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Are Expats Derailing The FATCA Express?

The IRS views all citizens in the same way regardless of where they live. Think of it as a kind of Ellis Island mentality. Once you're American, you're in, until you leave.

See [Expatriating and Its U.S. Tax Impact](#). But there's been a mismatch in perception when it comes to tax return filing issues, even if immigration status might be unassailable.



It turns out many American citizens living abroad have either not been filing their U.S. tax returns, or if they have, have not been reporting their worldwide income. That worldwide income feature of the U.S. tax code has become controversial. Many American expats—and some advisers too—didn't know they were supposed to keep reporting worldwide income even if all their income was earned in a foreign country and they were paying tax on it there.

It's also become clear that even though they may have "foreign" (meaning non-U.S.) bank and financial accounts they haven't been filing those pesky [FBAR forms](#) the IRS is now enforcing. Of all the groups gaining traction over this mess, the subset of expats living in Canada—many with dual U.S. and Canadian citizenship—has seemed the most blindsided. It hasn't come to political fisticuffs, but there are many Canadian-Americans that are miffed.

It is hardly blanket relief, but the IRS has offered at least some hope it is easing up on these people. In [IR-2011-117](#), the IRS revealed it will shortly

be releasing a new information reporting form taxpayers will use starting this coming tax filing season to report specified foreign financial assets for 2011. [Form 8938](#) (Statement of Specified Foreign Financial Assets) will be filed by taxpayers with specific types and amounts of foreign financial assets or foreign accounts. The IRS stresses that you need to pay attention to these filing requirements. If you don't, the penalties are quite high. See [IRS Exempts Many Expats From FATCA](#).

Is this enough to placate everyone? No, and the notion that the IRS and Congress are actually going **after** American expats seems to be gaining traction. See [Washington's Assault on American Expats](#). Much of the press coverage has been focused elsewhere, including on banks and financial institutions dealing with the complex web of reporting and withholding requirements. Some say Americans living abroad have been disenfranchised.

A [Wall Street Journal](#) piece even states that, "our tax code appears to rest on the assumption that the American expat is a criminal and must be treated that way." Although it notes that Americans abroad should be regarded as economic assets and not as criminal liabilities, it goes on to criticize more broadly the burdensome mess (to everyone) FATCA has become.

For more, see:

[IRS: Expect Even More Transparent Foreign Accounts](#)

[Happy FATCA Filing Season](#)

[FATCA Carries Fat Price Tag](#)

[IRS FATCA Guidance, Round 3](#)

[Oh Canada! Hating FBARs And FATCA](#)

[Expats Call For FATCA Repeal](#)

[Please Sir, Can I Have Some More FATCA?](#)

[Stripping FATCA From Our Diet](#)

[FBAR And FATCA Haters Unite](#)

[Beware Foreign Trust Reporting to IRS](#)

[FBAR And FATCA Haters Unite](#)

[ACA Letter to Treasury and IRS on ACA repeal FATCA campaign ...](#)

[Still More Foreign Account Worries!](#)

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