nor most of the people. The US, from what I can see, and in the official opinion of the country I live in, is in a social and economic death spiral. Although the country I live in is lawless and violent and very, very poor, I still prefer it to the US. I feel welcome here. I didn’t in the US even though I’m an educated white male.

So, in my opinion, if you don’t want to pay US taxes, sever all ties with them. If you’re not prepared to do so, figure on paying. Simple as that.

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**TO: Senate Finance Committee**

**FROM: A very disappointed citizen**

I am a mother, business owner, Canadian citizen and resident and, for the time being, I am also a US citizen.

I have known my whole life that I was a US citizen, though I left when I was three. To learn as a 48-year-old that the country that I proudly represented here in Canada was treating its own citizens so badly was extremely disappointing, to say the least.

It had never even occurred to me that a country, in these modern times, would tax its citizens instead of its residents, citizens abroad who receive no services nor benefits from the US! To me, this sounded like the most ridiculous law in the world, which is why I couldn't believe it at first.

It is unfathomable that a country would think it's acceptable to:

- force citizens living their lives abroad to comply, at great financial cost, with foreign US laws;
- look through private bank accounts of law-abiding citizens living abroad;
- coerce foreign governments into treating its own citizens and residents as second-class citizens (and to treat those same citizens as second-class citizens, too)
- extort foreign banks into pressuring foreign governments to sign agreements with them.

I do feel terrorized by the enforcement of citizenship-based taxation and FATCA by the US government. The definition of terrorism is the “use of violence and threats to intimidate or coerce.” While there is no actual violence, the threat of penalties imposed by the IRS is definitely a form of psychological violence. Sending personal banking information to the Financial Crimes Enforcement Network is certainly intimidating and extremely stressful.

Since I found out about citizenship-based taxation and FATCA last year, I have lived in fear. Fear of being found out (which is ridiculous as I have been a perfectly responsible law-abiding citizen), fear of doing something wrong and being penalized for this (again, this is ridiculous, since according to Canadian law, I have always done the right thing), fear of losing hard-earned savings, fear of not being able to visit loved-ones in the US if I did not comply, fear of making the wrong decisions since I knew nothing of US tax regulations. FEAR... Period.

After finding out that I had the obligation to file US tax returns, I spend months in the spring and summer of 2014 gathering all the necessary documents (getting copies of 7 years of monthly bank account statements took many, many weeks), looking through hundreds of pages and worrying about the possible outcome.

Lots of sleepless nights worrying about:

- Finding out I may have inadvertently invested in forbidden funds;
- Having to file US tax returns for my 100 % Canadian companies, companies I co-own with a Canadian business partner;
- Filing FBARs for my personal and business Canadian bank accounts (those bank accounts are not foreign to me!);
- Not being able to hire an affordable US-based tax accountant since all my company documents are in French;
- Having to hire specialized international accountants, the only ones qualified to file my companies' returns;

- Having recently restructured my companies following Canadian fiscal rules, but learning this was “not without risk” in the US;
- Losing years of savings to pay for accounting fees;
- Pushing back retirement because of accounting fees to become compliant;
- Being treated by the US as a tax evader, a cheat.

The worst part of all this? Aside from feeling violated by the US government, aside from having my personal information sent electronically to the Financial Crimes Enforcement Network, aside from knowing I would never again be treated the same way other citizens are treated by their banks and government, aside from having lost months of my life working on becoming tax compliant, aside from constantly worrying about having forgotten to disclose something to the IRS, aside from having to decide whether or not to renounce my US citizenship, the worst part is that this process has cost me, to date, \$19,600.00 CAN in accounting fees to file 4 years of US tax returns for myself and my Canadian companies. I had to borrow money to cover the cost of this. I am starting 2015 owing over \$10,000.00. And how much do I “owe” in US taxes? Not a dime. And instead of now planning for my retirement and paying my children’s college tuition, I will be paying off this debt.

At some point, I said to myself, these IRS requirements are ruining my life. I cannot go on any longer like this. The stress and fear are too great. I will renounce.

The lack of respect the US has for its citizens abroad has pushed me to want to... no, actually to need to, renounce. But then, renouncing is virtually impossible to do. The exorbitant fee charged to renounce is definitely a second (or third, or tenth) slap in the face. How can a country that says that I “have the right to renounce/relinquish my US nationality,” then charge \$2,350.00 just to allow me to do so? It is obvious that this is nothing more than an exit tax disguised as an administrative fee.

I do feel saddened by having to renounce, but I am now at peace with this decision. The recent turn the US has taken in how it treats its ambassadors abroad has made this decision pretty easy to make. The US should be more sensitive to the needs of ALL its citizens, even those who have chosen to live their lives elsewhere. I wish this for all the US citizens abroad who are now left behind, abandoned by their country of origin.

And I will, unfortunately, no longer be an ambassador for the US.

