Tangled Web: The Case Against FATCA

By “Coach Vance” Trefethen

***Resolved: The United States federal government should substantially reform its banking, finance, and/or monetary policy.***

Case Summary: The Foreign Account Tax Compliance Act (FATCA) imposes burdensome reporting requirements on US citizens and foreign banks and financial institutions involving accounts held by US citizens outside this country. The burdens are so great that foreign banks are refusing to do business with US citizens, and some US citizens are even renouncing their citizenship. It was supposed to crack down on income tax evasion, but it has had almost no benefit. In addition to all cost and no benefit, it also violates the civil rights of US citizens by its invasive demand for information and presumption of guilty until proven innocent. This plan repeals FATCA.

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Imagine a federal banking and finance regulation so burdensome that it motivates hundreds of people every year to renounce their American citizenship just to get out from under it. You’re not imagining. It really exists, but it could go away if you join us in affirming that: The United States Federal Government should substantially reform its banking, finance, and/or monetary policy.

OBSERVATION 1. DEFINITIONS

Policy

Merriam-Webster Online Dictionary 2019 <https://www.merriam-webster.com/dictionary/policy>

“a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body”

FATCA

The “Foreign Account Tax Compliance Act”

OBSERVATION 2. INHERENCY, the structure of the Status Quo.

FACT 1. FATCA requires bank & financial reporting

FATCA requires foreign banks to report on their US customers and US citizens to report their foreign bank accounts

Internal Revenue Service, last updated 23 July 2019 “Foreign Account Tax Compliance Act (FATCA)” <https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca>

The Foreign Account Tax Compliance Act (FATCA), which was passed as part of the HIRE Act, generally requires that foreign financial Institutions and certain other non-financial foreign entities report on the foreign assets held by their U.S. account holders or be subject to withholding on withholdable payments. The HIRE Act also contained legislation requiring U.S. persons to report, depending on the value, their foreign financial accounts and foreign assets.

FACT 2. Foreign banks must comply

Foreign banks can’t afford to be blocked from the US, so they have little choice

Robert W. Wood 2017 (tax attorney) “Dear President Trump, Please Repeal FATCA” 6 Feb 2017 <https://www.forbes.com/sites/robertwood/2017/02/06/dear-president-trump-please-repeal-fatca/#3e32d9be31f6>

FATCA requires foreign banks and governments to hand over secret bank data about American depositors. Non-compliant institutions are frozen out of U.S. markets, so there is little choice but to comply. Under FATCA, non-U.S. banks worldwide want to know [if all American customers are compliant with the IRS](http://www.forbes.com/sites/robertwood/2013/12/04/what-to-say-when-not-if-your-offshore-bank-asks-are-you-compliant-with-irs/).

OBSERVATION 3. HARMS

HARM 1. Americans living overseas harmed

FATCA causes so much hassle that many foreign banks refuse to serve Americans, and many Americans abroad renounce their citizenship

Robert W. Wood 2017 (tax attorney) “Dear President Trump, Please Repeal FATCA” 6 Feb 2017 <https://www.forbes.com/sites/robertwood/2017/02/06/dear-president-trump-please-repeal-fatca/#3e32d9be31f6>

Many financial institutions Build the Wall by refusing accounts to anyone born in America. Sadly, there are so many people now wanting to shed American citizenship that some U.S. Consulates have waiting lists of a year. Some are no longer responding to requests. Armed with alternative facts, sanctions and penalties, the U.S. Treasury and IRS have forced financial institutions and governments around the globe to comply with FATCA through bully-boy tactics.

HARM 2. Massive compliance costs

FATCA compliance costs between $200 billion to $1 trillion

Dr. Veronique de Rugy 2017 (PhD economics; Senior Research Fellow at the Mercatus Center at George Mason Univ.) Is It Time to Repeal FATCA? 27 Apr 2017 <https://www.mercatus.org/%5Bnode%3A%5D/commentary/it-time-repeal-fatca>

Not surprisingly, FATCA compliance costs are large. Various reports by the Chamber of Commerce, foreign governments and banks show that as of 2016, compliance costs were anywhere between $200 billion and $1 trillion.

