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Agency Information Collection Activities; Proposals, Submissions, and Approvals: Renewal Without Change of Reports of Foreign Financial Accounts Regulations and FinCEN Form 114, Report of Foreign Bank and Financial Accounts

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General Comment

Thank you for the opportunity to provide feedback on Foreign Financial Accounts Regulations and FinCEN Form 114, Report of Foreign Bank and Financial Accounts.

My response is from the perspective of a U.S. citizen who has lived and worked overseas since late 1973. I have always maintained financial account records and reported annually as per FINCEN requirements on a number of foreign held accounts associated with my day to day affairs, including bank, investment and retirement accounts. This input relates primarily to the necessity and practical utility of reporting for someone in my situation, but also to the burden of reporting in terms of time and money.

The threshold

The \$10,000 aggregate reporting threshold has not changed since the inception of FINCEN 1970.

Individuals who have been living and working overseas for even a short period of time are likely to have financial services accounts exceeding \$10,000 aggregate value. At the very least the threshold should be increase to \$80,000, in line with inflation since 1970, and should be indexed.

Risk

From a risk perspective I question the value of collecting financial account information from the millions of people who, like me, are living, studying and/or working overseas and hold and operate foreign financial accounts relevant to their day to day living and savings requirements in their country of residence. These people are not trying to hide money or evade taxes. They are generally tax compliant in their country of residence as well as the U.S. As such they do not pose a high risk in terms of fraud, money laundering, terrorism, and other criminal activities. A bigger risk is from individuals who reside in the U.S. and hide their money in overseas and home-based tax havens). As individuals who are tax

compliant in taxing jurisdictions in which they reside pose a relatively low risk, it would make sense to exempt them from the annual reporting requirement. This would save time and money for both individuals and Treasury.

Burden of collection of the information

There is a significant amount of duplication between FINCEN and FATCA reporting requirements; this is unnecessarily confusing for and burdensome on tax filers. The two reporting requirements should be harmonised – rolled into one form with one copy submitted for tax reporting purposes and one submitted for FINCEN reporting.

For many years I have had to report on eight different accounts. Even though I am an organised person, collecting the information for reporting on these accounts takes much longer than the estimated time of 60 minutes. For 5 of the 8 accounts I have to peruse either daily transactions or share values over the previous 12 months to be able to report on the maximum value of each account. This takes approximately 120 minutes. Converting and recording the amounts to US dollars for the accounts adds another 10 to 15 minutes. And confirming entity names and addresses takes another 20 minutes, making a total of 155 minutes. It should be noted that while I can ascertain the maximum in my share investment accounts by going through the daily history online, I have found no way to copy and retain this information.

Tax and account reporting as a citizen living overseas is exceedingly complex and expensive – I, like many others, am reliant on a professional tax attorney in order to remain compliant. A simpler and cheaper tax and reporting system is needed for individuals living, working and/or studying overseas who remain tax compliant in their country of residence.