

March 20, 2016

Charles Boustany
Chairman,
House Ways and Means Tax Policy Subcommittee

Re: “Fundamental Tax Reform Proposals”

Dear Representative Boustany:

This letter is a response to your 2016 request for “Fundamental Tax Reform Proposals”.

RECOMMENDATION: My single recommendation, made on behalf of our organization (see below) is that Congress repeal “citizenship-based taxation”, imposed on United States citizens living outside the United States, and switch to “residence-based taxation” --- in keeping with the approach accepted by the rest of the civilized world.

SUPPLEMENTARY MATERIAL. In the past I, and hundreds of others, have already made submissions to the Senate Finance Committee and to the House W&M Committee in support of this recommendation.

This includes a comprehensive April 2015 submission my colleague John Richardson and I made to the “International Tax Committee” of the Senate Finance Committee.

The “International Taxation Committee” released its report on tax reform in 2015. In spite of the fact that more than 3/4 of the submissions were from overseas “Americans”, the committee acknowledged, but failed to address, the intolerable treatment of Americans citizens abroad and those deemed only by the United States to be United States citizens or “persons” abroad.

The committee did include however this statement, which we ask you to consider:

“According to working group submissions, there are currently 7.6 million American citizens living outside of the United States. Of the 347 submissions made to the international working group, nearly three-quarters dealt with the international taxation of individuals, mainly focusing on citizenship-based taxation, the Foreign Account Tax Compliance Act (FATCA), and the Report of Foreign Bank and Financial Accounts (FBAR).

While the co-chairs were not able to produce a comprehensive plan to overhaul the taxation of individual Americans living overseas within the time-constraints placed on the working group, the co-chairs urge the Chairman and Ranking Member to carefully consider the concerns articulated in the submissions moving forward.”

OUR ORGANIZATION. I submit this proposal on behalf of myself (I am a United States citizen residing in Canada for more than 40 years who will be forced to renounce United States citizenship should the tax laws affecting Americans overseas not be repealed) and on behalf of the “Alliance for the Defeat of Citizenship Taxation” (ADCT; www.citizenshiptaxation.ca), a non-profit corporation, for which I am Chair.

Given the reluctance of the Senate Finance and House Ways and Means committees to remedy the situation for overseas Americans, the objective of ADCT is to fight your U.S. citizenship-based taxation laws by litigation in the U.S. courts.

The provisions of the Internal Revenue Code, including various reporting requirements and punitive taxation of non-U.S. resident retirement vehicles, have forced many Americans abroad to renounce U.S. citizenship for their financial survival.

It is the view of ADCT that these direct actions of Congress result in violation of the guarantees of the 14th Amendment of the U.S. Constitution as confirmed by the United States Supreme Court in *Afroyim v. Rusk*.

As a result, our organization will be bringing a lawsuit in the United States to enforce the Constitutional rights of all American citizens -- and specifically those who are attempting to live a normal life outside the United States.

Your subcommittee may wish to consider whether Congress has the Constitutional authority to continue to impose such tax laws on “overseas” United States citizens that compel such persons to renounce their citizenship.

Your subcommittee also needs to understand how the community of U.S. citizens abroad (the best ambassadors that America could ever have) is being destroyed.

This is not about tax compliance. It’s not about accountants and lawyers. It’s not about academics. It’s not about partisan politics. It’s not about class warfare. It is certainly not about tax evasion and offshore accounts.

It’s about people. It’s about people with real lives, who are trying to exercise their constitutional liberties to pursue happiness in the form they desire. Instead they are being forced to renounce (either formally or informally) their U.S. citizenship.

It’s about the right of people to live normal lives. It’s about being able to “live as a U.S. citizen abroad”.

Sincerely,

Stephen Kish
Chair, ADCT

John Richardson
ADCT Legal Counsel and Co-Director,

Patricia Moon
ADCT Secretary-Treasurer

Carol Tapanila
ADCT Director

Alliance for the Defeat of Citizenship Taxation

405-50 Rosehill Avenue
Toronto, ON CANADA
M4T 1G6

www.citizenshiptaxation.ca