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FBAR filing requirements for US citizens living outside the US borders are unfairly burdensome due to widespread confusion and lack of awareness of the filing requirements. Even experienced tax professionals often remain unaware, placing taxpayers at disproportionate risk of severe penalties that can financially ruin an individual for an innocent mistake on a form.

At its core, the FBAR is designed to ensnare overseas money launderers, but it often ensnares ordinary Americans abroad (including Accidental Americans) who simply need a basic bank account to manage their daily lives. These people are not engaged in illegal activities; they are innocent citizens trying to navigate life outside their home country. It's imperative to exempt expatriate Americans from the FBAR requirement in order to focus Treasury resources on genuine cases of overseas money laundering.

Moreover, the archaic \$10,000 filing threshold, which has remained stagnant since 1970, cries out for an update. At the very least, indexing it to inflation - to \$79,000 in 2024 - would reflect today's economic realities. Innocent individuals who unknowingly cross this threshold, perhaps when buying their first home or paying for school fees, are often unaware of their FBAR obligations, leading to potential penalties. Even those who are aware of the FBAR are gripped by fear of missteps due to confusing instructions, leading tax professionals to err on the side of over-reporting to avoid penalties.

Consider this: Imagine an American teacher in France, diligently educating her students while navigating the complexities of living abroad. She opens a LOCAL bank account to receive her salary and pay her bills. Unbeknownst to her, this simple act plunges her into the FBAR morass. She's not laundering money, she's just living her life.

This systemic injustice is emblematic of a broader problem: Americans abroad are treated as mere collateral damage in the crusade against offshore tax evasion and money laundering. Despite the IRS's recognition of expatriate Americans as an underserved community, the FBAR remains a complex, archaic requirement that has remained unchanged for more than five decades.

Note that the same account information is also provided to the IRS under FATCA. Another unjust law that punishes Americans overseas. In fact, in the example above, the US teacher in France may not even be able to open a LOCAL account because of FATCA.

Instead of threatening innocent Americans abroad with life-altering penalties and convoluted filing requirements, the Treasury Department must work with Congress to bring US tax policy in line with global standards for expatriates. This includes moving to a RESIDENCE-BASED TAXATION system that recognises the contributions of Americans abroad as potential goodwill ambassadors for the United States.

Such a shift not only promotes fairness, but also fosters a positive relationship between the US and its expatriate community, empowering them to represent their country abroad without fear of undue financial burden.

If we were to judge what the US thinks about Americans who choose to live abroad, normally for love or career, based on how they are treated from a tax perspective, one would think they are hated and need to be punished. To sum it all up, Americans are only "free" when they live in the country. Freest country on earth? Please.... A change is long past due!