



## **Republican National Committee**

**Counsel's Office**

### **RESOLUTION SUPPORTING “RESIDENCE BASED TAXATION”**

WHEREAS, Residence-Based Taxation, (“RBT”), is a fair, equitable, and efficient taxation of American Citizens living overseas because it taxes their worldwide income only once in the country where they actually reside and receive government services; and

WHEREAS, RBT would not only align U.S. law with the other industrialized countries, but also eliminate complex requirements and tax forms, such as the Foreign Account Tax Compliance Act (“FATCA”) and the Report of Foreign Bank and Financial Accounts (“FBAR”); and, it would significantly reduce IRS administrative expenses; and

WHEREAS, the United States is the only industrialized country in the world that taxes foreign-source income of its citizens living overseas by Citizenship-Based Taxation (CBT), resulting in double taxation; all other industrialized countries only tax foreign-source income of their citizens residing in their home country (Residence-Based Taxation or RBT); and

WHEREAS, the complexity of a U.S. tax return for an American living overseas and the significant additional penalties applicable to Americans living overseas requires these U.S. Citizens to hire expensive tax preparers; the cost of this double-taxation along with the costs of preparation and compliance put American job seekers at a competitive disadvantage to other non-American workers, thus costing American jobs; and

WHEREAS, the higher cost to hire American workers resulting from CBT causes multinational corporations, even those headquartered in America, to hire fewer Americans, to have less of a connection to America and purchase fewer American goods and services, thus decreasing American exports; and

WHEREAS, the Foreign Account Tax Compliance Act (FATCA), implemented as a result of CBT, has caused banks, both U.S. and foreign, to deny access to banking and other financial services to the 7.6 million Americans overseas, thus denying employment and investment opportunities and forcing them to choose between U.S. citizenship and their livelihood; and

WHEREAS, the implementation of FATCA to enforce CBT promotes the abandonment of the U.S. Dollar as the global reserve currency and hurts the U.S. economy; and

WHEREAS, history reveals that replacing Citizenship-Based Taxation with Residence-Based Taxation will raise net Federal tax revenue because of increased economic growth, therefore be it

*RESOLVED*, the Republican National Committee urges Congress to repeal Citizenship-Based Taxation and its supporting legislation such as FATCA and FBAR; and be it further

*RESOLVED*, the Republican National Committee urges Congress to permit restoration of citizenship for those who were compelled to renounce their citizenship because of the crushing burdens of FATCA and FBAR; and, be it finally

*RESOLVED*, the Republican National Committee urges Congress to align U.S. law with the laws of other industrialized countries of the world by limiting taxation to Residence Based Taxation on American Citizens living overseas which will encourage increased employment of Americans and increased export of American goods and services.

*\*As adopted by the Republican National Committee on August 8, 2014.*