

**John Richardson**  
**Box 19602, Manulife P.O.**  
**55 Bloor St. W.**  
**Toronto, Canada**  
**M4w 3T9**

**August 24, 2017**

**Paul Ryan, Speaker**  
H-232 The Capitol  
Washington, D.C. 20515  
Ph (202) 225-0600; FAX (202) 225-2012  
@SpeakerRyan

**Congressman Kevin Brady, Chairman, Ways and Means Committee,**  
1011 Longworth House Office Building  
Washington, D.C. 20515  
Ph (202) 225-4901; FAX (202) 225-5524  
@RepKevinBrady

**Senator Mitch McConnell, Senate Majority Leader**  
317 Russell Senate Office Building  
Washington, D.C. 20510  
Ph (202) 224-2541  
@SenateMajLdr

**Senator Orrin Hatch, Chairman, Senate Finance Committee**  
104 Hart Office Building  
Washington, D.C. 20510  
Ph (202) 224-5251; FAX (202) 224-6331  
@OrrinHatch

**Secretary Steven Mnuchin, Secretary of the Treasury**  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220-0002  
@stevenmnuchin1

**Shahira Knight**  
National Economic Council  
The White House  
1600 Pennsylvania Ave., SE  
Washington, D.C. 20003-3228

**Re Tax Reform 2017**

**Recommendation: The United States must stop imposing U.S. taxation on the citizens and residents of other countries. After all, other countries do NOT impose taxation on U.S. residents.**

I am a lawyer based in Toronto, Canada who assists individuals living outside the United States in surviving the effects of U.S. extra-territorial tax policies. I emphasize that I work with “individual people” who live in and pay taxes to countries outside the United States.

Yes it’s true. The Internal Revenue Code imposes U.S. taxation on certain people (as though they were U.S. residents) who live in other countries and who pay taxes to those other countries (where they live).

**Q. Why is the United States imposing full taxation, according to U.S. tax rules, on the worldwide income of certain people who live in other countries?**

**A. Because those people were born in the United States and/or because of the “circumstances of their birth” are U.S. citizens.**

The United States is the only advanced country in the world that deems “citizens” to be “tax residents” even though these “citizens” do NOT live in the United States.

What the United States calls “citizenship-based taxation” is actually a system where the United States imposes the Internal Revenue Code (both the tax and reporting requirements) on certain people who live in other countries.

**The GENERAL effects of imposing taxation on the citizens of other countries:**

1. It creates unnecessary and complicated work for the Internal Revenue Service. Why should the Internal Revenue Service (which is grossly overworked and understaffed) be forced to allocate its resources to implementing U.S. tax rules (which are uncertain in their application) on the residents of other countries?
2. It means that provisions of the Internal Revenue Code that might be reasonable when applied to U.S. residents are being applied unfairly to the residents of other countries who are ALSO subject to the tax systems of other countries. (See Subchapter N of the Internal Revenue Code – “Tax Based on Income From Sources Within or Without the United States” (with particular reference to sources “Without the United States”).
3. It creates a situation where the United States uses the Internal Revenue Code to transfer “after tax paid” capital from other countries to the United States. (An example would include imposing capital gains taxes on the sale of the principal residence owned by Canada U.S. dual citizen living in Canada.)

**Some SPECIFIC effects of imposing U.S. taxation on U.S. citizens living abroad who are subject to the tax systems of both the United States and the tax system of their country of residence:**

4. It subjects this unfortunate group of people to the possibility and reality of “double taxation” (which is NOT fully mitigated) by the “foreign tax credit” rules.
5. Those unfortunate individuals are denied the opportunities to plan rationally for their retirement and invest for their futures. Most financial planning is based on the use of retirement planning vehicles that are subject to punitive taxation by the United States. The imposition of U.S. tax rules on them makes it virtually impossible for them to participate in retirement planning that operates on the principle of tax deferral (virtually all retirement planning options).

**The detrimental “long term effect” on the United States of imposing taxation on the residents of other countries:**

6. Since 2014, the United States has been enforcing the policy of “citizenship-based taxation” through FATCA. It is (and understandably so) creating a hatred of the United States on the part of residents of other countries.
7. It is causing Americans who live outside the United States to renounce their U.S. citizenship. The numbers of those renouncing U.S. citizenship continue to grow at a fast rate.
8. In the past Americans who have moved from the United States have been “Ambassadors” of American values. Their attitude to America has been instrumental in shaping the world’s attitude toward America. The result of U.S. tax policies (which are now being aggressively enforced on Americans abroad) is that Americans abroad are now the fastest growing and most articulate voices of “anti-Americanism”. It would be a great mistake for the United States to BOTH (1) destroy the community of American ambassadors and (2) fan the flames of “anti-Americanism”.

**Individual people are “U.S. Persons” too!**

The detrimental effects of “worldwide taxation” are now being considered in relation to U.S. corporations (who are considered to be “U.S. persons”). I urge you to consider the problem of “U.S. extra-territorial taxation” and the detrimental effects of “worldwide taxation” in relation to individuals - DNA “U.S. Persons” - as well.

As I conclude this “short letter”, I am reminded that George Bernard Shaw once apologized for having written a “long letter” (saying he hadn’t had time to write a “short letter”). If you find my eight points of interest and value, then I invite you to read the “longer letter” (detailing the carnage) which may be found generally at:

<http://www.box.com/citizenshiptaxation>

and for 192 pages of comments from Americans abroad detailing specific carnage

<https://app.box.com/v/citizenshiptaxation/file/28745871102>

## **Conclusion**

I wish you the best in your deliberations! As the tax historian Charles W. Adams has noted: The rise and fall of civilizations has often been a function of their tax policies.”

**Stop imposing U.S. taxation on the residents of other countries!**

Please!! I sincerely hope that you see the wisdom of making the need for my professional services obsolete.

John Richardson  
Toronto, Canada

(416) 840 – 4529