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[Robert P. Holmes III](#) 6 months ago

[http://www.forbes.com/sites/robertwood/2014/09/12/dear-son-why-you-should-leave-america-now/?commentId=comment\\_blogAndPostId/blog/comment/1057-30625-7975](http://www.forbes.com/sites/robertwood/2014/09/12/dear-son-why-you-should-leave-america-now/?commentId=comment_blogAndPostId/blog/comment/1057-30625-7975)

I am a red-white-and-blue patriot. Born American and my ancestors probably clashed with your ancestors for our freedom. With that said, the author has some very good points. We (the U.S.) should be working to reduce these burdens, especially for citizens living abroad. Instead of penalizing those who want out to deter the hemorrhage of U.S. citizens, we should be fighting with competitive policy to keep them.

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[Tricia Moon](#) 6 months ago

[http://www.forbes.com/sites/robertwood/2014/09/12/dear-son-why-you-should-leave-america-now/?commentId=comment\\_blogAndPostId/blog/comment/1057-30625-7990](http://www.forbes.com/sites/robertwood/2014/09/12/dear-son-why-you-should-leave-america-now/?commentId=comment_blogAndPostId/blog/comment/1057-30625-7990)

In 3 years of involvement with this issue, this is the most supportive comment I have ever seen. My ancestors arrived with William Penn, escaping religious persecution and taxation without representation. It is very disturbing to have to make a choice between the financial well-being of one's "alien" family and one's heritage. Thank you for voicing your point of view.

## RESPONSES TO A CONSULAR OFFICER

### A CONSULAR OFFICER SERVING IN EUROPE “ON THE “EASE” OF RENOUNCING” & A TAX PROFESSIONAL ON MR. TEPPER’S CLAIM AS “BOGUS” (P 19)

Patricia USA (an American consular officer)

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929>

I won’t comment on the rightness or wrongness of the law, but as an American consular officer serving in Europe, I’d like to assure Mayor Johnson that the process is not in the least “very difficult.” Basically, you make two appointments at the consulate. At the first one, the consular officer hands you a bunch of paper and ticks off the ramifications of renouncing U.S. citizenship. At the second interview, two weeks later, you pay the fee (\$2,350), review the bunch of papers one more time, assure the consular officer that you are taking this step voluntarily and without duress, take the oath (or affirmation, if you prefer) of renunciation, and that’s it. You’re done. I’m sure my colleagues in London would be happy to take Mr. Johnson’s money and fit him into the schedule. He won’t find it difficult at all. And in my experience, there are several hundred others who are lining up to take his place as U.S. citizens.

### COMPARED TO ONE WHO RECOGNIZES WHAT IS HAPPENING TO AMERICANS ABROAD:

jtns wrote: 12:40 pm February 18, 2015

<http://blogs.wsj.com/expat/2015/02/18/when-american-expats-dont-want-their-kids-to-have-u-s-citizenship/tab/comments/#comment-503>

I’m a retired FSO who spent my 28 year career all as a consular officer overseas. It almost seems that 9/11 was used as a pretext by the U.S. to wage war on our own overseas Americans: exorbitant fees for consular services, inaccessible embassies, hard to get appts to see a consular officer, FATCA, closing of overseas IRS assistance offices, a Washington bureaucracy that really does not ‘care.’ By the time I retired in 2011 I was almost ashamed, overseas Americans deserve much, much better.

### ALL REPLIES TO PATRICIA:

abo Paris

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527231>

Yes Patricia, I know you are happy to take the money; American consular officials always are. 2350 Usd is a lot of money for some of us, and it’s to do what is recognised by the US as a basic human right. On top of that - and this is where the actual difficulties begin - once you renounce you are still supposed to fill out more IRS forms that make absolutely no sense. And when you ask for help from the IRS, they say they aren’t allowed to help anymore on those forms, because Congress has cut the funding. (And if you aren’t happy, speak to your

Congressperson, which of course you no longer have because you are no longer American.) It's supposed to be a basic human right to expatriate, but Americans have made it out so complicated and expensive that only the well-to-do can afford to do it. Do you really find that acceptable?

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Advisor Bangalore

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929>

Umm... that simple, really? It's more like; 1. Read all the documents on the website, digest the alphabet soup. 2. Make an appointment - depending on where, it can take ages. London is one such station. 3. Show up, stand in queue. Don't forget to take a copy of the appointment. 4. Brought a phone along, too bad, you can't be let in. No, there isn't a locker to store you stuff. American consulates are stifling. Face it, honourable consular officer. For you to be unaware of that is understandable. But you do a disservice to the people of the USA, as their representatives abroad, by making the US seem such a forbidding and horrible place (which it certainly isn't). Yes, many would be happy to embrace US citizenship. Perhaps that infinite supply is what makes you so smug and secure even with all of your collective failure as representatives of your country.

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#### **REPLY FROM PATRICIA:**

Patricia USA

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527317>

As I remarked above, I make no comment on the justice of the law or the fees. I merely point out that renunciation itself is not "difficult."

Charles Michener Cleveland, OH

If the process is so simple, why the \$2,350. "fee" for processing it? "Paperwork" can't be the reason since we no longer use paper. Sounds outrageous to me.

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Dorothea Penizek Vienna

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527357>

That snarky comment does nothing to improve the European opinion of the US.

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Thomas Singapore

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527358>

Funny isn't it? You have to pay extra for getting rid of something that you have to pay for in the first place for no reason. Sounds like blackmail, mafia style.

