

Author Full Name : Anonymous**Received Date :** 04/11/2024 06:34 PM**Comments Received :**

FBAR information collection from U.S. citizens who reside outside the United States is an undue burden due to lack of awareness, confusion of filing requirements, and definitions - even tax professionals aren't aware of the filing requirements, which puts taxpayers at risk of disproportionately high penalties.

The FBAR exists to catch overseas money laundering, but often ends up ensnaring US citizens abroad who need a basic bank account in order to receive salary, pay their bills, and live a normal life. These aren't money launderers, they're innocent Americans who happen to live abroad. The FBAR should exclude Americans abroad to reduce the signal-to-noise ratio so Treasury can devote its resources to the actual overseas money launders.

Additionally, the extremely low \$10,000 filing threshold has been in place since 1970. It is overdue for an update to at the very least be indexed to inflation, which would be \$79,000 for 2024. Innocent people who go over the threshold as a one-off buying their first home or paying school tuition fees are unaware of the FBAR, don't file, then face risk of penalties. People who have heard of the FBAR are scared to death of doing it incorrectly since instructions are confusing - even tax professionals recommend over-reporting "just in case".

This unfair treatment is a symptom of the overall problem - Americans abroad are treated as collateral damage in the war against overseas tax evasion and money laundering. The IRS recognizes Americans abroad as an underserved community. Surely that would mean that the FBAR is long overdue for review given that it is a massively complicated filing requirement that hasn't changed for over 50 years.

In addition Americans living abroad, partly because banks outside the U.S. do not typically provide tools or reports specifically designed to meet the FBAR reporting requirements. This lack of specialized support means that individuals must spend hours reviewing bank statements to gather the necessary information.

FBAR requirements can pose particular challenges for Americans abroad who hold signatory roles in companies or organizations. When an American becomes authorized to sign for a company's or organization's bank account, they may be obligated to report these accounts on their FBAR, regardless of whether they have a financial interest in the accounts. This requirement can lead to the reporting of vast amounts of financial information that is not directly relevant to the individual's personal tax situation. The need to disclose such information can be cumbersome and invasive, potentially affecting an individual's willingness and ability to serve in executive or significant roles within foreign entities. The obligation to report these accounts can create an additional administrative burden, potentially deterring talented Americans abroad from taking on such responsibilities, which in turn can impact their career progression and professional opportunities in the international arena. Companies will actively deny Americans opportunities because they don't want to assume the disclosure risk

Instead of threatening innocent Americans abroad with life-altering penalties and burdensome filing requirements, the Department of Treasury should work with Congress to bring the US into line with the entire rest of the world in the way it taxes its expats.