



2014 FATCA RESEARCH PROJECT

Stories of FATCA

Affecting Everyday Americans Every Day

October 2014

“I would like to urge US legislators and policy-makers to understand that the majority of US citizens living abroad are ordinary people with ordinary jobs, trying to make a living, stay healthy and spend time with their family. We're no different than our friends and family in the US, we just happen to live in another country.” New York voter living in Sweden

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TABLE OF CONTENTS

Section	Page
Introduction	3
1 Account closures	4
2 Refused new financial services	6
3 Disruption to retirement saving and planning	7
4 Strained relationships	9
5 Employment, promotions and business partnerships denied	12
6 Cost and complexity of maintaining compliance	14
7 Citizenship	20
8 Voting	22
9 Awareness of FATCA	23

Introduction

Between June 18 and July 15, 2014 Democrats Abroad carried out a survey of overseas Americans to examine their experiences related to the Foreign Accounts Tax Compliance Act (“FATCA”). FATCA was passed into law by Congress in 2010 and requires US Persons and the foreign financial institutions they bank with to report information annually to the US Internal Revenue Service on their financial accounts. There were 6,552 responses from Americans who hail from all 50 US states and the District of Columbia and living in locations across six continents. The data and the comments presented in this paper were collected on an anonymous basis using a questionnaire set up in SurveyMonkey and tabulated by the Democrats Abroad FBAR/FATCA Task Force, including Dr. Amanda Klekowski von Koppenfels¹.

The survey was distributed to the Democrats Abroad global membership and promoted on the Democrats Abroad website, Facebook pages, Democrats Abroad’s and other Twitter handles and the websites of organizations of Americans abroad such as the Association of Americans Resident Overseas (AARO) and the Federation of American Women’s Clubs Overseas (FAWCO).

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The survey results show the intense impact FATCA is having on overseas Americans. Their bank accounts are being closed, their relationships with their non-American spouses are under strain, some Americans are being denied promotion or partnership in business because of FATCA reporting requirements and some are planning or contemplating renouncing their US citizenship.²

As in the previous paragraph, selected findings from the research have been included in this report and are highlighted in **bold blue font**. The full report of the research findings, “FATCA: Affecting Everyday Americans Every Day” and the “FATCA Survey Datapack” are available on the Democrats Abroad website.³

These are the stories provided by survey participants that demonstrate how FATCA is affecting ordinary people in extraordinary ways.

² Source: Democrats Abroad 2014 FATCA Research Project, “FATCA: Affecting Everyday Americans Every Day”

³ <https://www.democratsabroad.org/group/fbarfatca/democrats-abroad-publishes-fatca-research-fatca-affecting-everyday-americans-every>

1. Account closures

The 2014 FATCA survey indicates that **one in five Americans has been affected by FATCA with the closure of an account in a foreign bank or brokerage house⁴.**

In many instances respondents learned about FATCA only when notified by their financial institutions of changes to their financial arrangements. **“I was shocked by the closure of two of my local bank accounts, especially as the large bank in question (Deutsche Bank) did not even explain correctly why it had to close those accounts -- they basically made up nonsensical reasons (unfounded under the law) and clearly got FATCA wrong.”** *Washington DC voter living in Belgium*

Respondents report being contacted, out of the blue, and asked to submit W9 forms or sign bank-prepared disclosures related to US citizenship. **“Because banks now require for you to sign a form that allows them to put the account on escrow upon US request, my (non-American) wife forced me to place all of our joint accounts on her name alone.”** *New York voter living in Israel*

Even worse is when financial services are withdrawn *without* notice. **“I was informed of FATCA when my account was blocked by my**

⁴ Source: Democrats Abroad 2014 FATCA Research Project, “FATCA: Affecting Everyday Americans Every Day”

local bank, BNP Paribas. No communications were received from US Authorities or local authorities. Access was restored after filling in tax forms for the bank and after the bank faxed through the appropriate forms to the US authorities. This, however, took two weeks and impeded monthly payments, resulting in extra costs and docking my local credit. Bank members were also poorly informed about the requirements and the legislation, and informed about the processes and reach of FATCA.” *Illinois voter living in Belgium*



“Due to being expelled from my bank, I was forced to search banking services elsewhere. As there were several banks that I applied to and was not excepted [sic] due to FATCA, I was anxious and confused about when & where I could place my money. When I finally found a bank that would accept me, my

money was held without my having access. I am still waiting for my new bank to verify and approve the US tax documents I was required to sign so that I can access my money. It has been over 2 weeks that I have no access to my new account. As a mother of 2 small children without a sign of when I will have my money, the US tax compliance campaign, FATCA, has left me a financial refugee.” *New Mexico voter*

Since June 2014 Americans in Mexico – many are retirees - have reported widespread withdrawal of US check-cashing services, often without notice, leaving those dependent on social security and pension payment checks from US sources without income for June and July and into August. **“It is rumoured that most Mexican banks will soon stop cashing U.S. client's checks. I'm worried that I will not be able to access my S.S. income which is deposited monthly in a U.S. bank. This will be an impossible situation for me. I cannot afford to live in the U.S., and if I cannot access my monthly S.S. income while I'm in Mexico, I cannot live at all.”** *Texas voter living in Mexico*

Adapting to change is hard for everyone but even harder for those who are aged, infirmed or both. Their lack of awareness of the change FATCA is bringing to their long-standing financial arrangements is compounded by their sometimes limited mobility, making those already vulnerable to mishaps in the administration of financial matters even

more so. **“Banks in MX are not wanting to cash US checks...a major problem for retirees here.”** *Texas voter living in Mexico*

