

Call for Changes and Modernisation to the Australia-USA Tax Treaty.

I am an ordinary Australian citizen – middle-class income, average savings, average Superannuation fund. I never expected to get caught up in international taxation pain – but that’s what happened when I married an American.

I am subject to punitive and double taxation due to gaps in the USA-Australia tax treaty and lose a few thousand dollars each year due to this.

I have an investment fund in Australia (a simple ETF of Australian shares) – trying to save for my retirement. It gets taxed at my *top marginal rate* by the USA every year due to PFIC laws. I don’t know what to do about it because there is no way for me to invest in a safe, reliable way without being subject to punishing taxes.

It costs us over \$1000USD to prepare our taxes every year, due to the complexity. (All I have is Superannuation, bank accounts, 1 share fund and a house.) It should not be that complex but it is!

I own a house in Australia. If I ever sell it, the US will tax me on the capital gains.

I want to open a small business in Australia. But again, the US taxation implications are so punitive that I cannot do this.

While temporarily working in the US, I cannot open a Roth Retirement Savings account, due to tax treatment within Australia when I someday retire.

I am terrified of how my Australian superannuation will be taxed by the USA (1) when I contribute to it again, and (2) when I retire. So I am actively avoiding making contributions.

(I don’t even have US citizenship; just a green card. But that’s enough to cause all of these taxation headaches.)

The gaps in the tax treaty have not kept up with complexities caused by international mobility. Ordinary, middle-income Australians are being taxed punitively even while doing their best to save for retirement.

I support the work done by the “Fix the Tax Treaty!” group and defer to their expertise in these matters. I call for action on:

1. **Fix the definition of superannuation and US-retirement accounts (Roth)** so that they are equally treated as retirement accounts in both country
2. **Do not allow the USA to tax Australian investment accounts yearly, at income rates.** These should only be taxable in the same way they can be taxed in Australia; not at excessive rates which the current treaty allows.
3. **Do not allow the USA to tax any gains on sale of Australian property.** This is ludicrous, it is sending money out of the country!
4. **Revise the laws of small business ownership, so that money earned within Australia can only be taxed within Australia.**

I am not trying to avoid taxation. I believe tax should be paid correctly, at *fair* rates, in the country where the income was gained. The tax treaty should not allow the USA to tax Australians on Australian based income.

Please help me. I am so frustrated and upset with watching my hard-earned money go down the drain, simply because I fell in love with an American.

Sincerely,

Kelly Ashton

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