



AMERICAN CITIZENS ABROAD
THE VOICE OF AMERICANS OVERSEAS

News Update: 2nd Quarter 2016

ACA's quarterly News Update focuses on in-depth analysis of core issues relevant to Americans abroad. For frequent news updates and information on ACA developments, be sure to visit our [website](#), [Facebook](#) page, and Twitter feed @ACAVoice.

IRS, Taxation and Tax Reform

ACA follows up on its meeting with Robert Stack, Deputy Assistant Secretary for International Tax Affairs, with support for Same Country Exemption for FATCA reporting

In October 2013, in a [letter](#) to the Treasury Department and the Internal Revenue Service, ACA proposed that a "Same Country" exemption be adopted to the FATCA regulations and future IGAs. ACA's letter described in general the workings of such an exemption. In February 2015, ACA, together with several other groups, met with Robert Stack, Deputy Assistant Secretary for International Tax Affairs, United States Department of the Treasury, to discuss the subject and presented him with a written description of the *Same Country Exemption*. Secretary Stack asked ACA to provide more information on FFI's ability to adopt the *Same Country Exemption* to alleviate the problems of banking lock-out for Americans living and working overseas. ACA has followed up and responded to Secretary Stack's questions in a letter to him on April 29th. ACA is confident that, if adopted, the *Same Country Exemption* will alleviate a large part of the banking lock-out that currently exists for Americans living and working overseas.

ACA testifies on behalf of American Citizens Overseas at recent National Taxpayer Advocate Public Forum.

The National Taxpayer Advocate, Nina Olson, has been holding [public forums](#) on the IRS "Future State." The IRS's *Future State* is a project that proposes utilizing electronic and on-line services to better serve the community of U.S. taxpayers. There are many good reasons for using electronic filing and on-line accounts to simplify and stream-line tax compliancy; however, the IRS must take into consideration the needs of all U.S. taxpayers and understand how the IRS *Future State* will impact these communities.

ACA was asked to speak at the May 17th public forum on behalf of ACA, AARO and FAWCO, to educate the IRS, the public and the media not only on how the IRS *Future State* would impact

Americans overseas, but also what the IRS needs to consider prior to implementing such a program across the board. In addition, ACA used the opportunity to educate on the overseas American community itself in order to dispel the existing misperceptions of this community being inordinately wealthy and involved in tax evasion.

The forum was not an opportunity to discuss tax reform itself as the IRS is not the agency responsible for reforming tax law; however, our testimony about the complexity of the code and the need for simplification was made in the context of the remarks we were asked to present. [Our testimony](#) reinforced that the real issue facing this community is the complexity of the tax code itself, the overlapping reporting forms and that there is an immediate need for simplification.

ACA presented alongside other community groups that also have particular needs such as those engaged in the on-demand economy and the physically and mentally disabled. ACA's [comments](#) were well received and quoted in the media, particularly in media outlets involved in the subject such as *Tax Notes*, which is the leading publication in Washington, D.C., for those involved in all topics pertaining to tax, including tax reform, regulatory and oversight, etc.

Public forums such as these are essential to ACA's work. They help ACA educate the legislature, the administrative offices, the public and the media on the community of Americans living and working overseas. ACA congratulates National Taxpayer Advocate Nina Olson and her team for holding these important forums and for inviting ACA, AARO and FAWCO, allowing our organizations to represent the voice of the community of Americans overseas.

Here you can find the [ACA testimony](#), the [public forum announcement](#), the [agenda](#), and [speaker biographies](#).

A Proposal for Fair U.S. Tax Treatment of Foreign Pensions Former ACA Director Jackie Bugnion and Paula Singer of counsel at Vacovec, Mayette & Singer LLP, have published [a proposal](#) for the fair U.S. tax treatment of foreign pensions. The non-recognition of foreign pensions as U.S.-qualified is one of the biggest concerns for Americans living and working overseas. See Ms. Bugnion and Ms. Singer's [recommendations here](#).

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House Ways and Means Tax Policy Subcommittee held a hearing entitled "Perspectives on the Need for Tax Reform".

On Wednesday, May 25th, the House of Representatives' Ways and Means Committee conducted a hearing entitled "Perspectives on the Need for Tax Reform" where a panel of tax experts gave their opinions on the impact and the necessity of tax reform in 2016.