The UK National Savings Scheme just closed all access to its products for US citizens due to reporting overload. *New Jersey voter living in the United Kingdom*

Having had a salary account with UBS before retirement, I was allowed to maintain an account, but an abusive service charge was applied to me as a US citizen. Postfinance initially accepted Americans, but after moving from UBS, my wife and I had our accounts closed because of US reporting requirements that Postfinance refused to accept. *Ohio voter living in France*

Many Americans abroad maintain accounts in US financial institutions. Those accounts are under threat from new regulation as well. **“I am blocked on both sides -- from the US institutions for being abroad and from the local institutions for being an American. I am still young but feel unable to plan for my retirement without fear of getting caught on one side or the other and therefore penalized.”** *American living in Belgium*

“When Merrill Lynch Paris (where I had held accounts for 15 years - all reported on both sides of the Atlantic) got sold to a Swiss bank, NOBODY wanted me or my money. I spent weeks trying to find a bank to take my accounts. American banks didn't

want me because I live abroad, European banks didn't want me because of the FATCA reporting requirements and the risk of the IRS going into their books. And they weren't allowed to take my 20 year old IRA or the 529 college savings plan. I spent A LOT of time and wasted many many hours looking for a solution. And never found a great one. I lost a long term financial advisor whom I trusted and who knew my situation etc. etc. it was a major pain in the neck and continues to be.” *New York voter living in France*

2. Refused new financial services - at home as well as abroad

Respondents were asked to report on occasions during the time since FATCA was implemented in 2011 when they attempted to open an account in a foreign financial institution and were refused. **Across all account types - check, savings, investment or retirement accounts – 13% of applications were unsuccessful.**⁵

“A big problem is for our children who are finishing up school and starting their careers. They are the ones who are refused accounts and services. I believe that the USA is going to lose a number of citizens if nothing is done. My friend's son was already refused opening an account because he is American. The banks

⁵ Source: Democrats Abroad 2014 FATCA Research Project, “FATCA: Affecting Everyday Americans Every Day”

ask that now when young people are opening accounts.”
Pennsylvania voter living in Sweden



“My daughter, a Swiss-US bi-national who has spent most of her life in Switzerland (24 years out of 29) was denied a student loan here in Switzerland simply because she is a US passport holder”
American living in Switzerland

Some Americans abroad are trying to come to terms with the new banking landscape but are struggling to make sense of what they are experiencing.

“I have read the HMRC (Her Majesty's Revenue and Customs) guidelines for financial institutions in the UK in regards to FATCA reporting in relationship to the IGA between the US and Britain. My understanding was that the IGA meant that Banks and

Financial Institutions in the UK would not be allowed to discriminate against Americans in terms of either opening accounts, or keeping them. Well, that has had a short and sweet life already. National Savings and Investments (also bear in mind that the IGA exempted Government Banks which is what NS & I is) will now not allow Americans to open accounts, and I have read of instances where Americans have had accounts closed. I was curious so I went on their website, and looked at their 'Premium Bonds' account, and there it was, in black and white---- Americans are not allowed to open the account. The rationale was that they didn't want to spend UK Tax money on looking for and reporting on Americans holding accounts with them---that that was a waste of taxpayers money---never mind the number of Americans living in the UK and paying taxes. If the UK government is allowed to close, or not open accounts for Americans, will the other banks follow, despite the IGA?" *New York voter living in the United Kingdom*

"My non-US spouse has had difficulty in opening investment accounts in her own name simply because she is married to an American." *Texas voter living in Switzerland*

"The problem with FACTA is foreign banks do not want to work with US citizens' investments anymore, and US banks do not

want to deal with US citizens abroad anymore." *North Carolina voter in Germany*

3. Disruption to retirement saving and planning

Survey respondents report that 22% of attempts to open investment accounts were unsuccessful⁶. These comments illustrate the impact that FATCA reporting is having on retirement saving and planning:



"I have deliberately not opened accounts that would get me better returns, eg mutual funds, because I am so scared of running foul of FACTA and FBAR requirements and I do not feel sophisticated

⁶ Source: Democrats Abroad 2014 FATCA Research Project, "FATCA: Affecting Everyday Americans Every Day"

enough to figure it out. I also do not have deep enough pockets to continuously pay someone else to figure it out, so I feel quite penalised by it.” *New York voter living in the United Kingdom*

“I have closed my Assurance Vie mutual funds in France because of the complicated reporting and taxing of these accounts by the US. 1) An "Assurance Vie" almost- tax-free account in France is TAXED in the US so I lose the tax advantage, and 2) I do not have the freedom to pick the investments in France that might be the most profitable. I am just trying to save for retirement. I am NOT hiding any off-shore accounts or doing money laundering!!”

