

Mr Jim Chalmers  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

Amy Purcell



15 December 2022

To Mr Chalmers,

I am an Australian- USA dual citizen. I was born and raised in Australia. My USA citizenship is due to my American mother. It would be most helpful if the Australian Parliament would amend the tax treaty with America to eliminate the onerous tax obligations placed upon Australian citizens abroad who reside in Australia. I would gratefully appreciate your assistance in this matter please.

I am writing to express my concern about the citizen abroad tax obligations. I feel it is wrong that USA would expect citizens abroad to report income and assets to the IRS, let alone pay tax on these. I feel that paying any tax to USA government offers me no benefit since I do not live in America. I also feel that filing taxes, even where no tax is charged, also offers me no benefit. Dual citizens and expats are already paying tax in the countries we live in. The services we use are provided by the countries we live in, so it is fair we should pay to the countries we live in. It is not fair for us to file taxes or to pay taxes to USA when we are not currently benefitting from the services provided by USA.

I acknowledge that there are foreign income tax concessions. These often reduce and even eliminate an American tax liability. However, the paperwork involved in this is excessive and time consuming. There is also the obvious risk that if I make a mistake on my USA tax statement, this could cost me a significant amount of money.

To prevent the risk of mistakes on a tax return as well as to save time, there is the option of hiring a tax specialist. However, this is very expensive. On average, the price will amount to \$700 Australian dollars per year filed. The risk of paying extra tax due to a mistake on a tax return or the cost of a tax specialist could be removed by removing the obligation for citizens abroad to file taxes to USA government.

I was shocked to learn that the IRS can tax me on the sale of my primary residence here in Australia. I pay for my home out of my Australian money which I earn from my Australian job. The services provided to that home are provided by Australian governments. It is important to note that in Australia, the sale of a primary residence is exempt from capital gains tax. While this means that there is no obvious risk of double taxation on the capital gain, I still see no reason why USA has a right to tax the capital gain at all, even though I am a USA citizen. America has no role in my primary residence and therefore should not have the right to tax the capital gain, even though I am a USA citizen.

My superannuation was earned by me in my Australian job. USA has nothing to do with it. Again, I fail to see how USA government justifies this.

It has been suggested to me that I consider renouncing my USA citizenship if I find the tax obligation to be too onerous. There is a substantial fee of USD\$2,350 to renounce USA citizenship. It seems that whether I remain a USA citizen or not, I will be paying a lot of money to USA as well as doing a lot of paperwork. In addition to this fee, USA has a law which prohibits people who renounce USA citizenship from entering the USA ever again. This law, if implemented against me, would prohibit me from ever visiting my extended family again.

As I stated earlier, as a USA citizen abroad, I have no representation in USA government. Yet, I am bound by whatever decisions the USA government imposes upon me. I have often heard it said that in USA, there is a culture of no taxation without representation. Since it is not possible to provide USA citizens abroad with representation, I feel it is necessary to cancel the taxation obligation. I appreciate the assistance of the Australian government in this.

I have been told that the citizenship-based approach to taxation rules adopted by USA is rare. Most other countries use a resident-based approach to taxation. I consider a resident-based approach to taxation to me more equitable as it imposes the financial liability as well as the paperwork on those who live there and benefit from the services. I feel that USA should consider using a resident-based approach to taxation.

Thank you for taking the time to read my letter and for your understanding. I would appreciate it if you would please assist by attempting to amend the tax treaty between Australia and USA to promote a situation which is fair to the average person.

Kind Regards,  
Amy Purcell

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