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As Foreign Banks Brace For FATCA, You Should Too

[FATCA](#) was quietly passed in 2010 amid big economic problems. But since then it has been growing like Jabba the Hut. It's now a global juggernaut.

U.S. citizens and permanent residents must report all worldwide income on their U.S. tax returns.

Plus, if they have signature authority over foreign bank accounts holding more than \$10,000 at any time during the year they must file an [FBAR](#). That's so even without beneficial ownership. See [Foreign Accounts? Don't Forget June 30 FBAR Deadline](#).

But FATCA adds to these obligations and gets foreign banks involved, too. Under FATCA, 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. See [IRS Form 8938 Or FBAR?](#) and [FBARs & FATCA Form 8938: Maddening Duplication?](#)

For individuals who don't comply with U.S. filing obligations, noncompliance can trigger severe repercussions. Similarly, foreign financial institutions must comply with FATCA or face serious U.S. actions. See [IRS Plans to Retain January 1 Effective Date for FATCA](#). It



should therefore be no surprise that many foreign banks don't want Americans. See [FATCA Makes Banks Shut Out Americans](#).

In any case, there are huge expenses for the institutions trying to cope. See [FATCA Carries Fat Price Tag](#). In [Announcement 2012-42](#), the IRS set out more timelines about FATCA implementation, modifying proposed regulations issued earlier this year. Here are key dates:

	New Individual & Entity Acct. (Date of new acct. opening procedures)	Preexisting Accts. of Prima Facie FFIs (Date by which due diligence must be completed for all accts.)	Preexisting Accts. of Entities other than Prima Facie FFIs	Preexisting High Value Accts. of Individuals	Preexisting Accts. of Individuals other than High Value Accts.
Withholding Agents other than Participating FFIs & Deemed-Compliant FFIs	By Jan. 1, 2014	By June 30, 2014	By Dec. 31, 2015	N/A	N/A
Withholding Agents that are Participating FFIs	By later of Jan. 1, 2014, or effective date of FFI Agreement	By later of June 30, 2014, or 6 months after effective date of FFI Agreement	By later of Dec. 31, 2015, or 2 years after effective date of FFI Agreement	By later of Dec. 31, 2014, or 1 year after effective date of FFI Agreement	By later of Dec. 31, 2015, or 2 years after effective date of FFI Agreement
Withholding Agents that are Registered Deemed-Compliant FFIs	By later of Jan. 1, 2014, or date of registration	N/A	N/A	N/A	N/A

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