

Update Proposal for the Outdated Australia-US Tax Treaty

Submission to Treasury , 31st October 2021

My name is Sonya Wilde. I am an Australian who moved to the USA in 1995 for work as a software engineer. I will be returning to Australia in 2022 as a dual citizen and fair game for the IRS.

I am submitting my concerns about the lack of protection I will have of my earning and investment potential when I return to Australia from the IRS as the Australia-US tax treaty fails to offer such protection to individuals.

The only form of income that I can generate that will have some exclusion will be earned income. After that pretty much everything will require expensive tax preparation expenses and I can expect to pay tax to the US government, reducing my ability to invest in my retirement, in a home, potentially in a business.

I am concerned that any superannuation I will be forced to accrue by Australian labour laws will not be protected from the IRS. I have no choice but to pay into superannuation. Why isn't this form of retirement savings protected?

I am concerned that I will not be able to partake of other investments such as Australian domiciled mutual funds.

I am concerned that I will be forced to pay capital gains tax to the IRS on the sale of a personal residence if the gains exceed \$250,000 USD, reducing my ability to actively buy and sell my home as other Australians can do.

I am concerned that I will be forced to pay tax to the IRS on phantom gains when selling my home due to the IRS calculating all transactions in USD exposing such transactions to currency exchange fluctuations. These fluctuations can look like a gain was made when none occurred.

I am concerned that if I want to start my own business, I will have to pay into the US Social Security system after \$400 of income per annum. This would include even growing veggies for a farmers market. I have some wonderful ideas about businesses I could start but with the tax situation the way it is I wouldn't even try. Lost opportunity for me to grow a business and offer employment.

With the lack of protection available to legal residents of Australia from the IRS I will be strongly recommending to my three children to not consider moving to Australia as they will suffer from all of the things I have noted also. What a shame that the result will be the loss to Australia of people such as my children, Australians by descent, as they realize how difficult life in Australia will be for them.

I completely support the submission to Treasury by Fix The Tax Treaty. I have read the submission and completely agree with all suggestions for improvement to help alleviate the burden on Australian citizens and permanent residents who are under threat from the IRS.

Kind regards

Sonya Wilde