HARM 3. Privacy and civil rights violated

FATCA violates the Bill of Rights with unwarranted surveillance and assuming guilty until proven innocent

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

FATCA is a sweeping financial surveillance program of unprecedented scope that allows the Internal Revenue Service (“IRS”) to peer into the financial affairs of any U.S. citizen with a foreign bank account. At its core, FATCA is a bulk-data-collection program requiring foreign financial institutions to report to the IRS detailed information about the accounts of U.S. citizens living abroad, including their account balances and account transactions. 26 U.S.C. § 1471(c)(1). FATCA eschews the privacy rights enshrined in the Bill of Rights in favor of efficiency and compliance by requiring institutions to report citizens’ account information to the IRS even when the IRS has no reason to suspect that a particular taxpayer is violating the tax laws.

HARM 4. Foreign retaliation

FATCA motivates other countries to do the same to us, harming American businesses and the global economy

Coalition of 23 free market and taxpayer advocacy groups 2017. (Andrew F. Quinlan  
President, Center for Freedom and Prosperity. Grover Norquist, President,Americans for Tax Reform. Phil Kerpen - President, American Commitment. Pamela Villarreal - Senior Fellow, National Center for Policy Analysis and 19 others) 21 Mar 2017 Letter to Speaker Ryan, Majority Leader McConnell, Rep. Brady, and Sen. Hatch <https://www.alecaction.org/update/coalition-of-23-groups-to-congress-include-fatca-repeal-in-tax-reform/> (brackets added)

Unfortunately, it appears that FATCA’s unilateral effort to strong-arm foreign financial institutions into acting as deputy tax collectors for the IRS, itself a massive insult to our global partners, has spawned copy-cat initiatives overseas. Other jurisdictions and international organizations like the OECD [Organisation for Economic Co-operation and Development] are now seeking to follow the U.S. example—their aggressive tax grabs modeled after FATCA are creating new burdens on American businesses and the global economy—and seeking to pressure higher tax rates in the U.S. Thus, a bad U.S. law directed against other countries now threatens to boomerang back on us at home.

HARM 5. Unjust punishments

FATCA imposes excessive and unjust penalties

Brian Garst 2017 (Director of Government Affairs at Center for Freedom and Prosperity ) 26 Apr 2017 “Effort to repeal FATCA gains steam” <https://www.caymanfinancialreview.com/2017/04/26/effort-to-repeal-fatca-gains-steam/>

Onerous FATCA penalties have proven devastating for many Americans guilty of nothing more than simple oversights or minor errors in filling out complicated tax forms. In some cases, they can even exceed the value of the relevant assets. Citizens of other countries are also being penalized, as more so-called “accidental Americans” discover everyday that their place of birth, or their parents’ citizenship, has made them U.S. taxpayers for life in the eyes of the IRS.

OBSERVATION 4. The PLAN, implemented by Congress and the President

1. Congress votes to repeal FATCA  
2. Funding for and enforcement of FATCA rules are canceled  
3. Plan takes effect 3 days after an Affirmative ballot.

4. All Affirmative speeches may clarify

OBSERVATION 5. SOLVENCY.

Repeal of FATCA solves the harms

David Klasing 2017 (tax attorney) With Tax Reform Underway, is it Time to Repeal FATCA? 28 Dec 2017 <https://klasing-associates.com/tax-reform-underway-time-repeal-fatca/>

Other than the small African nation of Eritrea, the United States is the only country in the world whose tax laws require non-residents to disclose assets and income. For some, the issue here is one of fairness: why should non-residents be taxed on global income when they do not benefit from U.S. government services? For others, it is an issue of privacy and independence: is the Internal Revenue Service (IRS) overstepping its bounds, and engaging in unreasonable searches and seizures in violation of the Fourth Amendment to the U.S. Constitution, by allowing banking information to be seized and searched without a warrant? For others still, the concern is economic: do onerous regulations like [FATCA](https://klasing-associates.com/ovdp-offshore-voluntary-disclosure-program/fatca-and-undisclosed-foreign-accounts/) cost taxpayers more than they need to, and if so, how can such costs be reduced? Whatever one’s reason for opposing FATCA – be it ethics, economics, or a combination of both – one could make the argument that now, as sweeping tax reform efforts are underway, is the perfect time for Congress to repeal or at least revise the Foreign Account Tax Compliance Act.

