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Update the Outdated Australia-US Tax Treaty

CONFIDENTIAL - Submission to Treasury by Individual, name and details provided elsewhere, in confidence

2022-12-23

## INTRO

I am a US Citizen, soon to be Australian citizen, living in regional NSW with my wife and child.

I emigrated here temporarily for work, in a high skill occupation. We found Australia to be closely aligned to our values, and we fit into the community here, so we decided to start our family life "abroad."

Nearly 5 years later, Australia is no longer "abroad" to us, it is home. Our son is an Australian citizen, and we are soon to complete our ceremony and become dual nationals.

However despite our life and contributions in Australia, we are still coerced and penalized by our birth nation, required to pay punitive taxes on entrepreneurship, retirement, and capital gains normalcies otherwise afforded to Australian PRs and citizens.

It's this punitive tax arrangement, and the remarkably expensive accounting fees to comply, that puts us as second class citizens in Australia. As a sovereign nation we hope Australia can improve its Tax Treaty with the USA to the benefit of our family and many others like us, present and future.

## KEY POINTS

- Australian PR and soon to be dual citizens of US and Australia
- Child is Australian citizen
- Living in regional NSW
- Tax Treaty in current state penalizes family trusts, superannuation, home ownership and cap gain on sale, stock/investment holdings, business ownership, and accounting compliance fees
- This punitive treatment of US citizens in Australia makes it difficult to protect and grow our young family in Australia
- We have considered moving back to the US (we do not want to do this) because of the extra financial burden of living in Australia, under the current tax treaty

Recommendations that the Treasury can use to take action

- Review the "Fix the Tax Treaty" submission by Karen Alpert

- Protect superannuation as a retirement scheme by negotiating it's recognition as one by the IRS
- Protect Australian cap gain benefits on principal home sale from US taxation
- Protect businesses started by US Citizens in Australia (as Australian citizen or PR) from any US taxation, if not trading in the US
- Allow instruments like family trusts, common in Australian family financial protection, to be used without penalty by dual citizens
- Publicize the number (count) and stories of US Citizens making their life in Australia, and how the current tax arrangement puts these individuals and families at a disadvantage for fulfilling a life in this beautiful country