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Brief Al Saint Paul, MN

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527360>

And hundreds of others lining up to renounce theirs.

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Sledge88 Asia

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527389>

It seems Patricia has skipped the formalities involved with the required IRS filing when 'expatriating' (which are as important as the two simple appointments she talks about). I would ask her to sit down and comment on how certain she would be of not making a mistake in her theoretical filing of the necessary paperwork and represent to the IRS she has made no mistakes in the past five years filing a return (without a professional accountant). Add in that paying \$2,350 may seem trivial to a government employee living of the people's taxes but to most it seems a wholly unreasonable payment for what apparently is such a 'simple' procedure.

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Paulo Ferreira White Plains, NY

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527391>

Glad to see that our consulate officials are so "helpful" while service overseas. As I recently moved to Lisbon I can only hope that if I have to visit the American Embassy that I am helped by someone just a little more helpful, understanding, diplomatic, and that represents Americans with a little more class.

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MJG Boston

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527428>

A \$2350 "fee"? For what? To stamp a document? Regarding "several hundred others lining up to take his place as U.S. citizens... More native born Americans are leaving the U.S. every year than ever before excluding

those that went to Canada or Britain at the start of the American Revolutionary War. Yes, people can make more money here than most other countries, but the QUALITY of life overwhelms the Quantity of life. Transportation is terrible, streets are dirty, crime, mass killings of children, unemployment among the professionally unemployed (i.e. deadbeats), wars, money grubbing politicians.... People don't even bother to vote anymore and the government taxes them without any visible benefits. Trillions to the Mideast and we cannot get a pot hole repaired.

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Sasha France

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527430>

As a U.S. consular officer you must realise that unless you want to be hit with a punitive exit tax upon renunciation you need to certify five years of up to date tax filings. Now imagine people like Boris, who were born in the U.S. to non-U.S. citizens, moved at the age of 5 and all of a sudden discovered that they, unlike citizens of any other country in the world, should have filed their U.S. taxes all their adult lives, although they've never lived, worked nor invested in the U.S. during their adult lives. Most U.S. expat tax accountants offer a "simple" tax compliant package: around \$4,500 to ensure five years of tax filings. Add to that the \$2,350 renunciation fee and you end up with a bill of almost \$7,000 even if you owe NO tax. Forking over \$7,000 to ensure you're tax compliant to a country you've never worked or lived in since childhood does seem "very difficult" to me. Boris Johnson may be able to pay it easily; for me it's almost three month's net salary. Now imagine you have two or three kids you want to spare from the same hassle.... at \$2,350 each.

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Ferdinand New York

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527503>

Yes indeed, and by the way Patricia, US consuls are known abroad as being very unhelpful. I once asked the US consul for some help with introductions in Saudi Arabia and was told they could not do anything. I then turned to the Swiss Consul (I was working for a Swiss company) and they assured me that they could and would do a great deal. Something is going on, and you don't know what it is, do you Mr Jones. I once told a US consul that a certain person wanted to come to New York for three months to study. The Consul viewed this as something dishonest because they thought you need a student visa to do that. However there are legal schools in New York in which you can enroll by the week for tourist visitors. The US foreign service exists to help itself and no one else citizens included.

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CalypsoArt Hollywood, FL

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527527>

Wow! \$2350! And you call it easy. Talk about being out of touch.

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**Bug Macher** Massachusetts

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527578>

You have to pay to get out? \$2350 for typing a small amount of data into a computer and having the computer spread the data to other computers? What is that? A final slap to the face?

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**ForexGump** Undisclosed Location

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527640>

Patricia, The only person you are “serving “ is yourself. I do imagine you are being paid for your “work”, so by definition, you are not serving anybody but yourself. And the average net worth and IQ of the new applications for United States citizenship is far lower than the departures, so your argument is specious and irrelevant.

\*\*\*

**American Overseas Europe**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527734>

You conveniently neglected to mention the back filing of taxes and any monies owed by these individuals who have paid their taxes already to their respective countries of residence. You have also neglected to talk about the “accidental Americans” who never knew they were American until FATCA.

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**university instructor** formerly of NY

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13528094>

What, no mention of the exit tax, Patricia? Isn't that where all the “fun” is?

\*\*\*

Sandy Smith Chicago

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13528548>

Actually you are also required to pay the estimated future tax on any annuities or other earnings. This can be quite sizable for many people even if they are not tycoons. In effect, the US government is saying: You can go, but we'll still take your tax for the period when you are no longer a citizen. This hardly seems fair or just. My husband and I have looked into this very closely and have gotten legal and financial advice and were shocked to discover this.

\*\*\*

Independent Maine

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13528573>

Patricia, American consular officer serving in Europe: "I'm sure my colleagues in London would be happy to take Mr. Johnson's money and fit him into the schedule. He won't find it difficult at all. And in my experience, there are several hundred others who are lining up to take his place as U.S. citizens." Your attitude as a USG employee and the statement that the US is happy to "take Mr. Johnson's money" are precisely the reasons why so many US citizens are lining up to renounce. As for those who want to "take his place", well eventually they will learn what it means to be a US citizen, and it is not always as rosy as you USG flacks would have us think. All of my life, from age 18, the only thing that I could rely upon from the USG is that it would lie, about most everything. In that it has been as consistent as the sun rising every day.