The full video and other details about the hearing can be found [here](#).

ACA in the Media

[ACA has been highlighted in the media](#) again with articles in *Tax-News*, *The Wall Street Journal* and *CNBC.com*. Getting ACA's name and issues out in the public arena and in important media outlets like these helps advance ACA issues for the benefit of all Americans abroad.

Residence-Based Taxation Put Forward For Americans Abroad

by Mike Godfrey, Tax-News.com, 04 May 2016, *(excerpt)*

With regard to the increasing talk in the U.S. Congress on tax reform, **American Citizens Abroad (ACA)** has provided the House of Representatives Ways and Means Committee with a full reform proposal for the enactment of residence-based taxation (RBT) for American expatriates.

ACA has said lawmakers should enact RBT instead of the present citizenship-based taxation (CBT) system because it would reduce compliance burdens for expatriates, eliminate double taxation and costly double reporting, and improve competitiveness.

Under the current CBT, Americans abroad remain subject to U.S. taxation as though they were still U.S. residents. Under RBT, U.S. residents, whether Americans or foreigners, would be subject to U.S. income, estate, and gift taxation, while Americans resident abroad could elect to be treated in a manner analogous to non-resident aliens and only be taxed by the United States on U.S.-source income.

Americans abroad would still be taxed through a system of withholding taxes on passive U.S. source income (such as dividends, interest, and royalties); capital gains and rental income taxes on U.S. real estate; and normal income taxation on "effectively connected" income earned in a trade or business in the United States. They would also remain subject to U.S. estate tax on assets located there, including real estate and securities.

If a departure or exit tax based on the mark-to-market valuation of unrealized capital gains at the time of departure is a condition imposed by Congress, **ACA's position is that there should be a "grandfather" clause shielding overseas Americans meeting certain residency minima from the tax, together with a high asset exclusion threshold for Americans leaving the United States and measures to help holders of illiquid assets meet their exit tax obligations.**

Following an analysis of Internal Revenue Service (IRS) statistics, **ACA also considers that a switch from CBT to RBT would be revenue neutral.** Under CBT, the IRS already "recognizes the first right of taxation of the country of residence, and, due to the crediting of foreign taxes, collects no tax from the vast majority of Americans abroad."

The National Taxpayer Advocate has previously said that "about 82 percent of all Americans abroad owe no U.S. taxes. For most Americans abroad, the real hardship of CBT is the cost, time, and legal risks involved in compliance."

Tax revenue from Americans abroad is found to account for less than 0.2 percent of total U.S. tax collections. Under RBT, it is noted, the United States would be able to claw back revenue, mostly through withholding taxes on financial assets and taxes on U.S. effectively connected income.

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Read the full article [here](#).

Good News Tax Delinquents: The Government Isn't Yet Taking Your Passport

By Laura Saunders, [The Wall Street Journal](#)

June 10, 2016 5:30 a.m. ET (excerpt)

"Do you owe back taxes to Uncle Sam? Your passport is safe—for now.

"Late last year, Congress enacted a law that would revoke passports of U.S. citizens who are “seriously delinquent” on tax payments to the Internal Revenue Service. The threshold is \$50,000 or more, and it includes penalties and interest.

"Roughly six months after the provision took effect on Jan. 1, however, there are no reports of enforcement so far.

"The reason is likely because no regulations detailing it have come out. Currently, the IRS and State Department are working to write such regulations. People familiar with the matter don't expect them until mid-November or even later.

"The passport provision is of special concern to Americans living abroad, because they often have to use their passports for routine activities of daily life, such as banking or registering a child for school. They also may not receive notices mailed by the IRS. ...

"...In addition, **American Citizens Abroad, an advocacy group, recently concluded an agreement with State Department Federal Credit Union to offer its U.S. bank accounts, credit cards and other services to ACA members.** (ACA dues are \$70 a year, and the credit union isn't a unit of the State Department.) ..."

Click [here](#) to read the full article (Subscription needed).

Moving abroad if Trump or Clinton wins? Not so fast

By Sarah O'Brien, [CNBC.com](#), June 25, 2016 (excerpts)

"The next time you hear people say they'll flee U.S. soil if so-and-so wins the presidential election, ask if they're familiar with the financial life of an expat...