2A Evidence: Repeal FATCA

INHERENCY

A/T “Only applies to assets >$50,000” – Doesn’t matter, it could change any time. Still bad law

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

The first FATCA component requires individuals to report foreign financial assets when the aggregate value of all such assets exceeds $50,000. 26 U.S.C. § 6038D(a). While the statute permits the Secretary of the Treasury to prescribe a higher threshold amount, this provision offers no additional protection to U.S. citizens. Id. This is because U.S. citizens are unable to rely on a threshold amount that is subjective and which the Secretary could revert at any time.

Agreements to share information with other countries are sometimes called “treaties” but they were never ratified by the Senate

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

The Treasury Department and IRS have chosen to implement FATCA by adopting regulations and by entering into intergovernmental agreements (“IGAs”) with foreign nations. The Treasury Department has entered into IGAs with 113 foreign countries. The IGAs were entered into force on August 31, 2015.11 Yet, none of these IGAs have been submitted to the Senate for its advice and consent pursuant to Article II, section 2, clause 2 of the Constitution or approved by a majority vote in both houses of Congress. Nor are any of the IGAs authorized by an existing Article II treaty.

HARMS / SIGNIFICANCE

Quantification: FATCA regulates 100,000 financial institutions in 100 countries

Dr. Veronique de Rugy 2017 (PhD economics; Senior Research Fellow at the Mercatus Center at George Mason Univ.) Is It Time to Repeal FATCA? 27 Apr 2017 <https://www.mercatus.org/%5Bnode%3A%5D/commentary/it-time-repeal-fatca>

FATCA, which was passed in 2010 by a Democratic Congress and enacted by President Barack Obama, requires law-abiding Americans with legitimate bank accounts outside the country and foreigners working in the United States to turn over information about their overseas holdings of more than $50,000. Under new treaties with the United States, some 100,000 foreign financial institutions in more than 100 countries must report to the Treasury on an account of any so-called "U.S. person" — a U.S. citizen or someone with a green card or U.S. work permit — with $50,000 or more in it, or they risk being hit with a 30 percent withholding tax on their U.S. earnings. This law is another attempt to force lower-tax nations to change their tax laws and give up their commitment to financial privacy for the sole purpose of serving higher-tax countries' craving for more revenue. This explains why it's often described by some of its victims as a license for IRS imperialism.

Americans in Europe are having their bank accounts shut down because foreign banks are afraid of FATCA

Dr. Veronique de Rugy 2017 (PhD economics; Senior Research Fellow at the Mercatus Center at George Mason Univ.) Is It Time to Repeal FATCA? 27 Apr 2017 <https://www.mercatus.org/%5Bnode%3A%5D/commentary/it-time-repeal-fatca>

In other words, this ill-conceived law is targeting the financial privacy of millions of people who haven't done anything wrong at heavy costs to foreign financial institutions that have to do the reporting. What could go wrong? Well, considering the downsides, some financial institutions have stopped accepting accounts from certain clients because of the tougher regulations. Unfortunately, the first victims of this inane law are foreign nationals who live in the United States and U.S. nationals living abroad who have had their bank accounts in Europe shut down.

FATCA harms US citizens living abroad in multiple ways

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

FATCA’s burdens, however, are not limited to financial institutions and fall most heavily on individual U.S. citizens. On the most fundamental level, FATCA deprives individuals of the right to the privacy of their financial affairs. FATCA authorizes the IRS to collect information on the financial assets of U.S. citizens living abroad that it cannot collect on U.S. citizens domestically. On a practical level, FATCA is severely impinging on the ability of U.S. citizens to live and work abroad. It is affecting all facets of individuals’ lives from day-to-day finances and employment to family relations and citizenship.