\*\*\*

S.T. Seattle

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13528952>

The cost of renouncing would seem high and I'd sympathize except for the fact that the author clearly makes enough money to afford it and in a case of this much importance, the American government will document it carefully.

\*\*\*

Elizabeth Washington, D.C.

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13528988>

What a nasty, smug tone from American consular officer Patricia. I have no dog in this fight, but it's ugly responses like this that make me think the expats have a point.

\*\*\*



**Sandy Smith Chicago**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529058>

Thanks Abo for pointing this out. We were advised that we would need to pay the estimated future tax on any income/annuities/pensions etc before the citizenship would be revoked. Say WHAT???

\*\*\*

**Margarets Dad Bay Ridge**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529124>

\$2,350 is not so much money for someone making \$97,000, which is where the taxation threshold begins.

\*\*\*

**Roger Binion Moscow, Russia**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527283>

It's interesting that you fail to mention what's on that 'bunch of paper.' The process is far more time consuming than you make it out to be. And once the citizenship has been revoked, the long arm of the US government, specifically, the IRS, doesn't even end there. Once citizenship has been revoked, the person is expected to file forms with the IRS for the next two years to prove that the renunciation wasn't just to avoid taxes on upcoming income. No, it's not just a simple two interview process. And for \$2,350 no less.

\*\*\*

**Conservative & Catholic Stamford, Ct.**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529241>

An observation. If our American consular officers don't view writing a \$2,350. check as difficult then they must be overpaid. Although it is probably easier for them because they are banked locally through the consulate and haven't had their banking relationships destroyed by the new US reporting requirements.

\*\*\*

**Dude New York City**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529396>

Yes, the bureaucrats always believe things are so easy, so efficient. I'm sure things are for you. Meanwhile, in reality....

\*\*\*

Ferdinand New York

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13527470>

You seem to be unaware of the tax ramifications of renouncing citizenship. The US criticized the Soviet Union for the theoretical penalties of renouncing Soviet Citizenship. Now the US does it.

\*\*\*

sonlib zurich,ch

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529669>

The ramifications of renouncing U.S. citizenship which you fail to mention in your post can be pretty extensive, well beyond the \$2,350 fee. As a consular officer you should familiarize yourself with this information, such as IRS expatriation taxes (found with a simple Google search): [www.irs.gov/Individuals/International-Taxpayers/Expatriation-Tax](http://www.irs.gov/Individuals/International-Taxpayers/Expatriation-Tax). Even a person without significant assets, but non-compliant on their past US tax filings, would probably be subject to financially ruinous FBAR penalties.

\*\*\*

JWC Hudson River Valley

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529671>

Thank you for your good work on behalf of the country.

\*\*\*

M Stommel Chicago, IL

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529673>

Ridiculous! My giving back the German citizenship did not cost me a cent! Why would a country charge you for quitting it, unless you owe back taxes?

\*\*\*

Pamela Berlin

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529682>

Wait a sec, Patricia, I think maybe you've left out the business of the exit tax. As I understand it, Americans who want to give up their citizenship have to pay taxes on their capital gains which, in the case of married persons, could include jointly owned real estate or other possessions. If it were really only a matter of \$2,350 I (and probably many others) would be on board, or overboard, depending on your perspective.

\*\*\*

Jim Odenton, MD

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529173>

\$2,350 to shuffle some papers?! No, it's not in the least very difficult, just inexplicably expensive.

\*\*\*

Liz Ontario

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13530073>

As a consular officer you should know that some people are being forced into the decision to have to give up their citizenship over this since they can no longer save, bank and live with their foreign spouse. It has been documented that especially low income women abroad are having these issues where the American in the household is not the wage earner. And the attitude should NOT be about who is standing in line to take your place. If even one person feels they didn't have a choice to keep their citizenship then something is rotten here and needs to be fixed. Badly. These are human beings, not just numbers!!

\*\*\*

Sally New York

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13530922>

I'm appalled that an American consular officer thinks her job is to push actual American citizens to renounce their citizenship. You're missing something important. American citizens abroad are still US citizens that the government should be serving. I don't cheat on my taxes, so I wish the US government wouldn't make it ludicrously burdensome for me to bank abroad "in order to catch tax cheats." Similarly, Johnson may or may not be a model patriotic American, but until his citizenship is renounced the government ought to be serving him (indeed, this is true even if he were a criminal or ne'er do well - he is OUR criminal or ne'er do well, you see). Yet our policies towards him and people like him seem to be grounded in a sense of suspicion, not service. Merely living abroad, even temporarily, makes you suspect. I can't believe you think that having "several hundred others lining up to take his place" means that you have no obligation to listen to and try to help THIS disgruntled citizen - especially as he happens to be an American abroad who actually quite likes America. How does our government serve the American public by making it very difficult for some Americans to bank, pay tax, and save for retirement? Most countries work hard to serve their citizens abroad. We work hard to make life difficult for them, and apparently our consular officers think that's just dandy.