"There are a lot of issues that Americans overseas face, and it isn't easy," said Marylouise Serrato, executive director of advocacy group American Citizens Abroad. 'We're trying to address some of [the complications] through regulatory change.'

"Specifically, Serrato's group is working to get changes made to the 2010 Foreign Account Tax Compliance Act.

"Commonly called FATCA, it requires foreign financial institutions — banks, insurance companies, stock brokerages, hedge funds, trusts, etc. — to file formal reports about accounts held by American citizens, whether they live in the United States or abroad. The penalty for noncompliance is a 30 percent withholding on any U.S. investments held by the institution..." Read the full article [here](#).

2016 Presidential Election

Ensuring a Seamless Overseas Voter Experience

by Roland Crim, Voting Team Lead of American Citizens Abroad

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So your move is planned, your future residence identified, the furniture movers are scheduled and you are ticking off the items on your checklist to ensure that your upcoming international move goes smoothly. But have you considered "voting" as a checklist item? Since the outcome of these 2016 elections will have an important impact on U.S. citizens both at home and abroad, it's an item of business no one should overlook.

State Requirements

Overseas Americans have the right to vote in both primary and general elections. The registration process for overseas voters has changed in many states this election cycle, so be sure that you don't overlook a deadline or a change in procedure. Obtain an absentee ballot form and send your ballot to the county, borough or parish election office at your last place of residence in the United States.

Check with your local election office to see whether early voting is allowed, and if so, when it begins. It is best to take advantage of early voting whenever possible, since a certain level of unpredictability and turbulence comes with every move. Voting is rarely easier from abroad than at home. If you've already registered or have voted in previous elections, you should complete a new Federal Postcard Application (FPCA) through the [Federal Voting Assistance Program](#) to receive your ballot via the fastest delivery method possible (determined by your state's rules). The Federal Voting Assistance Program also features a good FAQ section. Absentee ballots can be obtained through the Overseas Vote Foundation, enabling you to create a persistent personal profile to facilitate voting in future elections.

Mailing Considerations

Be sure that mail forwarding to your new address is operational before you leave the United States. If your voting registrar requires that you print out your ballot before completing it and returning it by mail, ensure that you will have a printer readily available, even if it is in a nearby Internet café or business center.

If you have created a new email address to handle traffic while you're abroad, enter the email address of your voting registrar in the "white list" of your email application, so that important emails don't end up in your spam directory. You don't want to find important correspondence in a junk mail folder three months after the vote.

Documentation

Scan your passport and maintain copies on several media, preferably including a cloud site, since it may be required for voter registration. You should have both an electronic version as well as a paper backup copy of your passport available. Making scans and copies will almost certainly be more

complicated overseas. Do this for yourself and for all family members moving with you. Be sure that while overseas your passport validity extends beyond the election season. You should also memorize your Social Security number as it will be needed for registration in some cases.

When proof of citizenship or photo ID is required, a copy of the passport placed in the mailing envelope (but separate from the security envelope containing your ballot) is the most commonly adopted solution for overseas voters.

Internet Submissions

If possible, order Internet access well in advance of any ballot request deadlines or voting deadlines, as there will always be a certain delay before connectivity is established. A backup solution is to take a mobile device to a Wi-Fi area in order to register, request a ballot, or download a ballot. Ensure that your antivirus software is up-to-date and that you have backed up critical files and contact information. A computer that has been hacked, compromised with a virus, or which has suffered a hard disk crash may be useless for voting purposes.

If you have sent in your ballot request but haven't received your ballot in time to return it before your state's deadline, request a federal write-in absentee ballot ([FWAB](#)) as a fallback voting method. Be aware of this possibility prior to the situation arising.

Repatriation

When returning to the United States, ensure that your local election office sends your ballot to your local address. The first few weeks back in the States tend to be extremely busy, and you wouldn't want voting to "slip through the cracks."

Most importantly, remember that voting is more than compliance with an administrative calendar; *It's a civic duty for everyone.*

Read this article on the [website](#).

ACA Member Benefits

Discounted Royal Overseas League Membership

ACA works hard to serve the ACA community at large, and most recently ACA has negotiated with the Royal Overseas League (ROSL) for a [discounted membership rate for ACA members](#). ROSL is a UK-based non-profit private club that is open to everyone. With a rich social events calendar as well as luxury accommodations in London and Edinburgh, ROSL members also enjoy reciprocal privileges, including accommodations, in other private clubs around the world. For more information about ROSL, please see the [ROSL website](#), and watch [this video](#).

