



American Citizens Abroad

The Voice of Americans Overseas

President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington DC 20502

July 17, 2009

Dear Mr. President,

American Citizens Abroad (ACA) is a non-profit, non-partisan, volunteer organization whose mission is to defend the rights and interests of Americans living overseas. We want to bring to your attention the **perfect storm** which is currently brewing against the estimated 5 million Americans who live and work abroad. A combination of existing and proposed U.S. policies is making their **banking and personal situation untenable**.

The four policies described below are infringing upon the constitutional and economic rights of U.S. citizens overseas and are causing severe prejudice to these citizens and thereby to the nation.

First, the **proposed reinforced Qualified Intermediary (QI) regulations** are so draconian that banks overseas are getting rid of American clients rather than face the administrative hassle and the perceived legal risks of complying. If Americans overseas cannot even open an ordinary bank account for everyday transactions in their country of residence, how can they live and function in the modern economy?

Second, the **Patriot Act**, in 2001, tightened the Know-Your-Customer (KYC) regulations. Many U.S. banks have decided that this KYC clause cannot be fulfilled if the customer lives overseas. Consequently, these banks are closing accounts of U.S. citizens on the sole ground of their overseas addresses. This denial of service clearly infringes upon the constitutional and economic rights of US citizens.

Third, the new **more inclusive Treasury FBAR filing requirements for foreign bank accounts** are excessive and carry unduly harsh penalties for not filing or incorrect filing, even when this is done unknowingly. Due to the extra-territorial reach of the FBAR to bank accounts where the U.S. citizen has no financial interest, non-U.S. companies and organizations are removing U.S. citizens from positions of responsibility to protect their privacy and strategic interests. FBAR also creates numerous problems in the everyday life of American citizens, and specifically those with foreign spouses.

Fourth, **US citizenship-based taxation**, unique among nations, subjects overseas Americans to double taxation. A flagrant example of recent tax injustice is the 2006 TIPRA act, which opportunistically increased taxes on Americans abroad to compensate for a domestic tax cut. Americans abroad already pay taxes in their country of residence. In fact, they pay more taxes in total than citizens living in the United States, yet they do not benefit from U.S. government domestic services. Residence-based taxation is the only practical tax system that would be fair and allow Americans to be competitive in the global economy.

We have addressed Secretary of the Treasury Geithner concerning the banking issues and Chairman Volcker and members of the Tax-Code Task Force on the tax issue. We remain at their disposal.

Mr. President, we implore you to stand by the fundamental rights of Americans abroad and we request that your team ensures that equity and constitutional rights are respected for U.S. citizens overseas.

With your leadership, Mr. President, we can do this.

Sincerely yours,

MaryLouise Serrato
Executive Director

Jacqueline Bugnion
Director

Enclosures: Letter addressed to Mr. Paul Volcker, Chairman, Task Force on Tax Code Review
Letter addressed to Mr. Timothy F. Geithner, Secretary of the Treasury

CC> Mr. Timothy F. Geithner, Secretary of the Treasury
Mr. Paul Volcker, Chairman, Task Force on Tax Code Review
Mrs. Hillary R. Clinton, Secretary State
Mr. Douglas Shulman, Commissioner of Internal Revenue
Mrs. Nina E. Olson, National Taxpayer Advocate
Members of the Americans Abroad Caucus
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Congressman Joe Wilson, Co-chair
Congressman John Boozman
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