\*\*\*

Carol Wheeler Mexico

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531007>

So we pay thousands of USD to give up something? Not difficult perhaps, but not so easy either.

\*\*\*

DaveD Wisconsin

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13530063>

If Pat had her way, other consular services would probably carry a price tag.

\*\*\*

blondie1713 Chicago, IL

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531062>

Why on earth would he have to pay a fee of over \$2K to renounce citizenship? That alone might make it “very difficult!”

\*\*\*

AK New York

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529176>

2 interviews (where you presumably wait in line for hours), \$2,350 and “a bunch of papers” actually does sound needlessly difficult.

\*\*\*

Terry Murray Toronto

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531207>

\$2,350? Is that the special fee for Boris Johnson or is that what’s being charged in Britain? In 2013, in Canada the fee (which was said to be payable only if the renouncer wanted a document confirming the loss of citizenship) was \$450!

\*\*\*

realist NY

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531268>

Thank you for the explanation. I am sure the hundreds of others lining up to take his place as U.S. citizens are not very close in his level of education and job qualifications.

\*\*\*

KP Nashville

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13530164>

Why is the fee so high? A 'price' to be paid for something real or a kind of penalty for the renunciation?

\*\*\*

rpmth Paris, France

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13530902>

In point of contrast to Patricia's valuable practical information, I would like to point out that the ramifications of renunciation run much deeper than the bureaucratic procedure outlined above (to say nothing of the ridiculously high fee to validate a right to renounce [and it IS a RIGHT] a fee which I doubt would pass the courts if anyone mustered up the courage to challenge it). The process is indeed very difficult if you value your hard-earned assets, because you run the risk of the I.R.S. coming after you if you fail to certify that you have been fully tax-compliant for the past five years on your tax declarations, even if you have net worth under the "break point" US\$2 million. While the likes of Boris Johnson can surely afford to expatriate, middle and upper-middle income Americans abroad who find this process, supposedly conceived to punish or confiscate from wealthy expats (a ridiculous objective to the extent that as everyone knows the rich have become quite savvy about protecting their assets, after in the revolutionary-hot 20th century) a very onerous ordeal instead. I know fiscal attorneys abroad, European on both sides of the family, who make a good living dealing 100% with American clients, the majority of which ask for help renouncing their U.S. citizenship. Johnson's and Tepper's complaints are wholly justified.

\*\*\*

bobaceti Oakville Ontario

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531227>

Patricia, The point that the Mayor of London is making is not a slight against the US. He is simply stating that he happened to be born in the US (NYC) and left when he was 5 y.o. Everyone is well aware that more people want to become Americans than want to renounce their citizenship. But those whose parents may have had temporary jobs in America - researchers, professors, executives, etc., and had children born in the US before returning home, those children are caught in the US expat 'tax limbo' for the rest of their lives. Which brings us to the often stated quote: "There are two certainties in life: death and taxes".

\*\*\*

Jack Paris

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13528693>

Always happy to take the fee, eh? It that what it's all about? "Bunch of papers"? Is that how you view it? So what does one do if one doesn't have that money? What if one earns that in a month or two? Could you do without one or 2 months salary? The USSR was hard to leave. But at least once abroad you were free.

\*\*\*

Rachel London

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529179>

The comment by Patricia, the consular officer, is misleading. First of all, it is quite reasonable to call a process that costs \$2350 "very difficult" just because of the cost involved. This cost was raised from about \$400 recently, but as Patricia's comment suggests, the raise seems to have been punitive, as the consular time involved is small. Secondly, there are a number of complex tax reporting requirements when you expatriate, which Patricia conveniently glosses over. The tax treatment of Americans abroad is shameful and unjust, particularly since it is the innocent "little people" who suffer. Unfortunately, the nature of the American political system, as well as widespread, incorrect stereotypes about Americans abroad, makes it difficult to change the rules. Articles like this are very important in bringing the issue to greater attention. Thank you, NYT editorial staff, for printing this article, and please continue to cover the issue.

\*\*\*

Troubum Melbourne, Australia

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529541>

This is really a rather facetious answer and I think, actually, Mr. Johnson is far more correct. You really do not just 'make two appointments' and 'pay the fee' (which, BTW, has been recently raised from \$450...a 422% increase). You need to be in complete tax compliance which means filing for the last 4 years & have properly filed the FBAR forms and paid any tax owed plus interest & penalties. Most people, even Mr. Johnson, would need to engage an accounting & legal firm to, just maybe, properly fill all this gobbledygook of forms at a serious cost of money. And the penalties are horrendous which Mr. Johnson would most likely be tagged for such flagrant lack of filing. Then he would have to face the 'exit tax' - sweet. So I think it is quite deceptive to claim it is just 2 meetings & paying a fee. The trouble is that the United States, far longer than it has been a "nation of laws", has been a nation of injustice. And in the absence of basic justice or fairness such laws can amount to little more than codified tyranny which is what Mr. Johnson is bellowing about - go Boris.