U.S. Banking Services for U.S. Citizens Living Overseas

ACA members now have access to open and/or maintain banking services in the United States through the State Department Federal Credit Union by opening an ACA/SDFCU account.

The State Department Federal Credit Union is a non-profit, tax-exempt, member-owned financial cooperative providing financial services to its members. Created in 1935 to service State Department employees located around the world, today it has more than 67,000 members. *SDFCU is not part of the U.S. State Department or any other branch of the U.S. government but is entirely independent.*

The ACA/SDFCU account provides the same type of account used by foreign service officers and other Americans working at U.S. embassies around the world, without needing to have a U.S. residence or address or being affiliated with a government agency. You can reside full-time or part-time abroad and still qualify.

The ACA/SDFCU account is simple to open and maintain. Everything can be done online. Credit and debit cards are available.

To learn all the details about this innovative new product, click [here](#). To sign up immediately for the ACA/SDFCU account with the State Department Federal Credit Union, click [here](#).

NEWS AND ACTIVITIES

ACA maintains an archive of relevant articles about issues of direct concern to overseas Americans on our website. [Visit us](#) regularly to discover the most important news from previous years and to stay informed about the latest news and activities.

Town Halls

TOWN HALL EVENING GENEVA

Changes in the U.S. Tax Code and other Personal Financial Challenges for U.S. Citizens Abroad

On the evening of May 2nd 2016, ACA Global Foundation in cooperation with ACA's Geneva Chapter held another successful Town Hall meeting at Webster University (Geneva). ACA members were informed on the latest ACA news including: their ability to access SDFCU Credit Union accounts in the United States, ACA's work with the Treasury Department on trying to implement Same Country exception rules under FATCA, ACA's work in the Surface Transportation Act trying to better protect taxpayers who may be at threat of having their passport revoked and ACA's continued efforts on our Residency-Based Taxation proposal.

Presentations (click for visuals)

1. [Opening](#)
2. [What's new for 2016 in the US Tax code and how does that impact overseas Filers?](#)
3. [As an American in Switzerland, what can or should I do with respect to writing a Last Will & Testament?](#)

4. [The top ten personal financial challenges for Americans in Switzerland and how to address them.](#)

For more information please visit the [ACA website](#).

TOWN HALL EVENING MADRID

Thursday, 26th May, 2016

ACA in cooperation with the ACA Global Foundation organized a successful [Town Hall Evening](#) for the first time in Madrid, held at the Auditorium of the International American Institute. The event was very well received by the American community living in Madrid having the presence of 78 attendees and a panel of 4 specialists on financial and U.S. and Spanish Taxation. Topics covered included:

- * Current Tax Changes
- * Estate and Tax Planning
- * Financial Planning and Banking issues
- * FATCA Highlights
- * Regularization Procedures

For more information, including the list of speakers, please visit the [ACA website](#).

ACA Town Hall Topics Survey

ACA is only as strong as its membership, and maximizing opportunities for you, our members, to express your ideas and concerns, is critical to the success of ACA's initiatives. In an effort to hear more member voices, ACA is organizing more and more Town Hall Evenings, many in new markets. What topics interest you the most? Which areas of ACA's work would you like to know more about? Take 5 minutes and [fill out this survey](#) to tell us what you think and help us serve you better!

ACA's Directory of Tax Return Preparers

Did you successfully get an extension for filing your taxes, but need help to put everything together and to file them from overseas? Or are you behind in filing your tax returns and could really use some help to catch up? ACA has a list of great Tax Return Preparers for you to choose from, many with very reasonable flat fees. Find the Tax Return Preparer that is right for you by exploring our [directory](#).

IRS Webinar & YouTube Videos

On May 25th, The Internal Revenue Service held a free online, web-based information session to assist U.S. overseas taxpayers in understanding their filing obligations.

More about the webinar, including information about who needs to file, expatriate reporting, free filing, e-filing and sources for finding other filing related information, can be found on the [IRS website](#).

The IRS has also released YouTube videos [here](#) and [here](#) aimed at Americans living abroad to assist them.

