

Mme P. Kaas
Paris, 23 December 2010

Mr. Gerald Shields
IRS, Room 6129
1111 Constitution Avenue, NW
Washington DC 20224 USA

RE: Proposed form 8938

Dear Sir,

As an American living permanently in France, I have recently learned of the IRS plans to ramp up the reporting obligations of US citizens residing overseas on their foreign financial assets. I understand you are collecting feedback on the Draft Form 8938.

Part A of Draft Form 8938 duplicates FBAR information but offers much less and inadequate space. Completing the FBAR (Form 90-22.1) has already been quite cumbersome to the US taxpayer living abroad in that there is no simpler way to find the required information than by poring over a year's worth of account statements. Maximum value of an account over a year's period is not a figure readily obtained. Moreover, I wonder what useful information can be gleaned from this exercise when account balances naturally change as salary, pension or dividends are paid in and living and tax expenses are paid out. Currency conversion into US dollars skews the information even further. Why wouldn't the lowest account balance be as interesting to the IRS as the highest? What do you think your highest account balance says about you, Mr. Shields?

Parts B, C and D of proposed Form 8938 demand extensive detail on other foreign financial interests, and the space allotted to provide this information is also severely inadequate. Some French financial instruments and business structures have no precise US equivalents so defy accurate description in anything less than several paragraphs.

Itemizing stocks in Part B could quickly become unwieldy and several pages would be necessary. In such volatile market conditions it would seem fair (by which I mean, as futile and invasive) to invite notation of the lowest value of one's stock portfolio along with the highest. Again, more space would be needed.

Moreover, notwithstanding the added and significant burden on the taxpayer to list each stock and painstakingly review its performance history to determine its highest value over the taxable year, is the IRS really prepared to review all this additional information from the estimated 5 million US citizens living abroad?

For my part, I cannot begin to fathom the number of hours the US taxpayer resident abroad would have to devote to collecting this particular and peculiar data and the professional fees he would incur for help completing this Kafkaesque Form 8939. Frankly, this looks a lot like harassment.

Yours sincerely,