California voter living in France

“I highly resent all the tax and money laundering legislation that has been implemented in the US and the UK during the last 5 years. I am a law-abiding, tax-paying citizen in both countries. Taxes have become so complicated that I am spending a significant portion of my earnings to my tax accountant (approximately two-weeks after-tax income). If I invest in the US, my investments are subject to unfavorable UK tax treatment. I am unable to invest in the UK because no UK financial institution will accept me. There are UK firms that will manage American's money, but they all want £1,000,000 minimum. I do not have that kind of money. Every other institution rejects me. My bank of 17 years, Barclays, will only allow me to have checking accounts

and savings accounts that pay interest (if you can call .01% interest). I am subject to onerous paperwork. I am being treating like a criminal and I have never done anything wrong.” *New York voter living in the United Kingdom*

“FACTA is directly impacting my retirement already unless I find a firm that allows me to invest in mutual funds.” *California voter living in Australia*

“I am blocked on both sides -- from the US institutions for being abroad and from the local institutions for being an American. I am still young but feel unable to plan for my retirement without fear of getting caught on one side or the other and therefore penalized.” *American living in Belgium*

“Was recently told by Fidelity that I could not make further investments or move funds in my IRA mutual funds. The US govt is making it very difficult for expats to save towards retirement.” *Colorado voter living in Mexico*

“All I want is the ability to save for my retirement and to invest the money with the same flexibility that any American at home enjoys. I can't do it in my country of residence because financial institutions won't open investment accounts for Americans. And now, progressively, the US companies -- some of which have had my savings for FORTY years -- are telling me they can't take

additional money/I can't move or exchange the funds/forcing me to close accounts. So I can't invest here and I can't invest in the US. I faithfully meet my tax obligations every year but this nonsense is forcing me to actually consider expatriation.” *New York voter living in Hong Kong*

“I'm looking to remove myself from business accounts in a company I'm a shareholder in. Not because anyone is asking me to but due to the reporting requirements that are quite onerous and time consuming. It's also increased my tax filing costs each year. My tax filing obligations and rules are already complicated enough so this just adds to my anxiety when filing my taxes. Also, my banks, are not that helpful in providing me the information that I need to be able to file my FATCA information properly.” *Nevada voter living in South Africa*

4. Strained relationships

Some 1.5% of respondents reported changes in their relationship with a partner (divorce or separation), while 12.9% reported that they are moving/have already moved to separate accounts with a partner.⁷

⁷ Source: Democrats Abroad 2014 FATCA Research Project, “FATCA: Affecting Everyday Americans Every Day”

“My husband and I were forced to reorganize our finances totally. He opted not to give me joint ownership of our home, he closed our joint account. Even the bank was shocked when I explained that I was required to report 100% of the amount in the joint account which was created with his money. My future is less secure financially thanks to this.” *Tennessee voter living in Italy*



“All joint accounts were moved out of my name and solely into my husband's (non-US citizen) in our last international move to protect his income from being subject to US taxes. This included joint accounts or investment as well as property. This had not been the case in the previous 18 years of our marriage. This leaves me in an extremely vulnerable financial and marital situation. One in which I am left totally dependent on my

husband and in which everything we own and all investments are held solely in his name. How fair is that? He's a non-US citizen who pays taxes in the country in which he works and resides. Despite the discomfort, it's easy to understand why he doesn't want his income (reported to) the US as well solely by virtue of being married to an American. How fair is that and who pays the price?" *American living in the UK*

For several people, FATCA reporting requirements were the direct cause of the end of a relationship: **"My German ex refused to marry an American because of filing requirements. So we split up."** *New York Voter living in Germany*

Others reported that their relationships remained unprotected by law (i.e. marriage) because of FATCA: **"My foreign partner and I have concluded that we will not marry owing to the US legislation on financial account reporting."** *New York Voter living in France*

"FATCA has delayed my decision to marry my girlfriend, and even buy a house together or undertake any type of joint savings plans for fear of bringing her into the US tax regime even though she is not a US citizen." *California voter living in Belgium*

More common were reports of strain on the relationship: **"Many arguments. I was a stay-at-home mother and all income is a result**

of his [non-American spouse] earnings, not mine." *Michigan voter living in Canada*

"The FATCA has caused enormous friction in my marriage. My non-US spouse is refusing to let the US government know about his salary/earnings/savings (I am unemployed, a stay-at-home mother) and I therefore cannot fill out all the necessary paperwork. Moving to separate bank accounts would leave me very vulnerable as I have no income of my own and according to Belgian law would have no right to access my spouse's accounts. It is very stressful to be so beholden to my husband as well not in compliance with my own government." *New York voter living in Belgium*

"I am losing sleep over this. My husband does not feel he wants our finances reported to the IRS. I do not work, yet we have joint accounts. The money was earned by him. We sold his family home and had the money in the bank for 2 years to buy another house. It was HIS money in joint names. I am frightened as I didn't know about these tax filing requirements. The bank is now asking my birth place and I am worried they are going to close our accounts. I feel betrayed by my birth country and by my adopted country (I am a dual citizen) for agreeing to this." *American living in the United Kingdom*

“The tax filing is ridiculous. Causes annual arguments with my British husband and is expensive.” *South Carolina voter living in the United Kingdom*

FATCA can place individuals in an insecure position, as this person said: **“Family trusts will exclude me, and assets go straight to my children, putting me at risk were my marriage to end.”** *Massachusetts voter living in Canada* This woman told us that **“My husband refuses to share a main savings account with me now, which puts me at a disadvantage in the event that something should happen to me, as I would have no legal access to that account. It has put great stress on my marriage.”** *Iowa voter living in Germany*

Many women reported feeling highly vulnerable with post-FATCA financial arrangements.

