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### More Bad News For FATCA

Some American laws can have a global impact. That's so even when their intent is purely domestic. But the Foreign Account Tax Compliance Act ([FATCA](#)) is setting new standards with an impact that is nearly seismic.

In a scathing report here—“[Obama's IRS Snoops Abroad](#)”—the Wall Street Journal's William McGurn

castigates FATCA. It should generate some sympathy for U.S. expats living abroad and even for the foreign financial institutions FATCA targets for U.S. compliance. It is hard to dismiss the argument that FATCA may cost more than it nets.

As most U.S. taxpayers are now aware—and if you're not, you have important catching up to do—U.S. citizens and permanent residents must report their worldwide income on their U.S. tax returns. Plus, if they have signature authority (with or without beneficial ownership) over foreign bank accounts holding more than \$10,000 at any time during the year, they must file an [FBAR](#).

FBARs are due each June 30 for the preceding calendar year. But unlike the tax return filing deadline, there's no automatic extension. See [Foreign Accounts? Don't Forget June 30 FBAR Deadline](#). Unlike tax returns, mailing is not filing. Plus, since June 30 is a Saturday this year,



you must insure that your FBAR is **received** by June 29th. The penalties for failure to file FBARs are even worse than tax penalties. See [FBAR Workbook, Penalties](#).

Then there are FATCA obligations. This year, most taxpayers with foreign financial assets worth \$50,000 or more must file a [Form 8938](#). See [Summary of Key FACTA Provisions](#). Unlike the FBAR, this form is filed **with** your tax return. If you extended your tax return filing to October 15, 2012, that also extends the date to file your Form 8938. That gives you a little time to figure this out. See [IRS Form 8938 Or FBAR?](#) and [More On IRS Form 8938 vs. FBAR](#).

This can be dizzying. [FBARs & FATCA Form 8938: Maddening Duplication?](#) Yet it's nothing compared with what's facing foreign financial institutions. January 1, 2013 is their D-Day for FATCA implementation. See [IRS Plans to Retain January 1 Effective Date for FATCA](#). Foreign institutions have to comply with FATCA or face serious U.S. actions. That's why many foreign banks are saying they don't want to open new—or even keep existing—accounts for Americans. See [FATCA Makes Banks Shut Out Americans](#).

But Congressional analysts estimate that FATCA will raise \$8.7 billion over the next 10 years. See [Will IRS Get Fat Off FATCA?](#) But there will be huge expenses for the institutions that are trying to cope. See [FATCA Carries Fat Price Tag](#). While there have been some concessions (see [Fat New Regs Trim FATCA Down to Size](#)) most details remain unchanged. January 1, 2013, is the big date.

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