\*\*\*

Pete Germantown, MD

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531335>

You don't think having to pay \$2,350 to renounce citizenship makes it difficult? I would consider that very difficult. It should not cost a dime. Let those willing to take a former citizen's place pay that fee.

\*\*\*

Michael NY

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531179>

And the justification for the \$2,350 fee? I recall paying \$50 PER PAGE to have a few things notarized at an American Embassy several years ago. It's all so unfair.

\*\*\*

zydemike NY

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13529831>

Why should it cost so much to do this?

\*\*\*

shuydts Chicago

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531554>

\$2,350 seems a stiff fine to renounce citizenship, and to have one's name wiped from a computer data base...

\*\*\*

Liz Ontario

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531574>

Really? Because there is a waiting list in Toronto, Ottawa and Vancouver. In Toronto you can't get an appointment for at least six months. That amount of money for a low or middle income expat for example our kids born abroad is incredibly high and furthermore there is a ton more paperwork to it than just your forms. HE might not find it difficult at all but, the irony here is that low and middle income families abroad WILL find it very difficult indeed. This is nothing to be so cavalier about! Shame on you!

\*\*\*



Richard G Nanjing, China

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531588>

Not even a little bit accurate, but what would you expect to hear from a consular officer? Ever try to deal with Embassy/Consular personnel as an American expat? And there is a line of leavers - it takes years now to renounce your passport (I won't say citizenship, because they are not the same thing to me). THAT'S a very long line indeed! As with all other things, the U.S. is about money, little else.

\*\*\*

PQuincy California

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531754>

It sounds profoundly Kafkaesque to me that it costs a \$2350 fee to renounce citizenship. One's cutting the tie after all...yet one's expected to pay for the privilege? Patricia's comment about how gladly she and her colleagues will "take your money" are not encouraging, either.

\*\*\*

JetPete NYC

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531706>

Wow! Why so expensive?!!

\*\*\*

DRS Baltimore

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531820>

You have to pay a fee of thousands just to file that form?! I understand the fee to renew my passport. But \$2350 is truly spectacular.

\*\*\*

TMK New York, NY

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531838>

The Embassy owes London 10m in parking fees. It's a special relationship for sure.

\*\*\*

**explorer08** Denver CO

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531864>

Patricia - - you seemed to have completely missed the entire point of the article.

\*\*\*

**TomD** Evergreen, CO

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531876>

Perhaps you could, in an effort to be helpful, of course, send this along to the Editor of the Times of London.

\*\*\*

**Nathan Churchill** São Paulo

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531887>

They have really dumbed down the foreign service exam.

\*\*\*

**Patricia Moon** Toronto ON

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13531957>

I would imagine Mr. Johnson was referring to the “whole picture,” which of course includes dealing with the IRS. That is not simple. As to the issue of the “several hundred others lining up to take his place as US citizens,” I certainly hope they are made aware of US law concerning accounts they may have in their country of origin. To date, I have not been able to find any evidence that indicates this information is included in their USCIS package. As well, in what way shall they be able to replace the goodwill ambassadors the US is losing through this ridiculous situation?

\*\*\*

**Gregory Bron**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532097>

I can assure you that even if this is as “easy” as you claim, the consequences are clearly unconstitutional. I attempted to do this back in 2005 but my tax advisor pointed out that I would continue to be fully taxed for 10 years following expatriation, even though I would no longer be a U.S. citizen (thus being unconstitutional to personally tax a non-U.S. citizen). <http://www.irs.gov/Individuals/International-Taxpayers/Expatriation-Tax> I have always heard that the U.S. and North Korea share the most similarities in their tax-code but upon inspection it seems that not even North Korea taxes its foreign domiciled citizens as strictly as Americans: <http://www.asiatraderhub.com/n.korea/tax1.asp>

Lea UK

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532142>

It is obvious you have no idea how complicated it is to extract yourself from US citizenship for tax purposes. You can do everything you stated above, but that does not remove your requirements to pay tax to the US. In order to exonerate yourself from future tax liability, you also have to file a renunciation form (Form 8854) with the IRS who will then determine if you owe an exit tax or not. In Mr. Johnson's case, because he has not filed US tax returns, he would be considered a 'covered' expatriate and would be required to file and pay US taxes for the past 5 years. In addition, the IRS would assess an exit tax on his entire net worth as if he had liquidated every asset he owned at the time of renunciation. His tax bill would easily be a huge six-digit number. Go look it up and educate yourself.

\*\*\*

KC Berkeley,Ca

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532166>

Two THOUSAND three hundred and fifty smackers U.S. to LEAVE? So, one may not renounce if one is poor? Maybe because the poor in the US may not often wish to go? Some perverse new status symbol-renouncing US citizenship or another early sign that we ain't what we used ta be?

\*\*\*

tim marquette, mi

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532200>

"And in my experience, there are several hundred others who are lining up to take his place as U.S. citizens." A perfect example of comparing apples to oranges.

\*\*\*

Ponderer Mexico City

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532339>

Aside from the inexplicable, unjustifiable and exorbitant \$2,350 fee, any procedure that requires two visits to a U.S. embassy or consulate is by definition difficult -- no matter what this American consular officer says. Going through security at one of our heavily fortified diplomatic or consular posts is always a painful ordeal. Add to that the long wait for some consular officer to take your money and look at your paperwork, and you are not talking about a quick, painless experience. (And you can not take your phone or other electronic devices with you . . .)