“I feel that FATCA places the financial security of US citizens residing overseas at risk -- particularly women married to non-US spouses. Our family relocates every few years. In the past, we were able to open joint accounts, but because of FATCA this is no longer an option. Banks we applied to in Vietnam also would not issue a family card to me because of my citizenship. I am not able to open my own bank account in current country of residence (Vietnam) because I do not have any independent income in the country. My permanent country of residence

(Japan) does not allow joint accounts, but family cards for spouses are still available but I worry this may change for American spouses because of FATCA. If this happens, my daily life will be greatly disrupted as I will have NO direct way to access funds to pay personal expenses. I will become solely dependent on my husband for a cash allowance. I still retain a separate account opened years ago when I was employed outside of the home. I am afraid that this account may be in jeopardy of being closed by the financial inst as my applications for investments with the same bank have been rejected. I fear that because of FATCA I will lose all means of independent access to monetary funds overseas and if something happens to my husband I won't be able to access our household accounts because my name is not included on any accts. FATCA is driving us to keep large amounts of money at home, which is not a safe option in most countries.” *American living in Viet Nam*

“My non-US husband does not understand how it can be possible that I am obliged to send his personal financial information to a foreign government. Therefore we have taken my name off our accounts. After 30 years of marriage, I no longer have free access to our money. I am not sure what situation I would be in if he were to pass away suddenly.” *American living in Italy*

“I have filed with the IRS and FATCA ever year we have lived abroad. That said, my husband and I have discussed divorcing and placing all non-USA assets in his name to avoid possible financial confiscations if I did the paperwork incorrectly. We have also discussed revoking US citizenship to avoid the same penalties. I am not an independently wealthy person, just an American citizen who happens to temporarily live abroad. These laws generate zero tax benefit as I pay a hefty tax in Sweden on all incomes, but they create an enormous amount of stress.”
Arizona voter living in Sweden

These decisions are also made on the basis of professional advice:

“Some years ago, our British financial advisor recommended transferring my UK investments to my non-US wife because of IRS complications foreseen by UK financial institutions.” *Indiana voter living in France*

A minority of respondents noted that non-American spouses were pressuring the American to renounce US citizenship, as this person told us: **“[Non-American] spouse very upset, does not want bank to report to IRS about our personal finances. I am worried I may have to renounce citizenship which is very upsetting to me.”**
Florida voter living in the United Kingdom

Or, as this woman put it, even more clearly: **“He [non-American spouse] requested I give up my US citizenship.”** *Ohio voter living in Canada*

5. Employment, promotions and business partnerships denied

The reporting requirements on accounts on which Americans hold signatory authority has negatively and profoundly affected their ability to own their own businesses and to advance in business overall. **5.6% state that they were denied a position because of FATCA.**⁸ Their comments make the connection between the two clear:

“[I was] told they did not want an "American person" and refused to recognize my EU citizenship. Too costly, complicated and dangerous, they said.” *American living abroad*

Similarly, for this UK-US dual citizen: **“Was told that due to reporting/signing requirements a US citizen could not be offered the job – had applied as a UK citizen, but when dual citizenship was mentioned, that ended the job interview.”** *Delaware voter living in Austria*

⁸ See the 2014 FATCA Survey Datapack for survey data on FATCA impacts on business and career prospects.

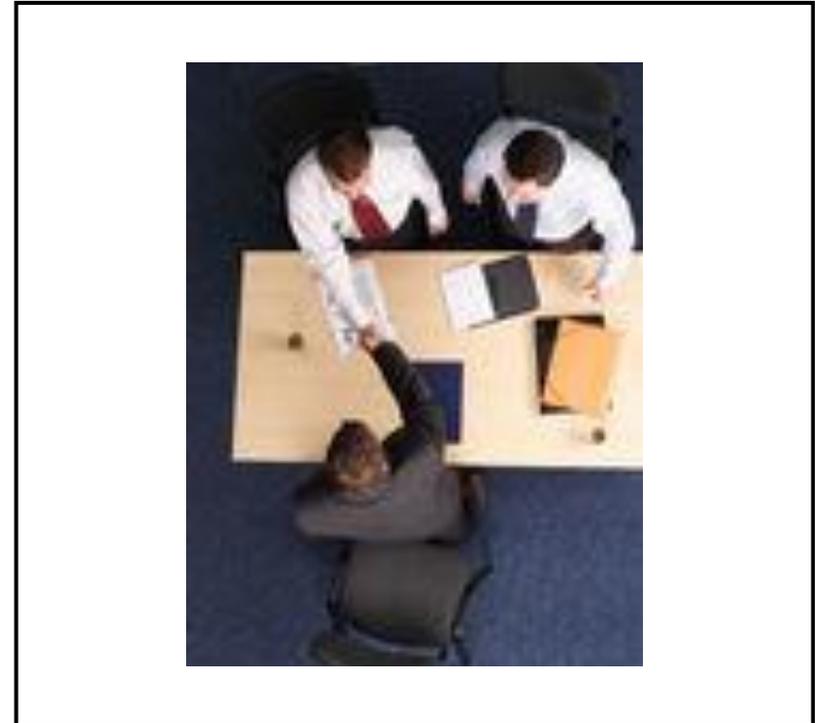
More broadly, and troublingly, this person mentioned: **“Foreign employers are becoming more aware of FATCA. They don't need to trouble themselves with American workers if they can hire local workers with the same skills/education.”** *New York voter living in Canada*

Americans' competitiveness for roles is weakened. **“US employers avoid hiring Americans outside the US because of taxation on global income and tax reporting costs. It is cheaper to hire Irish and Aussies.”** *Pennsylvania voter living in Japan*

It can be difficult to even receive a salary: **“Must have a Swiss (local) bank account to receive salary--and no bank here will accept new US clients.”** *Washington state voter living in Switzerland*