Quantification: 1 million Americans have had bank accounts closed because of FATCA

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

But banks are not only refusing to open new accounts or cash checks for U.S. citizens, they are also closing existing customer accounts. In 2014, it was estimated that one million Americans living abroad (one-sixth of all such citizens) have had bank accounts closed because of FATCA. Nearly two-thirds (60%) of those who reported having an account closed had lived abroad for twenty or more years, and most affected appear to be “overwhelmingly middle class Americans, not high income individuals.”

FATCA harms Americans living in the US too, and hurts US businesses

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

In addition to causing Americans overseas to lose access to basic financial services abroad, FATCA is also having a detrimental impact on U.S. citizens living abroad at work and at home. Many have reported that they are being denied consideration for promotions at their jobs, particularly with respect to high-level positions, because of the concomitant compliance burdens foisted on employers by FATCA. Indeed, in the study by Americans Abroad, 5.6% of respondents reported that they had been denied a position because of FATCA. Others reported difficulty opening a business or partnering with others in joint ventures because of obstacles created by FATCA. Such trends will undoubtedly affect the ability of U.S. citizens to remain economically competitive in an increasingly globalized world.

FATCA drives rapid increase in renunciation of US citizenship

Dr. Veronique de Rugy 2017 (PhD economics; Senior Research Fellow at the Mercatus Center at George Mason Univ.) Is It Time to Repeal FATCA? 27 Apr 2017 <https://www.mercatus.org/%5Bnode%3A%5D/commentary/it-time-repeal-fatca>

Not surprisingly, the law is partly responsible for increasing the speed at which Americans living abroad are giving up their U.S. citizenship. With the IRS chasing their accounts to force them to pay U.S. taxes they don't even owe, some 5,411 people gave up U.S. citizenship in 2016, nearly four times as many as in 2010, according to Treasury reports.

FATCA has huge compliance costs

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

Moreover, FATCA imposes enormous economic costs on financial institutions. An estimated 250,000 foreign financial institutions are affected by FATCA. And many of those foreign financial institutions have found that it costs more to become compliant than they originally anticipated. In a 2014 survey, more than a quarter (27%) of the surveyed financial institutions estimated their annual compliance cost for 2015 to be between $100,000 and $1 million.

Total worldwide FATCA compliance costs are between $200 billion to $1 trillion

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

Another study estimates that the costs of some of the larger institutions may reach more than $200 million. A representative for Banco Bilbao Vizcaya Argentaria, one of the largest banks in Spain, stated that “compliance costs could range from €8 million for a local entity to €800 million for a global entity.” And the British government estimated the aggregate initial costs to U.K. financial institutions to be £900 million to £1,600 million, with a continuing cost of £50 million to £90 million each year. The total cost of implementing FATCA, has been estimated to be between $200 billion and $1 trillion.

FATCA says Americans living overseas are tax cheats until proven innocent

Brian Garst 2017 (Director of Government Affairs at Center for Freedom and Prosperity ) 26 Apr 2017 “Effort to repeal FATCA gains steam” <https://www.caymanfinancialreview.com/2017/04/26/effort-to-repeal-fatca-gains-steam/>

When the United States passed the Foreign Account Tax Compliance Act (FATCA) in 2010, it precipitated a shift in global tax enforcement. Enforcement efforts moved away from reactive investigations of suspected tax evaders, and toward a system of proactive, invasive information collection premised on the view that anyone who holds assets outside their country of original is a tax cheat.

FATCA violates the privacy of innocent Americans and treats them as guilty until proven innocent

Coalition of 23 free market and taxpayer advocacy groups 2017. (Andrew F. Quinlan  
President, Center for Freedom and Prosperity. Grover Norquist, President,Americans for Tax Reform. Phil Kerpen - President, American Commitment. Pamela Villarreal - Senior Fellow, National Center for Policy Analysis and 19 others) 21 Mar 2017 Letter to Speaker Ryan, Majority Leader McConnell, Rep. Brady, and Sen. Hatch <https://www.alecaction.org/update/coalition-of-23-groups-to-congress-include-fatca-repeal-in-tax-reform/>

Enacted in 2010 by a Democrat-controlled Congress and signed into law by President Obama, FATCA purports to catch rich tax cheats hiding their wealth overseas but instead has ensnared innocent Americans in an appallingly draconian scheme that true wealthy tax evaders can still easily avoid. It treats any American asset held abroad as tantamount to criminality, demanding reams of private financial data without the need for a warrant or a showing of probable cause.

