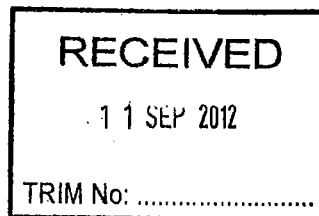


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After a phone call to the Australian Treasury, I am writing as per their suggestion to inform you of recent changes in USA tax law that will significantly impact Australian citizens in many ways.

1. Invasion of Privacy:

In 2010, the US (United States) enacted a law (FATCA: Foreign Account Tax Compliance Act) that asks all non-US based financial institutions, including Australian financial institutions, to report to the IRS (US Internal Revenue Service) the names and account details of all US citizens. As a result, any Australian citizen that shares an account with their Dual National Australian/US Citizen spouse/business partner will have their bank details sent to the US Government [1]. I am concerned that the privacy and bank details of Australian citizens will be potentially divulged. **Therefore, I seek assurance from the Australian Government that the banking details of Australian citizens will not be given to a foreign government.**

2. Loss of Banking Services:

The financial cost of complying with FATCA for non-US banks will be around \$100 million [2]. As a result many non-US banks around the world are denying US Citizens access to banking services [3], [4]. Mortgages are being foreclosed [3], [4]. Even the family's of US citizens (who are not US citizens) are being denied access to banking services. **I seek assurance from the Australian Government that basic banking services within Australian will not be denied to Dual Australian/US citizens and their families.**

3. Draconian and Unjust fines:

The US tax system is based on Citizenship. US citizens are taxed on their worldwide income regardless of where they live or where the money was earned. Quoted from the IRS, "If you are a U.S. citizen or resident alien, the rules for filing income, estate, and gift tax returns and paying estimated tax are generally the same whether you are in the United States or abroad. Your worldwide income is subject to U.S. income tax, regardless of where you reside." [5] Due to citizen based taxation, the USA requires Dual US/Australian citizens to report all their Australian bank details to the US Treasury department, even when no taxes are owed. Failure to do so can result in substantial fines (such as \$100,000 per non-reported account) even when no taxes are owed. [6]

Many Dual Australian/US citizens not living in the USA have not been filing these forms as they remain unaware of this requirement. In many of these cases they would not owe any taxes to the US. They now potentially face hundreds of thousands of dollars in fines for not filing an information form, even though no taxes have been owed. These fines could result in many Australian Citizens having to sell their homes in order to pay for a fine that is based on not filing an information form. No taxes were ever owed and yet they have to pay a substantial fine, a fine which could wipe out the life savings of these Australian citizens. The Canadian government has stated that they will not collect these fines for the IRS. [7] **I seek assurance from the Australian Government that they will also not enforce the collection of these fines from Dual Australian/US citizens.**

Recent evidence shows the IRS has not been fair when evaluating fines for not filing information forms, even when no taxes are owed. The IRS's own Tax Advocate Service has recently been highly critical of the IRS's treatment of US citizens abroad. [8] As a result many Dual US Citizens, who were not aware of their filing requirements, are now scared to start filing, even when they owe no US taxes. According to the American Chamber of Commerce, "Many US citizens residents in Canada, who have not been filing their US tax returns, would like to become compliant with the US tax law. However, many are terrified that they will lose a huge portion of their life savings in penalties for failing to file information returns." [9] **I seek the help from the Australian Government to ensure I receive fair treatment from the IRS. I also seek assurance that my family will not be made homeless for simply not filing an information form, even when I owe no US taxes.**

4. Renouncing and Exit Tax:

Unfortunately, renouncing US citizenship is not an option. A 30% exit tax on a US citizen's total worldwide wealth is applied to any US citizen who has not provided the required information to the IRS, even when no taxes are owed. [10] If Australia forces me to abandon my US citizenship, this exit tax would not apply. **I request that the Australian Government remove the ability for every Australian citizen to hold Dual National status with the US.**

Summary

The FATCA legislation will significantly impact Australian citizens. There were over 61,000 US citizens living in Australia in 2006 [11]. Many of these people would have Australian spouses, friends and families which means that the number of people affected directly and indirectly by FATCA would multiply several times. The negative impact of FATCA on these people and their families will be profound. The potential loss of life savings, banking services and financial privacy is an attack on human rights and the rights of Australian citizens. **I request the assurance of the Australian Government that it will protect Australian citizens from the draconian fines and unjust US laws.**

Kind Regards,

A scared Dual Australian/US citizen.

References

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- [2] <http://www.forbes.com/sites/robertwood/2011/11/30/fatca-carries-fat-price-tag/>
- [3] <http://expatami.wordpress.com/2012/07/30/us-bank-denying-americans-services-for-being-us-persons/>
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- [6] http://www.ahri.com.au/MMSDocuments/comms/hrm_magazine/hrm_2011/HRM_December_2011_Uncle_sam_casts_a_shadow.pdf
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