FATCA might even lead Americans to be in particularly vulnerable employment situations: **“The legislation was cited by the prospective employer who indicated that they would only engage me if I accepted cash payments. I figured this was a sure fire way to get arrested and dragged into an expensive legal proceeding that would only result in my paying even more money out, so I declined the position at a local university.”** *American living in Thailand*

For the self-employed, who often are direct links between the United States and their countries of residence, the situation is also difficult, as



this person said: **“Cannot open a business. period. Cannot sell US product.”** *Ohio voter living in Norway*

The impact on small businesses is profound: **“I cannot open a business without local partners and no one is foolish enough to go into business with an American given the privacy issues and the unwarranted access the IRS wants to their finances.”** *American living in Canada*

“I am unable to incorporate a business in Canada because anything I touch triggers several thousand in accounting document requirements because I am an American citizen.”

Michigan voter living in Canada

“I am currently looking to rejoin the workforce as my youngest child enters school. I have skills but have been out of the workforce for a number of years and so one avenue to regain experience and marketability for a permanent position would be to freelance in my profession, which I have done in the past. I have to admit that the tax laws for US expat freelancers seem complicated and daunting--added to the complications of FATCA and FBAR and the horror stories coming out of their enforcement make me very hesitant to go that route. This on top of an already complicated system in my country of residence. So besides limiting my banking options, the entire US tax regime for American expats (not just FATCA) may end up limiting my career, not to mention complicating my finances as well as limiting my saving for retirement.” *Ohio voter living in Germany*

“I am an entrepreneur running a manufacturing company in Russia, and the US tax/banking requirements result in a personal accounting borden [sic] that costs me \$10,000 -20,000 per year and also resulted in me limiting American investment in my company to 50% of total shareholder capital. Absolutely absurd,

the way the rules are written they actually disincentivize people from investing outside of the States and, even for someone with an MBA in finance, are utterly impossible to understand without paying crushing accounting fees. End result = lots of incentives for people to cheat, this is sad really.” *New York voter living in Russia*

“I have heard of people who refuse to leave the US to take up posts overseas because of the confusing tangle re reporting requirements. Can this be good for American business in terms of global competition, have difficulty finding Americans willing to represent them overseas? This whole reporting nightmare seems like an own goal--- the costs are too high and it will inhibit the movement of people across borders and cultures--the only way the US can learn about the rest of the world first hand.” *New York voter living in the United Kingdom*

One comment was made numerous times – the general perception of businesses and employers in Americans’ countries of residence: **“Distrust of the entire US extraterritorial reach.”** *New York voter living in Belgium*

6. Cost and complexity of maintaining compliance

Aside from the confusion and inconvenience caused by financial account closures, the cost and complexity of maintaining compliance

with US tax filing and reporting obligations was mentioned most often by survey participants. There is grave frustration and fear of reporting errors.

“It has been a very frustrating experience to manage my taxes from abroad. As a foreign student and then UN employee, I discovered I made errors on my filings despite that an accountant helped me. It is very annoying that the IRS makes tax filing unnecessarily complicated, making it harder to be compliant when you don't realize what you have mistakenly omitted. In addition, my bank has been hassling [sic] me for 7 months despite that I signed all the paperwork they requested. They also demanded my tax transcripts and copies of FBARs for the previous 5 tax years. It is a huge inconvenience because every time I obtain and provide them documents, they ask for more documents they didn't clarify before.” *California voter living in Switzerland*

“I feel that FATCA (and FBAR) should be for extremely high net worth individuals (in the millions). For most of us normal folks, doing well but not millionaires, saving for retirement, FATCA is a nightmare, and I am always worried I'm doing it wrong. Also, because I move money between accounts frequently and you are required to put the highest amount in an account for any point in the whole year, I appear to have way more money saved than I

actually do. Americans abroad should not be penalized for living abroad. I'm sick of it.” *Massachusetts voter living in Canada*



“The extreme amount of reading that I do about FATCA, the FBAR and staying tax compliant is ridiculous! I constantly worry that I might make a mistake and leave out an account (not willingly). I wish things were easier and I don't understand why they aren't. Sometimes I wish I could simply sign a piece of paper allowing the US to see my financial information, whenever they want. I'm not hiding anything and am not funding anything illegal. I am simply trying to live an enjoyable life, in Sweden. I don't want to have all this built up anger towards the country I am a proud citizen of.” *Colorado voter living in Sweden*

While there is an understanding in the overseas community that living abroad brings with it unique (financial and other) costs, and while there

are a growing number of affordable, accessible return preparers servicing Americans abroad, the costs to comply with US tax filing and reporting obligations are deemed by many to be excessive.

“Because of FACTA I have had to consult a CPA in order to sort out all of these issues, which will cost me between \$3,000 - \$5,000 to ensure compliance. This is an incredible amount of money and is causing quite a bit of consternation in my life -- will I have to pay this every year to ensure compliance?!” *Montana voter living in Finland*

“I feel as though I am being penalized for living overseas, the rules are complex and would require me to hire an accountant which I cannot afford. I am afraid that my husband will remove me from joint accounts and that my children and I would suffer economically should something happen to him. I am angry.” *Arizona voter living in Greece*

“It is very difficult and expensive to stay up to date with US tax and financial obligations. I don't have the time or the money to do so. The only time I tried, I had to pay 600 dollars for 30 minutes of inaccurate advice. I, like most Americans living abroad am not rich. I would like to comply with the demands of the US government, but it is simply impossible unless you are rich enough to employ a knowledgeable person to do it for you. I simply don't make enough money.” *Texas voter living in France*