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**Stephen Shearon** Murfreesboro, Tennessee

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532348>

Patricia, Forgive me for jumping on the bandwagon here, but the mindset and attitude you imply in your comments is one of the reasons my wife and I recently began investigating retirement abroad. Both my and my wife's families have been in North America since the early seventeenth century, so, whether you like it or not, we are completely American, but increasingly we want little or nothing to do with the USA. It should cost little or nothing to give up one's citizenship, and once no longer a citizen, the individual should not be beholden to that nation in any way. You've presented us today with another stereotype of "The Ugly American": ethnocentric, arrogant, and ignorant. Make sure you share all these comments with your fellow consular employees.

\*\*\*

**Thomas Graves** Tokyo

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532390>

Ripping off people for \$2350 to be relieved of the burden of US citizenship doesn't sound all that user friendly, but it does sound like the type of service the US embassies specialize in. All the more reason to leave 'shaking the dust from one's feet'.

\*\*\*

**James Lupolt** London

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532493>

You forgot to mention the gigantic expatriation taxes he'd likely owe. See <http://www.irs.gov/Individuals/International-Taxpayers/Expatriation-Tax>.

\*\*\*

**seattle expat** Seattle, WA

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532632>

Do you realize what a haughty, holier-than-thou attitude you have? As an American citizen, I am appalled by your comments and ashamed that you are representing MY country.

\*\*\*

TK Sunnyvale, CA

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532878>

“And in my experience, there are several hundred others who are lining up to take his place as U.S. citizens” Not in my name please. I am not an American citizen, but struggled through an obtuse immigration system, which people like you presided over with pride. Mark my words, the people you’re gracelessly taking \$2,350 from, are the only ones who truly understand how to KEEP America exceptional in the 21st century. I have a feeling you just talk about it.

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ejzim 21620

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524929:13532953>

You have to PAY to QUIT? Whaaaaa...? :O

#### **A TAX PRO ON MR. TEPPER’S CLAIM AS “BOGUS”**

Bill P. Albany, CA (tax professional for 40 years)

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752>

As a tax professional for 40 years, I experience Mr. Tepper’s article as biased, short-sighted, and partially bogus. He admits that almost the first \$100,000 of his income is not taxed by the U.S., and for income above it, there is a U. S. tax credit for U.K. tax paid, up to the amount of U. S. tax. So, he is not doubled taxed. And the filing rules for the situation he describes are straightforward. So, I perceive no lack of fairness for dual citizenship. If the burden has become onerous, I suspect that it may relate to his income perhaps rising to be in the top 10% of U. S. incomes. If his connection with the U. S. has become so slight, why did he not relinquish his U. S. citizenship years ago? His solution makes sense. Methinks he doth protest too much.

#### **ALL REPLIES TO BILL P.:**

abo Paris

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527278>

“he is not doubled taxed” Oh he certainly is. Taxation is a package, not by line. For instance (taking the case of the Mayor of London), the UK doesn’t allow interest deduction on home mortgages; the US does. So every year the UK taxes homeowners a little bit more than what those in the US pay. In counterpart, when they

come to sell their first home, the Brits don't pay any tax, while Americans will above a certain level. It sums to the same amount more or less; it's just taken at different times. So if the Americans come in and say on the sale of your home, Oh you haven't paid enough taxes on the sale, we'll take some of that lovely money, they really are taxing double.

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**Laura Wilson** Toronto, Ontario

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13528167>

These foreign tax credits are for EARNED income. Everything else is fully taxed such as pensions, disability payments, welfare, interest, dividends etc. The US is even taxing the deferred tax accounts of disabled children abroad rendering them useless. This is simply disgusting!

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**Michele** New York

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13528068>

In Israel, those of us who are self-employed are doubly taxed (Israel and the US do not have a SS/Bituach Leumi double taxation treaty).

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**steve** Georgia

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13531249>

Bill P....So do you think that the tax laws for these people living abroad or working abroad with also two citizenships are fair and just. I think they need to be restructured myself.

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**Brief Al** Saint Paul, MN

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527388>

You perceive no lack of fairness because you don't live outside the U.S. and have any understanding of how difficult it is to a) find an accountant in the U.S. who knows the relevant tax codes when you are in a foreign country. Nor do you seem to appreciate that the difference in tax laws in the states vs the country you are living in does indeed result in double taxation. And finally, how in the world is it fair that we ex-pats are taxed but have no representation in Congress. On its face, you are not perceptive.

jmc Indianapolis, IN

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527425>

I obviously wouldn't hire Bill P. to do my taxes as an expat - even with his "40 years" of experience as a "tax professional". As a side note, the requirements for IRS filing for a married expat that has a foreign born, non-resident spouse (no green card) are draconian. Making an appointment at a US Embassy that is 1 hour away by plane, taking multiple days off from work, paying for translations of civil documents -- just to get a Taxpayer Identification Number for a spouse that in fact has no US tax liabilities. My spouse and I now need to keep our bank accounts separate (no joint ownership, therefore no automatic direct inheritance should either of us kick the bucket). Why? Although my spouse is not taxable by the IRS (foreign born spouse, no US based income, no green card, no intention of living in the US), if his earnings/savings of say 6K in a joint account that has a balance of 12K, the IRS will consider the 12K as belonging entirely to me - which triggers the IRS foreign bank account ruling for US citizens. These two laws were written and voted by a congress that has no idea of the consequences now faced by expats -- in fact it has taken 7 years to write the rules given all of the blow back. I just cross my fingers that I have reported what is now required and hope that a mostly inept IRS doesn't find a mistake and deem me a criminal.

