

What is FATCA?

The Foreign Account Tax Compliance Act (FATCA) is a U.S. tax law which expects financial institutions in other countries to report to the U.S tax agency, the IRS, confidential account information of people the United States considers U.S. persons for taxable purposes.

Who is a U.S. person?

You may be considered a U.S. person for any of the following reasons:

- * born in the U.S.A.
- * born outside the U.S.A. to at least one American parent
- * lived in the U.S.A. or are a green card holder
- * visited too long in the U.S.A. in any given year (180 days over 3 years is the maximum time allotted)
- * married to a U.S. person
- * sharing a financial account or granting signing authority over an account to a U.S. person

What information will FATCA collect?

FATCA requires financial institutions to report annually to the IRS on a variety of financial accounts like checking, savings, retirement and investment accounts. Information to be shared includes account numbers, highest yearly balances and account transactions. This reporting is in addition to information that all U.S. persons are required to fill with the IRS every year, regardless of where they live, even though they may owe no U.S. tax at all due to their countries tax treaties with the U.S.

What will the U.S.A. do with all that information?

The IRS uses it to verify its own tax records and is authorized to hand over the information collected from other U.S. agencies including the NSA and the FBI.

Isn't FATCA about catching rich tax evaders?

No, FATCA is about collecting the financial details of all people living outside the U.S., who the U.S. deems U.S. persons, whether they be upper, middle or low income. The information is sent by your bank to the IRS, or if your government has a special arrangement with the U.S. called an inter-governmental agreement (IGA), your country's tax agency will collect and send the information to the U.S. It's like an inventory of assets.

But I'm not a U.S. person. What does FATCA have to do with me?

Your bank will look through your accounts, searching for any indication that you might be a U.S. person. For example receiving funds into your account from a U.S. source, owning a vacation property or being married to an American citizen are viewed as "connections" to the U.S. If indications are found, you will be asked to prove that you are not a U.S. person by providing evidence such as a passport or birth certificate. Failure to do this will be seen as proof that you are a U.S. person and subject to their tax laws. Your country's privacy laws will not prevent this from happening if there is an IGA between your government and the U.S.

In addition FATCA is expensive for financial institutions, and your government, to implement and run. The cost of enforcing this U.S. law will likely be passed on to you as a bank customer and citizen in the form of higher fees and taxes.

FATCA is being forced on your government and financial institutions right now, but it can be stopped. Contact your government representative and ask about what is being done.

For more information visit these websites: isaacbrocksociety.ca; maplesandbox.ca; repealfatca.com or contact American Citizens Aboard at americansabroad.org or the Association of Americans Resident Overseas at aaro.org