“I go to great expense every year filing US and German tax and preparing FBAR forms although I am not required to pay any US tax. This money and time could be spent on more productive pursuits. As I recently entered into a civil union these US requirements complicate my relationship to my partner in planning a stable financial future jointly. I have considered giving up my US citizenship due to these apparently senseless filing burdens. I do not understand this degree of financial monitoring being required for honest citizens who comply fully with regulations. This seems excessive.” *New Jersey voter living in Germany*

“The price for normal accountancy services amounts to near extortion in the UK for doing US taxes---there is no convenient and reasonably priced H&R Block as in the US. The added burden of reporting as it now stands only exacerbates this. And it is possible to find totally opposing points of view amongst the tax professionals as to what is required of Americans---which accounts go where, how they are treated, whether or not treaties need to be invoked or not, etc. It's nearly impossible for an American with a pension fund or investments to complete their own tax return and be sure of being in compliance with every aspect now required. The penalties for inadvertently filing incorrectly are disproportionate and do not take into

consideration the lack of transparency in the US Tax Code or how incredibly bad the IRS is at educating and communicating with citizens abroad. It feels at times as if it is considered a crime merely to have left the US (no matter the reason). People living in the US have much easier access to reasonably priced tax professionals than Americans overseas who, ironically, need them more.” *New York voter living in the United Kingdom*

There is utter confusion for “accidental Americans” - US citizens born in the US, but whose foreign parents returned home shortly after that US citizen’s birth, or US citizens born abroad to US citizens and who have never lived in the US.

“I have never lived in the US. I have never earned any money from a US employer. I am employed by a German company and so I pay German taxes. I am not sure why I would have to pay any US taxes or give the IRS any information on my financial status. The information available and the information flow for someone like me is abysmal. Until a little while ago I had never even heard of FATCA or any limits on the amount of savings I can have before I have to fill out forms. I am still very confused on the entire matter.” *American living in Germany*

“I find these requirements very unfair. I was born in Canada and am only an American citizen because my American mother and non-US father applied for citizenship for me when I was a baby. I

have just recently become aware of these requirements and have spent countless hours on this as well as spent a fair bit of money on accountants and lawyers.” *American living in Canada*

“It is very difficult of US citizens born abroad who speak English as a second language to understand their responsibilities.” *Washington state voter living in Israel*

“As a citizen who was born and has lived outside of the US my entire life, this whole FATCA situation has me nervous about making the next steps in my life such as home ownership, investing, etc.” *American living in Canada*

And there is bitter frustration for many who want to comply but are really struggling as to how - and why.

“I think there is a great danger of those who, like myself, earn comparatively low amounts and rarely have more than a few thousand dollars in savings (but who move money between accounts and are therefore may be shown to have more than \$10,000 in accounts in any one year) accidentally not complying with Fatca because they don't know or understand it. I don't make enough money to pay US tax, but I diligently file my taxes each year. I was horrified to find out I had to complete Fatca forms and that had inadvertently neglected to do so. I have now filed them all retrospectively, but found the experience very

stressful. The need to stop a small number who avoid tax has swept up a large number of well-meaning, law-abiding citizens into a very stressful situation with very little assistance. The law needs reforming.” *Maine voter living in the United Kingdom*

“The unintended consequences of FATCA are time-consuming and expensive for me. FATCA complicates financial planning and restricts my ability to plan for a financially secure future in my country of residence. I feel like a second class US citizen. I also ask why FBAR is still required.” *California voter living in the United Kingdom*

“For me, the key issues are significant compliance costs for decades to come, fear of serious noncompliance consequences, unfair enforcement and the general feeling that FACTA is not aiming at the right people, we just happen to be Americans who have settled abroad and dutifully file our returns every year, we are not here for tax reasons in fact our taxes here are higher than at home; this extra burden is unfair and overly broad, surely they can create reasonable exemptions for people like us” *Minnesota voter living in Belgium*

“I am very worried about FATCA. I feel strongly that the requirements are so complex and far-reaching that I, and others, will unwittingly not be in compliance with FATCA, and/or will have to spend a huge amount of time getting our head around the

complexities. I feel that, as usual, large corporations will find a way around this while the middle classes will have to spend a great deal of time and expense in compliance.” *Illinois voter*

“I understand the need to be vigilant and act against people who try to dodge tax obligations by opening overseas accounts. However, most people who actually live abroad are not doing so to avoid US taxes. We simply live abroad, and need to have financial lives where we live. The people who should be targeted by these sorts of laws are the ones who live in the US but have accounts in tax havens. The government is putting a lot of time, effort, and resources into pursuing people who are not criminals while the real culprits sit safely and comfortably in the US. This really must be stopped.” *California voter living in the United Kingdom*

“I support FATCA to monitor/take action against rich individuals or corporations that are not paying their taxes, however, many of us "average citizens" are currently caught in the dragnet of FATCA implementation. Revision of the legislations is needed to focus the law on tax evaders.” *Louisiana voter living in Australia*