FATCA imposes unjust burdens and punishments

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

It was enacted for the ostensible purpose of reducing tax evasion by U.S. taxpayers who fail to report foreign assets located outside of the U.S. Yet in practice, FATCA has trapped innocent U.S. citizens in a shockingly draconian scheme, cutting them off from basic banking services in the country they call home and forcing them to disclose information that they would not otherwise disclose.

SOLVENCY / ADVOCACY

President could terminate FATCA even without Congress, since much of it is unenforceable without executive action

Brian Garst 2017 (Director of Government Affairs at Center for Freedom and Prosperity ) 26 Apr 2017 “Effort to repeal FATCA gains steam” <https://www.caymanfinancialreview.com/2017/04/26/effort-to-repeal-fatca-gains-steam/>

It is worth noting that, if the Trump administration is so inclined, it can stop FATCA without Congress. The original law was hastily and poorly drafted, and as written would have been completely unenforceable due to its demands that foreign institutions violate the privacy laws of their host nations. To circumvent this problem, the Obama administration pursued so-called intergovernmental agreements, whereby the United States promised to share information ‒ an ultimately meaningless promise without Congressional action ‒ in return for foreign governments agreeing to eviscerate their privacy protections and help facilitate spying on financial accounts of U.S. persons for tax purposes. The foreign governments consider the agreements to be treaties and have acted accordingly, whereas the United States labels them only executive actions, meaning they have not gone to the Senate for confirmation and are not legally binding. Simply put, the IGAs represent an extralegal expansion of executive power and were not authorized by FATCA. If the new administration were to pronounce them null and void for this reason, it would return FATCA to its original unenforceable status. FATCA would be effectively repealed until such time as Congress cleaned up its mess and removed it for good. It remains to be seen whether the Trump administration would consider this approach, but it is available to them should they so choose.

Advocacy: FATCA is a bad law that doesn’t achieve its purpose and should be repealed

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf> (ellipses in original)

Senator Rand Paul put it perfectly when he said, “FATCA is a textbook example of a bad law that doesn’t achieve its stated purpose but does manage to unleash a host of unanticipated destructive consequences . . . FATCA should be repealed and Congress should find a less onerous means of enforcing tax laws.”

Repeal FATCA – solves civil rights and economic harms

Sen. Rand Paul 2017 (US Senator from Kentucky) “Sen. Rand Paul Introduces Bill to Repeal FATCA” (article is undated but references events that took place in 2017) <https://www.paul.senate.gov/news/sen-rand-paul-introduces-bill-repeal-fatca>

“FATCA disregards the Fourth Amendment and privacy rights by requiring the bulk collection of innocent Americans’ financial records,” said Sen. Paul. “It discourages foreign investment and prevents Americans from accessing the financial system overseas. It is time to repeal this job- and privacy-killing law.”

DISAD RESPONSES

A/T “Lost federal revenue”

Federal revenue gained by FATCA is miniscule - $870 million/year

Dr. Veronique de Rugy 2017 (PhD economics; Senior Research Fellow at the Mercatus Center at George Mason Univ.) Is It Time to Repeal FATCA? 27 Apr 2017 <https://www.mercatus.org/%5Bnode%3A%5D/commentary/it-time-repeal-fatca>

Not surprisingly, FATCA compliance costs are large. Various reports by the Chamber of Commerce, foreign governments and banks show that as of 2016, compliance costs were anywhere between $200 billion and $1 trillion. For what benefit? Though those pushing for the law in 2010 claimed that there was between $100 billion and $150 billion a year in lost revenue offshore because of tax evasion, study after study has shown that the actual amount is nowhere near that estimate. Even Congress' nonpartisan Joint Committee on Taxation estimated in 2010 that between then and 2020, lost tax revenue from evasion offshore won't reach more than $8.7 billion, an average of $870 million annually.

