



## **Overseas Americans Week, Washington DC, 17-20 April 2018**

By Paul Atkinson and Neil Kearney

Each year since 2002 AARO has been a part of what is now called Overseas American Week. These trips to Washington D.C. build on earlier Capitol Hill “door knocks” dating back to AARO founder Phyllis Michaux’s pioneering work in the 1970s.

OAW is a chance for representatives from AARO and other American abroad organizations to meet with members of Congress, US government agencies, and private institutions to make them aware of issues that are important to Americans living abroad.

In April this year, after a preparatory visit by AARO Advocacy VP Fred Einbinder, AARO representatives Neil Kearney (President), Paul Atkinson (Chairman, Banking Committee) and Kathleen Mistry (Washington Liaison) were joined by Johanna Dishongh (US Liaison), and Cora Lee Findley (Tax and Banking) of FAWCO. They met with members of Congress and their staffers and officials from the State Department and the Government Accountability Office (GAO), the latter in connection with the study the GAO is undertaking about the impact of FATCA on overseas Americans.

Here are the highlights from the GAO and State Department meetings:

### **GAO**

On the agenda was the impact of FATCA on overseas Americans and issues relating to the Tax and Jobs Act. For FATCA, AARO called attention to the GAO’s own report on the challenges overseas Americans were having with their retirement plans.

AARO pointed out that the core problem with retirement planning for Americans abroad is the punitive US tax code provisions that apply to “offshore trusts” and “PFICs” (passive foreign investment companies). Since FATCA requires extensive financial declarations from overseas Americans and also requires overseas banks to report to the IRS the identities and accounts of their American clients, these provisions of the tax code are having a far greater impact than they did before. Overseas Americans who invest in a host country retirement savings vehicle comparable to a domestic IRA are being burdened with extreme compliance obligations requiring dozens of hours of professional work each year for each account.

AARO also called attention to irregularities that have occurred in the application of FATCA. In some cases, non-reportable financial accounts have been reported to IRS, and there are other serious FATCA-related privacy and security issues.

FAWCO representatives described the difficulties that tax and financial reporting issues have created for companies wanting to employ Americans overseas. These issues limit American workers’ participation in the global economy. Good jobs go to other countries’ nationals.

AARO Board member Nora Muller (Tax Committee Member) joined the AARO and FAWCO representatives at this meeting by telephone. She explained the startling issues raised by two provisions of the new tax law: Repatriation Tax and the Global Low-Taxed-Income (GLTI). Unless amended, these taxes will put many Americans with companies overseas at a distinct competitive disadvantage -- or even put them out of business.

## **State Department**

AARO and FAWCO met with a group organized by Danna Wiss, Lead Outreach Coordinator, to discuss a range of issues including budget cuts at State, consular services, passport revocation, voting, citizenship and security issues.

Wiss explained the current budgetary constraints at State and their implications. For example, there has been a general hiring freeze (with the exception of transfers and some junior officers).

Citizenship issues were also discussed, especially those related to daughter/grandchildren transmission. AARO also raised the topic of the 5-year ruling for unwed mothers to transmit citizenship to children.

There was a long discussion about victim assistance. State noted that all consulates have after-hours emergency numbers with staff available 24/7.

State insisted that the safety and security of Americans was their number 1 priority and promoted the "Smart Traveller Enrolment Program (STEP)". They also introduced us to the Overseas Security Advisory Council (OSAC), a public-private partnership established in 1985 which offers various types of assistance to travellers and expats.