“I feel that FATCA has not taken long-term residents abroad into account. The \$200k reporting requirement for Form 8938 sounds like it would only affect the rich, but in fact, many middle-class workers who live abroad have more than that amount in foreign

assets once mandatory foreign pension contributions (often over several decades) are included or if they live in a country with a strong currency relative to the dollar. I feel that the FATCA regulations assume we are guilty of tax evasion until proven innocent. The fact is that the super-rich can set up trusts to hide their money (provided they have \$1 million +), so they don't feel the effects of FATCA. However, the reporting requirements are onerous for normal Americans who happen to live abroad for personal or professional reasons. Such Americans aren't tax dodgers; we're just trying to live normal lives and do things like get a mortgage or invest for retirement in the country in which we live. Because of FATCA, we often no longer can. Those of us who are on local contracts or who are supported by a foreign spouse don't get expat perks (such as help with taxes, payment for housing, tuition for our kids, or higher salaries). It is nearly impossible to find someone who'll prepare an expat tax return for under \$2000, but for those of us who earn below the FEIE (and thus don't owe taxes), it's unaffordable. So we have to muddle through complicated forms and worry whether we've reported everything correctly, even though we owe no money.... It's a nightmare." *California voter living in Switzerland*

"It is extremely frustrating that we, law abiding, US citizens who choose to live abroad are subjected to this highly onerous and

invasive tax and financial reporting regime. We are decent, working people who pay our taxes in the country in which we live. We had no problem meeting our US tax reporting requirements over the last 20 years that we have lived overseas. However, since FATCA was introduced, the requirements have become so convoluted it is virtually impossible to report without using an accountant. The requirements have changed each year, some are vague or contradictory, we are required to provide the same information multiple times in different formats and the penalties are so high, that there is a real element of fear of making a costly mistake. Reporting aside, it feels as though we are being penalized for trying to live a normal life outside of the US; the options for banks who will allow US citizens to hold accounts are limited and the taxes on overseas investments and pensions in our resident countries make it prohibitive to invest and plan for our future." *Iowa voter living in Belgium*

"The stress of compliance re US Tax Laws merely adds to the burden and complexity of being a foreigner here. Native, non-dual British citizens we know can hardly believe what is required, and wonder why/how we put up with it. The response is that we have no choice. There is no easy out. The question is---does the US Government want its best advertisement for America overseas, its informal ambassadors---- American expatriates----to become

pariahs or to wish they could only walk into their embassy and relinquish citizenship, if only to be rid of the spectre of what awaits them should they inadvertently fall foul of the laws of a country they may love, but do not live in? The vast majority of overseas Americans filing tax returns (I believe the figure is 91%) never owe any money, yet the thickness of their tax returns would belie that”. *New York voter living in the United Kingdom*

7. Citizenship

Fear, frustration, stress, strained relationships, confusion, anger and hopelessness are causing some to question the continuation of their US citizenship. A regrettable 2,999 US citizens renounced their citizenship in 2013 as did 1,577 in the first half of 2014⁹.

“The possibility that I may inadvertently run foul of the many and complex reporting requirements of the IRS and that sanctions will follow causes me to seriously consider giving up US citizenship as my son who had joint UK/US citizenship has already done so.”

Pennsylvania voter living in the United Kingdom



“I am serious considering giving up my citizenship because of fear of making a mistake. This is causing a lot of family hardship as my parents do not want me to, but the costs of becoming a US citizen are becoming very onerous for someone on a middle income (by London standards).” *Maryland voter living in the United Kingdom*

“I am seriously considering giving up my US citizenship (reluctantly) because it is getting to the point that I can no longer deal with the increased and complicated forms. I do not want to spend my limited income on hiring an accountant to handle my U.S. filling and FATCA forms. I am heartsick about all this! I don't know if you can include the emotional distress these ridiculous new requirements are causing, but I am impacted

⁹ http://taxprof.typepad.com/taxprof_blog/2014/08/record-numbers-of-americans-.html

most by the worry and emotional stress of this all.” *New York voter living in Canada*

“I really hope that FATCA will be reformed so that those of us who choose to live in another country are not faced with this burden. I find it ridiculous that we should have to pay the price for US residents hiding their money overseas. It is seriously making me rethink my US citizenship. I feel woefully uninformed about FATCA, and the idea that the IRS might now come after me because I was previously ignorant about the guidelines (and because I am not even certain that I properly filled things out) is terrifying. It is only the last few years that I have even had enough money in the bank for this to be a concern. All the money in my bank accounts is money that I declared on my income tax forms; it is savings. As a result, I truly feel like I am being punished.”

California voter living in France

“I work out of my home and earn less than \$500 a month, and my husband and I do not have a lot of money. I am seriously considering renouncing my US citizenship--although I NEVER wanted to do that--because it costs me around \$700 just to get an internationally certified accountant to do my taxes and the FBAR for me every year. I can understand that they want to go after tax-evading millionaires who are hiding funds abroad, but for the rest of us, trying to live abroad on modest salaries while maintaining

ties to home, the laws are ridiculously punishing.” *American living in Germany*

“I am ‘condemned’ to have only basic saving/checking account because my Swiss bank refuses US persons as clients for investment type products UNLESS the client has a million dollars so he can go into a SEC registered IRS transparent affiliate for US persons. I don’t have that kind of money. Also my bank (UBS) has told me there is no guarantee it will not close simple accounts for US persons like the ones I have, in the future, due to regulation. Because of this uncertainty and lack of financial freedom I am considering renouncing my US passport, though I am and have been fully compliant with the IRS and am a very fond of my US heritage.” *Illinois voter living in Switzerland*

“I do not wish to give up my American citizenship because my family still live in the States. And I technically don’t mind filling out the tax forms, etc (although I think it is a bit excessive and you always feel like you are in the wrong when asking questions to the help desk) but if I am not able to have financial services or live my normal life in the country I legally reside in, that will make me consider giving up my citizenship. And in my opinion, that isn’t how it should be.” *Indiana voter living in The Netherlands*

“I can understand that the US is very serious about tax evasion, and totally support this effort. But making the lives of ex-pats so

difficult that they consider giving up citizenship to avoid the penalty of annual tax hassles, and day to day financial management in their resident country is excessive and does not achieve the goal they are after. It just makes the ones who are trying to do the right thing feel slighted and ostracized. The ones who are evading have financial advisers to help them navigate around any new legislation.” *Texas voter living in Australia*

FATCA leads to discrimination of Americans overseas and the denial of their basic rights. American citizenship has thus become a burden which many ex-pats would rather not have.”