Perspective: Federal budget is $4.7 trillion. Analysis: FATCA revenue of $870M divided by $4.7T = 0.02% of the federal budget

Kimberly Amadeo 2019 (20 years senior-level corporate experience in economic analysis and business strategy. M.S. in Management from the Sloan School of Business at M.I.T ) <https://www.thebalance.com/u-s-federal-budget-breakdown-3305789>

On March 11, 2019, [President Donald Trump](https://www.thebalance.com/donald-trump-economic-plan-3994106) released his budget request for [fiscal year](https://www.thebalance.com/fiscal-year-definition-federal-budget-examples-3305794) 2020. Under his proposal, the [federal budget](https://www.thebalance.com/what-is-the-federal-budget-3306305) would be a record $4.746 trillion.

Costs of FATCA far outweigh the revenue gained by it

James Bopp 2017 (attorney) April 2017 Testimony Before the Subcommittee on Government Operations of the House Committee on Ways and Means Regarding the Foreign Account Tax Compliance Act <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Bopp%20Statement%20FATCA%204-26.pdf>

The disjunction between FATCA’s costs and benefits is perhaps best illustrated by the Australian experience where experts in 2014 estimated that FATCA will extract an additional $20 million in revenue for the U.S. at an estimated implementation cost of around $1 billion.30 This marked inefficiency has led many, including the U.S. Taxpayer Advocate, to question whether FATCA’s costs and difficulties are worth the marginal increase in revenues.

A/T “Tax evasion / cheating”

GAO Study finds FATCA data isn’t helping IRS catch tax non-compliance

Helen Burggraf 2019 (journalist) 1 Apr 2019 “U.S. government report acknowledges problems with FATCA reporting” <https://www.americanexpatfinance.com/news/item/143-u-s-gov-report-admits-probs-with-fatca-reporting> (brackets in original)

"Data quality and management issues have limited the effectiveness of the Internal Revenue Service's efforts to improve taxpayer compliance using foreign financial asset data collected under FATCA," a summary of the GAO report's findings says. "Specifically, [the] IRS has had difficulties matching the information reported by foreign financial institutions (FFIs) with U.S. taxpayers' tax filings, due to missing or inaccurate Taxpayer Identification Numbers provided by FFIs.

FATCA will never significantly reduce tax evasion

Brian Garst 2017 (Director of Government Affairs at Center for Freedom and Prosperity ) 26 Apr 2017 “Effort to repeal FATCA gains steam” <https://www.caymanfinancialreview.com/2017/04/26/effort-to-repeal-fatca-gains-steam/>

FATCA is certainly not going to move the tax compliance needle very far. So long as high tax rates give people incentive to evade, and tax code complexity provides ambiguity to help them do so, evasion will be a reality. If foreign financial institutions are going to let the U.S. walk all over them and force the expenditure of massive funds to help them collect a tiny fraction of that in revenue, then U.S. politicians are going to continue to treat them as willing participants in their hair-brained tax collection schemes. The only viable option is to say that enough is enough.

A/T “Foreign banks already spent a lot on FATCA compliance”

Too bad, we should still repeal it

Brian Garst 2017 (Director of Government Affairs at Center for Freedom and Prosperity ) 26 Apr 2017 “Effort to repeal FATCA gains steam” <https://www.caymanfinancialreview.com/2017/04/26/effort-to-repeal-fatca-gains-steam/>

Foreign financial institutions have spent a lot of money complying with FATCA, in part because self-interested compliance industry consultants told them from the beginning that “FATCA is here to stay,” and are still repeating this nonsense today. Bad laws can be repealed the same as they can be adopted, and if institutions had spent a fraction of the resources fighting FATCA as they have complying then it would probably be gone already. Nevertheless, that investment has left many of them complacent due to the sunk cost fallacy. They have already put significant funds into complying with FATCA, so why not just continue? Moreover, if FATCA is repealed, it will leave many decision makers left trying to explain why they could not be bothered to invest a tiny percent of the resources they spent on compliance into actually fighting FATCA. That is an awfully expensive mistake to try and justify, but they should stop deluding themselves about the true cost of allowing FATCA to proceed.

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