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THE TAX LAWYER

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Dear President Trump, Please Repeal FATCA

After posting [Dear President Trump: Why I'm Leaving America](#), I received many responses, and some similar appeals. Some have focused on one particular law, [FATCA](#), the Foreign Account Tax Compliance Act. Many people are surprised to learn that it was passed by Congress way back in 2010. However, its heart and soul comes from a vast array of agreements between America and foreign countries that implement this global financial disclosure law. It is a uniquely American law, yet FATCA now spans the globe with a network of reporting that is unparalleled in the world.

FATCA *requires* foreign banks and governments to hand over secret bank data about American depositors. Non-compliant institutions are frozen out of U.S. markets, so there is little choice but to comply. Under FATCA, non-U.S. banks worldwide want to know [if all American customers are compliant with the IRS](#). The IRS announcement that its collections from offshore account issues have topped \$10 *billion* is due in part to FATCA. Recently, one [foreign leader asked President Trump if he would get rid of it](#). And one American—rather a *former* American—wrote this:



6 Dear President Trump:

I realize that not paying taxes “makes (you) smart.” So you likely think I’m dumb for paying taxes to Canada, where I live. I think it makes me *responsible*. You probably would consider me “a nasty woman.” You might even call me a traitor because I have lived outside the United States for almost half a century, and relinquished American citizenship by becoming a citizen of the country I love—Canada—in 1973.

But hear me out on a *real* “total disaster.” The United States demands that I file tax returns to a country where I haven’t lived for 47 years just because I was born there. Even worse, the U.S. Treasury Department *demand*s invasive information about all of my Canadian accounts. You see, Democrats, with support of some Republicans, passed the Foreign Account Tax Compliance Act (FATCA) back in

2010. It is nasty, believe me.

I know you're a really, really smart guy because of that not paying taxes thing. So let's talk about FATCA, which is complex, believe me. Imagine if all of Melania's accounts—including personal, business and *even joint accounts with you*—had to be reported to Slovenia just because she was born there! Or, if all of your accounts were required to be reported to Scotland because your mother hailed from there. Or, if the Czech Republic demanded all of the financial records of your three oldest children because of their mother's birthplace. You get the idea.

This may *sound* like fake news, but is quite real for Americans abroad, including anyone born in U.S. These Americans are under attack, but not from terrorists. This FATCA attack comes from U.S. government! Terrible. You want to strip U.S. citizenship from anyone who burns an American flag? Ironically, if it was that easy to ditch U.S. citizenship, I'm afraid there would be Stars and Stripes ablaze around the globe. In fact, renouncing is costly, complicated and sometimes devastating.

Yet, renunciations of U.S. citizenship soared under President Obama's administration. These people didn't renounce because they are traitors or tax cheats. Many are patriotic Americans who built lives and paid taxes from Australia to Zimbabwe. But, IRS wants to claim them and seize their financial records because of their birthplace. Others are Accidental Americans because parents were temporarily living in the U.S. when they were born (like London's Boris Johnson), or because a U.S. hospital was the closest one for their birth (like a Canadian police officer). I know of one Canadian caught in the FATCA nightmare whose mother went into premature labor over 50 years ago on an overnight trip to Buffalo!

Many financial institutions Build the Wall by refusing accounts to anyone born in America. Sadly, there are so many people now wanting to shed American citizenship that some U.S. Consulates have waiting lists of a year. Some are no longer responding to requests. Armed with alternative facts, sanctions and penalties, the U.S. Treasury and IRS have forced financial institutions and governments around the globe to comply with FATCA through bully-boy tactics. Your Russian Putin pal signed on, and so did China, Iraq and Mexico. But not Iran, Syria or Eritrea.

It's strange about Eritrea, because it is the only other nation on the planet that taxes its citizens living outside its borders. But this tiny African dictatorship at least makes it easier than America does. Eritrea requests expat citizens pay 2% of their income using one simple form. No demand for financial records. No imposition of unwanted citizenship on everyone born there. In contrast, some tax compliance thugs threaten Americans outside the U.S. that the IRS will "Lock them up" if these mainly middle class folks don't file tax returns. Notably, you haven't released your tax returns, so I have no idea if you have offshore accounts or if you reported them.

You can straighten this out with an Executive Order for U.S. Treasury to stop tormenting millions of honest law-abiding folks who just want to live their lives in

peace and protect their families and their privacy. You can urge Republicans in Congress to repeal FATCA and move to resident taxation as part of tax reform. Please ask your Chief of Staff to help. Mr. Priebus said FATCA is unconstitutional. The Republican National Committee even passed a resolution vowing to repeal FATCA and adopt residence based taxation. So dump FATCA, a “failing piece of garbage.” Please do it now. Make America Great Again, for all Americans.

Sincerely,

Lynne Swanson, a concerned former U.S. citizen”

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.