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General Comment

FinCEN estimates the average “reporting burden” per FBAR filer will be 55 mins (range 20-90 mins). Of course the time needed will vary with the number of accounts involved.

FinCEN also claims that the necessary information for FBAR completion can be found on the account statements from the host institution of the account.

That claim might be true if account statements included a running account balance for each account deposit or withdrawal. Account statements of my acquaintance only list an account balance as of the last day of the reporting period.

This an important reality because the central concept of the FBAR is Maximum Account Value (MAV). You would think MAV would be easy to determine, but in practice it's complicated.

For example, if you deposited a windfall amount in your checking account mid-month and used the money to buy a new car a few days later, your month-end balance would clearly underestimate the MAV for that month, and probably for that year.

FinCEN is quite aware of this problem because they hedge on the use of periodic statements with this condition: "... provided that the statements fairly reflect the maximum account value during the calendar year." Who determines that?

What does an FBAR filer do if they are genuinely trying to find the MAV for a given account and have large deposits and expenditures that aren't reflected on the statement balance?

Here's my pragmatic approach for MAV estimation:

Find the largest periodic closing balance from each statement;

Quickly scan that statement to find the largest deposit;

Compare that statement's closing balance to the big deposit;

Record the larger result as the maximum value for that period;

Lastly, find the statement with the largest period balance; and then

Enter that number as the account's Maximum account value.

Even this quick-and-dirty attempt to estimate MAV takes a lot of time. Perhaps I worry too much, but the staggering penalties for FBAR misrepresentations can't be taken lightly.

FinCEN casually provides their estimates of the FBAR reporting burden without explaining how their estimates were derived. My guess is that FinCEN employees, who are FBAR experts, thought about how long it would take them. I'll happily wager that it takes the rest of us far longer.

The FBAR "burden" is huge for Americans living abroad.