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### Americans Are Undesirable As FATCA Closes More Doors

It's cute to see movie portrayals of clumsy but good-natured Americans not fitting into some über sophisticated situation. But hearing big banks say thanks but no thanks to opening a checking, savings or investment account? Not cute. Being turned down for a mortgage because you're American? That's even worse. See [Wary Swiss Banks Shun Yanks](#).



Sure, we might think a South American drug lord who is turned down is getting his just deserts. But these days, anyone but Americans seems likely to be welcomed into foreign banks. Welcome to [FATCA](#), the global U.S. law that applies in earnest in 2013. Americans everywhere are facing ostracism and some are voting with their feet.

After unprecedented victories with UBS and other banks viewed as secret account enablers, the feds are on their [third IRS program](#) to gather up U.S. taxpayers who strayed from our system of world-wide taxation and full disclosure. While small fries weren't the IRS's target, it turns out many American citizens and permanent residents were not reporting

their worldwide income to the IRS or simply weren't filing U.S. tax returns at all. See [Primer For First Time FBAR Filers](#).

[FATCA](#), the Foreign Account Tax Compliance Act, was enacted in 2010 and requires foreign banks to report U.S. account holders to the IRS. Plus, the institutions must impose a 30% tax on payments or transfers to account holders who refuse to identify themselves. To avoid withholding, an institution must enter into an agreement with the IRS to: identify U.S. accounts; report certain information to the IRS; and withhold 30% on certain payments to those unwilling to provide the required information.

The law has rankled many in the international community. FATCA extends the long arm of the IRS into foreign countries. In effect, it orders foreign institutions to do the IRS's dirty work. See [Are Expats Derailing The FATCA Express?](#) For a time it seemed that FATCA might even be repealed. Now, however, FATCA seems secure with [5 nations joining U.S. in tax evasion crackdown](#).

Yet some Americans feel the squeeze, facing difficulty opening legitimate new accounts abroad and facing closure of old ones. American Citizens Abroad complains that expatriates face an impossible position merely based on their nationality. The IRS has done a good job of delaying FATCA's implementation. See [Fat New Regs Trim FATCA Down to Size](#).

Even so, 2013 is right around the corner. And fat lady or not, the peaceful pre-FATCA days are ending.

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