Public Comments for ICR 202403-1506-001

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Comments Received :

I request that the Director of the OMB not authorize an extension of the current collection of information using the FBAR. If FBAR information collection is continued, it should be eliminated for US persons living abroad. The reporting threshold should be adjusted for inflation. Duplicative reporting should be eliminated. Penalties should be made to fit the violation, and abatement should not be primarily for wealthy people. But, the Department of Treasury should also consider simply eliminating the FBAR.

Organizations like Democrats Abroad, AARO, and ACA have provided detailed summaries of the problems with the current FBAR information collection for US citizens living abroad that I strongly agree with, and ask that the points raised in these documents be addressed in revising the FBAR information collection system to be more effective and less burdensome.

44 USC §3506(c)(2)(A) requires federal agencies to seek comment on and evaluate the necessity, practical utility, and burden associated with information collection when applying for renewed authorization. The Department of the Treasury has acknowledged that public comments collected in 2019 and 2021 make clear that the current collection system is not necessary, lacks practical utility, and creates a massive burden. The burden is the greatest for those of modest means. This has been emphasized by the National Taxpayer Advocate.

No one argues that the FBAR is necessary or useful, especially since the same information is collected under FATCA. If FBAR information collection were terminated today, the ability of the US government to go after financial crimes would not be affected. Not a single money launderer or tax cheat would be caught.

Now let’s consider the burden for US citizens living abroad. Let’s consider a US citizen living abroad who does not earn enough to have to file a tax return and, therefore, does not fill in Schedule B—which is the only systematic attempt by the US government to inform US citizens of the FBAR filing obligation. This citizen’s bank accounts went briefly over $10,000, making them liable to fill in an FBAR. How are they to find out about this obligation? A typical source is Facebook groups or other social media. These discussions include in-depth discussions of whether accounts like Paypal accounts need to be included. The penalty of $10,000 per year for non-willful failure to file the FBAR may change the life of affected people. If our example citizen receives a penalty, it is likely to make them destitute—perhaps even homeless. And it was for nothing. The information from that citizen’s bank accounts is worthless to the Department of Treasury. There is an appearance of penalties as a revenue model that is particularly targeted at those who do not have the means to hire expensive accountants. It simply is not right to casually destroy people’s lives.