



AMERICAN CITIZENS ABROAD  
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AMERICAN CITIZENS ABROAD  
*global foundation* FOR EDUCATION AND RESEARCH

September 7, 2022

Jose E. Murillo  
Deputy Assistant Secretary, International Tax Affairs  
Office of the International Tax Counsel  
Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 3058  
Washington, DC 20220

Douglas O'Donnell  
Deputy Commissioner, Services and Enforcement  
Internal Revenue Service  
1111 Constitution Ave., NW  
Washington, DC 20224

Kevin Nichols  
International Tax Counsel  
Office of the International Tax Counsel  
Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 3058  
Washington, DC 20220

Dear Deputy Assistant Secretary Murillo, Deputy Commissioner O'Donnell, and International Tax Counsel Nichols,

American Citizens Abroad, Inc. (ACA) is a leading advocacy organization representing US citizens living and working overseas. Headquartered in Washington, DC, ACA is nonpartisan, non-profit (section 501(c)(4)), with a 40-plus-year history of advocating on behalf of the community of Americans living and working overseas. Alongside ACA is its sister charitable (section 501(c)(3)) research and education organization American Citizens Global Foundation (ACAGF).

ACA is once again requesting that the US Treasury consider regulations to alleviate the burdensome reporting requirements and fall out from the Foreign Account Tax Compliance Act (FATCA) that locks-out many US citizens from maintaining bank accounts and financial investment accounts overseas in the foreign jurisdictions where they are legitimate residents. These accounts are not "off-shore" for US citizens who are legitimate residents in these countries and should be viewed differently than US citizens resident in the United States and holding accounts in foreign jurisdictions which should clearly be considered "off-shore."

In [2013](#) and [2016](#) ACA wrote to the US Treasury recommending the application of Same Country Exemption (SCE). This would remove from the reporting of both Foreign Financial Institutions (FFIs) through the IRS and the IGAs and individuals (Form 8938), bank and investment accounts in the country where they are legitimately resident thus alleviating the many problems US citizens overseas face due to FATCA reporting, primarily financial account



lockout which leaves many without banking and investment services while living and working overseas. See: [same-country-exemption-2015-04-06.pdf \(americansabroad.org\)](#). In 2015, members of Congress also wrote to Treasury asking for similar treatment for FATCA reporting. In August of this year, ACA once again wrote to the US Treasury Department and leadership; Secretary Yellen, Commissioner Rettig, Assistant Secretary Batchelder, Deputy Assistant Secretary Kalyanam, and Chairman Neal, asking that the US Treasury consider the adoption of Same Country Exemption (SCE) for FATCA reporting <https://www.americansabroad.org/media/files/pages-page/bc8c9b98/aca-letter-to-treasury-regulatory-reforms-for-fatca-220811.pdf>

Recently [Representative Doggett wrote Secretary Yellen](#) asking that the US Treasury and the IRS work together to address the problems that “accidental Americans” are facing with procurement of Taxpayer Identification Numbers/Social Security Numbers in order for these individuals to maintain their banking relationships overseas. ACA applauds Congressman Doggett’s efforts, but it should be remembered that the problems created by FATCA are not exclusive to accidental Americans and not solely related to the procurement of Social Security Numbers.

Recently the European Parliament Committee on Petitions (PETI) met with Deputy Assistant Secretary Murillo and Deputy Commissioner O'Donnell and expressed their concerns for dual-nationals living and working in the European Union with regard to FATCA. PETI as well has suggested the application of an exemption from FATCA reporting for dual-nationals meeting certain residency requirements. ACA met with members of PETI during their meetings in Washington, DC and we support efforts to alleviate the problems of foreign financial account lockout by adopting exemptions from reporting for US citizens that are legitimately resident in a foreign jurisdiction, whose financial accounts in the country of their residency are not “off-shore” but local in country financial accounts.

ACA Global Foundation’s (ACAGF) recent [research](#) fielded with District Economic Group (DEG) and presented earlier this year to the Office of Tax Analyst (OTA) estimates the community of overseas taxpayers (non-military) at 4 million. Our recent research is critical to understanding the community of US citizens living and working overseas as it documents the asset and investment make-up and tax reporting behavior of the community. Our research supports that the ultimate corrective measure for all the tax and compliance issues facing US citizens living and working overseas is a move to [Residence-based taxation \(RBT\)](#).

When Treasury decided at the time of finalizing the FATCA regulations not to insert a Same Country Exemption, it did not know how many people would be affected by the exemption and it did not know what revenue might be attached. Now with the ACA/DEG data, which has been shared with Office of Tax Analysis, as well as Joint Committee on Taxation, this information is available. In light of this, and with a little more effort towards drafting an appropriately “tight” SCE rule, the problem of “lockout” of Americans abroad from foreign financial institutions, to a large extent, can be solved. Then we can all move on to other important issues.

ACA strongly believes that the Congress and offices of the Administration should support the call for hearings on all the tax and compliance issues facing the US citizens overseas community. Only in this manner can the Congress and the Administration understand the extent of the problems and the issues and create legislation and regulations with corrective measures



that address the problems. ACA has been on the forefront for the call for hearings and we ask that Chairman Neal make this a priority for the House Ways & Means Committee. Through ACA's write-in campaign, Chairman Neal and the Committee have received thousands of requests from the community to hold hearings. Never in the history of the US Congress have hearings been held specifically on all the tax and compliance issues for this community of US citizens 4 million strong. It is time for this community's issues to be heard by their elected officials and officially put on record with the Congress.

Once again, ACA requests that the US Treasury consider adoption of SCE which can be done through regulatory change. ACA stands ready to assist the US Treasury through our extensive advocacy work on the subject of FATCA and our research.

Regards.

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Executive Director  
American Citizens Abroad

Charles Bruce  
Legal Counsel  
American Citizens Abroad

Jonathan Lachowitz  
Chairman  
American Citizens Abroad

CC: Representative Carolyn Maloney  
Co-Chair of the Americans Abroad Caucus

Representative Donald S. Beyer, Jr.  
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Representative Maria Salazar  
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