



March 6th, 2025

The Honorable Jason Smith
Chairman - Ways & Means Committee
U.S. House of Representatives
1129 Longworth House Office Building
Washington D.C. 20515

The Honorable Richard Neal
Ranking Member - Ways & Means
Committee
U.S. House of Representatives
1129 Longworth House Office Building
Washington D.C. 20515

RE: March 4, 2026 Hearing entitled, “Full Committee Hearing With Internal Revenue Service Chief Executive Officer Frank J. Bisignano”

Dear Chairman Smith and Ranking Member Neal:

As the largest organization representing Americans abroad, we would like to bring to the Ways and Means Committee’s attention priority legislation that was not mentioned in the questions posed to the new CEO of the IRS. Reforms are desperately needed to both the tax code and to related IRS regulations to address the inequities Americans abroad face at tax time.

Legislation has, in fact, been introduced in this session to address some of those concerns; the Senate’s recently introduced Taxpayer Assistance and Service Act (TAS).

If passed, the Act would remove substantial compliance challenges for the millions of US citizens living abroad. It would also directly address a number of longstanding proposals from the National Taxpayer Advocate (NTA), which has once again dedicated a full section of its annual report to issues involving Americans abroad.

The Act’s second section features provisions dedicated to American citizens abroad – the result of advocacy supported by Democrats Abroad - and reflective of the real tax hurdles faced by low- and middle-income Americans living abroad.

If successful, the American abroad provisions of the TAS Act will:

- Initiate a Treasury report to recommend how to simplify and combine FBAR and FATCA reporting.

- Initiate a Government Accountability Office (GAO) study on the burdens of complying with federal tax laws on U.S. persons living abroad.
- Simplify Currency Exchange Rules to fix current “phantom gains” issues for earning income in another currency, sale of a foreign home, or refinancing a foreign mortgage.
- Increase the Simplified Foreign Tax Credit rules from \$300 (\$600 joint filing) to \$1,000 (\$2,000 joint filing) and index the threshold to inflation.
- Extend the time for persons outside the United States to request an abatement of math errors.

We urge the House Ways & Means Committee to pass the TAS bill.

While these provisions would represent meaningful progress, they would not fully resolve the underlying structural challenges created by citizenship-based taxation for Americans living permanently outside the United States. Democrats Abroad therefore encourages the Committee also to consider comprehensive reform, such as residence-based taxation, including passage of H.R. 10468, the Residence-Based Taxation for Americans Abroad Act, which would align U.S. taxation with residency and reduce the disproportionate compliance burdens faced by Americans abroad.

Taken together, passage of these two bills would help redress longstanding challenges faced by Americans abroad and begin to address the underlying causes of the increase in citizenship renunciations over the past decade.¹

Sincerely,

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¹ The State Department acknowledges that citizenship renunciations have increased in part due to FATCA. See Proposed Rule Schedule of Fees for Consular Services: Administrative Processing of Request for Certificate of Loss of Nationality Fee, <https://www.regulations.gov/document/DOS-2023-0026-0001/>