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mathematician8 Toronto

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527550>

As a tax professional, you should know that "almost the first \$100,000 of his income is not taxed by the U.S." is false. It is only foreign-earned tax. Once you stop earning abroad, and decide to stay in your new country, you do pay tax to both countries on retirement disbursements. Moreover, the U.S. doesn't credit the tax paid on non-earned income to a foreign country as an offset against your U.S. tax; it is only a TAX DEDUCTION. This effectively makes it double taxation.

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Michael Stockholm

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13528017>

As a tax professional, you should know that what you've written does not address all the issues. As you've written, the US does not tax the first ~\$100,000 of income. The host country certainly does. The host country also taxes the amount over ~\$100,000, as does the US. So anyone with an AGI of over \$97,600 will be taxed twice for that income. And even that is only half the story because anyone married to a person who is not a US citizen must file as "married, filing separately". Then one must fill out the Alternative Minimum Tax, which only provided a \$40,400 exemption (2013). However, it is not the taxation burden that me and all of my American friends hate the most, it's the requirement that we hand over all financial information to the IRS or face huge fines and/or prison - just for opening up a local checking account and not reporting it to the US government!

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**MacK Washington**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527234>

I have to pay my 'tax professionals' about \$2000 a year to deal with the tax returns that usually show that I owe nothing, because my UK tax liability was higher - except on those occasions when I get hit with AMT because deductions that are below the line in the US are above for the same thing in the UK. It seems to me that as a 'tax professional' your views are driven by self interest rather than the interests of the United States. Do you think having to pay a tax professional to show no additional tax liability is not a burden .... Of course. You do.

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**Simone Zurich**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527235>

You are a tax professional, so of course the forms are not difficult.. let me tell that I am a Swiss attorney with 20 years of experience in finance matters, and US friends and I find the tax forms for US citizens abroad incomprehensible... This in itself I find not worthy of democracy. Another PS. Swiss persons living outside Switzerland have representation, can vote or participate in referenda, and consular services provides all kinds of assistance, including "social" assistance, like events where Swiss citizens can meet up, or info how to settle in. Americans get nothing in return for their tax money.

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**Michael C. Brussels, Belgium**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527240>

You may be a tax professional, which is why it seems straightforward to you. But it is not to the average person. I've worked abroad for 20+ years, including several years in finance. The filing requirements on foreign earned income are complicated and require the hiring of professional tax services. None of the standard tax software is able to handle it. And the reality of trying to hold bank or investment accounts abroad is very real. I've been turned down many times by financial institutions because of my citizenship.

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**Roger Binion Moscow, Russia**

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527270>

While you may be a tax professional with 40 years experience, how many of those years have been spent trying to untangle the mess that it is to file taxes while overseas and earning income overseas? It is not an easy task. And, as Mr. Tepper states, he has set up two companies. That would undoubtedly add a whole other layer of complexity to his tax filings, depending on how those companies are set up. I can assure you that keeping up with US tax law and filings while overseas is no easy task.

VR England

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13527294>

You may be a tax professional but you seem to be unaware of the tax implications for US citizens abroad. Not everything is covered by double taxation agreements. Britain has very high tax rates, but in return gives certain tax breaks, e.g. tax-free savings accounts, first 10,000 of capital gains in any year, capital gains on sale of your primary home, etc. Overall you end up paying higher tax than an American living in the US would. What the US does is deny these tax breaks even though the person pays much higher tax overall. It also doesn't allow you to invest in foreign mutual funds without terrible tax consequences (such as unrealized gains being taxed as ordinary income, but losses being considered capital loss). Many of us can't invest in the US because they now don't like a "foreign address" even if we're US citizens. The whole situation is simply unfair and has to do with the US being the only country to tax based on citizenship rather than residence. Moreover, what is particularly onerous are the reams of forms (1116, 1116AMT, 8833, 8621, etc) and most end up paying hundreds (often over a thousand) dollars just to tell the IRS that we owe almost nothing. None of us has a problem with paying higher taxes to the UK if we live here, and if we return to the US, we would be quite happy to pay US taxes.

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Johnny Cazzone New York

<http://www.nytimes.com/2014/12/08/opinion/why-im-giving-up-my-american-citizenship-passport.html#permid=13524752:13532577>

You're a tax professional? Tell me where is US tax law it says that the foreign tax credit (credit - not deduction - for taxes paid abroad) on non-earned income isn't creditable?