Pennsylvania voter living in Germany

In some cases, it was a financial advisor who recommended renunciation: “Although I have not had any accounts closed, I have been warned by my banker that it would be in my and my family's best interest to renounce my U.S. nationality as quickly as possible, as things may get to the point where the bank will stop providing services to any person with U.S. connections! I am in the process of renunciation, with the strong support of my wife and children, one of whom is renouncing at the same time with me.” *Ohio voter living in The Netherlands*

8. Voting

Over two-thirds (67.8%) of all respondents say they will take FATCA into account when they vote in November. Just 6.0% said they don't plan on voting.¹⁰

“FATCA is the primary issue my husband and I will take into account in the 2014 midterms and the 2016 presidential election with respect to both voting and fundraising.” *Delaware voter living in Sweden*



“The US taxes and reporting obligations have provoked me to start voting due to overall frustration about the cost and

¹⁰ Source: Democrats Abroad 2014 FATCA Research Project, “FATCA: Affecting Everyday Americans Every Day”

implications. I closed TFSA and mutual funds until I can understand the taxes costs.” Michigan voter living in Canada

“I never thought I'd become a single-issue voter, but when you threaten my ability to take care of myself and my children, and interfere in my marriage (no joint account or property possible), that's where my loyalty ends.” Ohio voter living in Germany

“This will not concern me much longer as I will take the oath for citizenship in Canada soon and relinquish US citizenship in the process. I also plan to make sure that our children understand the pitfalls of American citizenship and renounce as soon as they are old enough. And it's not about taxes. I don't owe taxes anyway. It's about being treated like a criminal by my own country and they way they malign expats. I stopped voting a while ago. Voting is pointless. I will become a Canadian and vote on matters that concern me and my family and leave America to Americans.”

American living in Canada

“These issues have caused very great personal stress and worry which have been negative for my health in my retirement. Also, the need for a tax accountant versed in U.S. laws has been a considerable yearly expense which seems to benefit no one but the accountants. This has been really upsetting and would definitely be a voting issue for me and my spouse. I don't yet know whether we may at some point be faced with very onerous

and unfair penalties due to not having filed timely for previous years. We did "soft" filings for a backlog of (as I recall) seven years at the advice of an accountant two years ago, but fear that may have been a mistake and that we may be caught in a snare that will change our retirement years into a nightmare, as we have worked hard (at rather low incomes) to save enough to last us well into our 80's but really could not bear large penalties/losses (and I think my husband would have a stroke - seriously). I do not feel I dare try any new accounts, and I have some of our money sitting as cash, earning basically nothing because mutual funds have such onerous and expensive reporting requirements. Most of my life I have done my own taxes, but I cannot complete the IRS forms on my own. I feel crippled in my financial planning and fearful of the future and this has caused me to very much resent the U.S. policies and politicians which have created this situation. Also, we have numerous American-Canadian friends who are in the same situation or worse and who will definitely be voting. (I will forward this survey.)” Wisconsin voter living in Canada

9. Awareness of FATCA

Our research shows that income plays a key role in awareness of FATCA, understanding of FATCA and the amount of professional advice one receives on understanding and complying with FATCA. Those with higher income have higher awareness, more

understanding and more professional advice. Those with lower incomes have less awareness, less understanding and less professional advice – they have fewer options and will be more adversely affected by FATCA.¹¹

“Having to comply with FACTA makes hard-working Americans, who happen to live abroad, feel like criminals. Living abroad means you have to have accounts, etc. in your country of residence. Communication regarding FACTA and the IRS is very poor for those of us living abroad...I typically seem to ‘stumble’ on information/changes.” *Pennsylvania voter living in Belgium*

“I think there are many Americans residing outside the U.S. who are unaware of all the complex tax filing requirements, especially the FBAR. I think too that people like me, who make under the maximum foreign earned income exclusion (\$97,600), live in fear of being fined/prosecuted for not having filled out all the necessary forms (again, the FBAR) in past years. I was ultimately mandated to file delinquent FBAR forms by BCV through BSA E-filing system. It was a very stressful, unpleasant experience and I have been made to feel like a criminal, when in fact I was quite

simply ignorant as to all the filing requirements.” *American living in Switzerland*

“I did not until recently know my US tax filing obligations had changed. The IRS needs to make changes VERY clear to their citizens overseas.” *Nevada voter living in the United Kingdom*

“The laws seem vague and I am afraid to make a mistake that incurs a penalty. I spend \$750 a year on a tax advisor to make sure we are above board and file taxes correctly and he has being doing this for 20 years and he is even afraid of doing things wrong due to lack of clarity.” *California voter living in Australia*

¹¹ Source: Democrats Abroad 2014 FATCA Research Project, “FATCA: Affecting Everyday Americans Every Day”