2015 International Conference on Taxpayer Rights - [Panel Videos](#) Now Available

This was the inaugural International Conference on Taxpayer Rights in Washington, D.C. It was put on by the National Taxpayer Advocate, an independent office within the IRS.

The conference covered topics such as: challenges in “operationalizing” taxpayer rights in both mature and developing tax administrations, rights to confidentiality and privacy in an age of transparency, among others. Additional information about the agenda and speakers can be found [here](#).

Recent Presentation on Step-by-Step Requirements for Overseas Tax Filing.

The ADCI Outreach team prepared a [slide show](#) in May of this year entitled “Overseas Filing for U.S. Taxpayers.” Topics include: 2015 filing requirements, exemption and standard deduction amounts, recent changes, and other topics important to U.S. citizens and resident aliens living abroad. The link to this presentation and others can be found at ACA’s [Filing Your Taxes: Some Guidelines](#).

Taxpayer Advocate (TAS)

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS headed by Nina E. Olson. This office is your voice at the IRS. Their mission is to help taxpayers whose problems are causing financial difficulty. You may be eligible for help from the TAS if you’ve tried to resolve your tax problem through normal IRS channels and have gotten nowhere, or you believe an IRS procedure just isn’t working as it should. TAS services are free.

As a taxpayer, you have rights that the IRS must respect. TAS will help you understand those rights and ensure that they’re protected in any contacts with the IRS. If you qualify for help, you’ll be assigned to one advocate who will be with you at every turn.

TAS has a [tax toolkit](#) with basic tax information, details about tax credits (for individuals and businesses), and lots more. Find out more at the [TAS website](#), and the [Taxpayer Advocate section](#) of the ACA website.

ACA DOES NOT PROVIDE TAX ADVICE. BE SURE TO CONSULT IRS AUTHORITIES AND, AS NECESSARY, CONSULT A QUALIFIED TAX ADVISER OR RETURN PREPARER.

HOW TO GET INVOLVED

Contact your Members of Congress

ACA’s website now hosts two [links](#) that can help you contact members of Congress. They include addresses, fax numbers, sample letters and general advice on contacting a member of Congress. Remember, our efforts depend on our Representatives continuously hearing from Americans abroad.

Testimonials

[Send us your testimonials](#) on how current legislation is affecting you. These testimonials are important to our advocacy work but even more important is your work in contacting your own Congressional representative. We ask you to write to your representative today and let him or her know your thoughts and personal experience, and please send a copy to ACA as well.

Do you have a testimonial about how the Foreign Earned Income Exclusion (FEIE) was a decisive element in helping you establish a company or business overseas? If you do please send it to ACA using our direct link, and read ACA's [recent position paper](#) underscoring the critical importance of FEIE, "The Section 911 Mirage".

You can also support our work by [writing directly to the Tax Committees](#) responsible for tax reform and asking for Residence-based taxation (RBT) and submitting comments to those committees holding hearings on tax reform.

You can also write your own Representatives in Congress about Residence-Based Taxation (RBT) and your support for it. Tell them about yourself, so that they learn about a real-life overseas American. Otherwise, no one is there to tell them that we're not all tax-dodging billionaires.

Join Us!

Lastly: if you haven't done so already, [join ACA](#)! Since 1978, ACA has been the "Voice of Americans Overseas," advocating for and defending the rights of U.S. citizens living and working abroad.

ACA ON THE WEB, FACEBOOK, AND TWITTER

ACA's website and its quarterly News Updates are its key communication channels to ACA members and to the millions of Americans all over the world. The ACA website includes a wealth of information: descriptions of the impact of U.S. laws on the various issues – citizenship, voting, Social Security, Medicare, banking and taxes – as well as ACA position papers, references to ACA in the press and a multitude of links to press articles related to ACA issues.

Many members and supporters follow ACA on Facebook, and this provides ACA with an opportunity to connect with them on a more regular basis. To get the most immediate, up-to-date information on ACA's work and initiatives visit [Facebook](#) or our [website](#), and sign up for our Twitter feed @ACAVoice.

SUPPORT ACA

There are many ways you can support ACA. The best way is to become a [member](#), so we can count on your ongoing support in our efforts to make changes in Washington, D.C., on your behalf.

In addition, you can [volunteer](#), or make a [donation](#) to support our cause. ACA has a number of volunteer positions available. As long as you have an internet connection, anywhere in the world, we could use your help!