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AARO 2020 Advocacy Survey Results

Article 2: We are Fed Up with FATCA and FBAR!

By Doris L. Speer

February 23, 2021

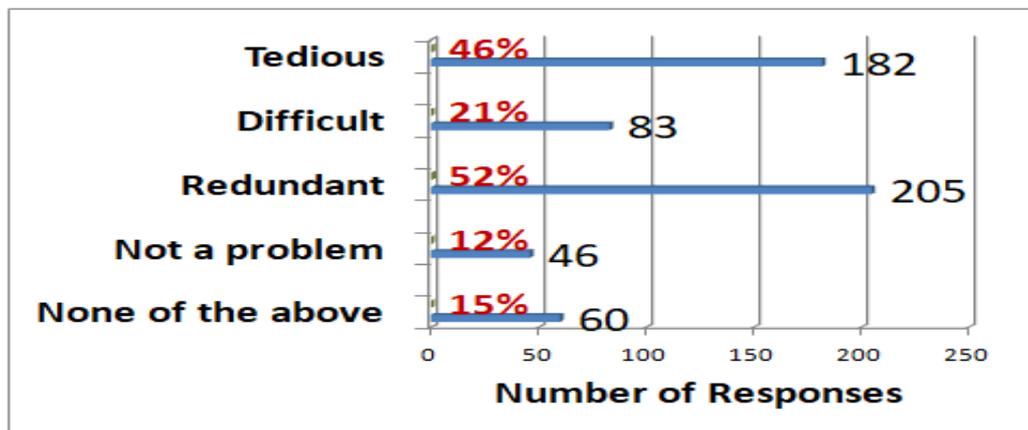
We addressed US financial reporting from two perspectives in our survey: Its direct impact on you, the individual, as well as the indirect impact on you due to FATCA's reporting requirement of banks. In this article we focus on the first perspective. The required reporting of banks will be addressed in a later article.

We asked you how you found FATCA filings, and to check any of the below choices that applied:

- Tedious
- Difficult
- Redundant of other reporting requirements (such as FBAR)
- Not a problem
- None of the above

Tedious, difficult, redundant ...

As you can see below, many of you have issues with FATCA; only 12% found the FATCA filings "not a problem."



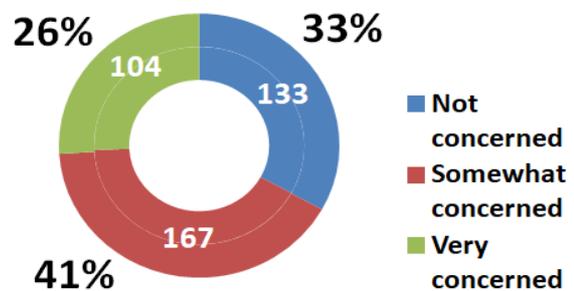
As a majority of you noted, there is heavy overlap of the FATCA and FBAR filings. 73 persons commented to this question. Interestingly, we see that many of the people who checked “not a problem” or “none of the above” did so only because either they fell below the filing thresholds or because they paid professionals to do them. So, for those who must file, it IS a problem, as one said so succinctly: “A professional does my filings, but an expense I would prefer not to have.”

One person summed up well your views as follows: “In addition to being tedious and redundant, the instructions are unclear and the detail requested is invasive... For Americans living abroad, including middle class persons, the end does not justify the out-of-proportion, intrusive and penalty-laden means.”

Another said: “I really wonder whether it is necessary to create such an annual burden on ordinary taxpayers who are really trying to be honest.”

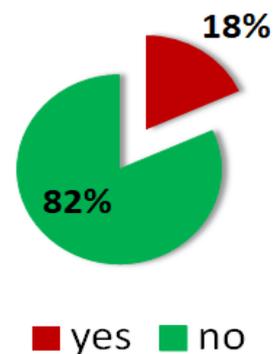
Is identity theft a problem for you?

We asked you whether you were concerned that FATCA’s requirement to disclose your Social Security number to your non-US bank could trigger identity theft at the bank. As you can see at right, 67% are very or somewhat concerned.



Can these financial reporting requirements hurt jobs?

When asked whether you believe that you or your spouse have been refused employment or faced restricted job options because of US financial reporting requirements, 89 (18%) said yes and 208 (82%) said no (212 others chose either “N/A” or “don’t know”). This is often because potential overseas employers or partners do not want their information disclosed to the US. The collateral damage is loss of employment opportunity of almost 20% of overseas families surveyed.



The penalties are real

When asked whether you or someone you know has been subject to penalties or fines for errors, oversights or mistakes with respect to US financial reporting, 66 people (16%) said “yes.” Did you know that maximum penalties for failure to file under FATCA can range between \$10,000 and \$50,000 and, for FBAR, between \$10,000 and \$100,000, and even up to 50% of the amount in your account, if higher than that? The US can also impose criminal penalties. These are “Confusing, Stressful,

Insane penalties,” especially when, as one said “I don't understand my requirements on this issue.”

AARO's advocacy on excessive financial reporting

AARO is working hard to convince Congress to consolidate and simplify. In conjunction with wider reform to the tax code, we would like to replace the existing regime with the Common Reporting Standard, now widely used internationally, and to bring down the excessive fines and penalties into a reasonable proportion of the offense.

The Association of Americans Resident Overseas (AARO) researches issues that significantly affect the lives of overseas Americans and keeps its members informed on these issues. Founded in 1973 and headquartered in Paris, AARO is an international, non-partisan association with members in 46 countries. For more information please email us at contact@aaro.org.

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