American Citizens Abroad (ACA) Welcomes Treasury Department's Latest Step on FATCA

In its ongoing efforts to implement the Foreign Account Tax Compliance Act (FATCA), the U.S. Treasury Department has just released an updated version of the Model Intergovernmental Agreement (IGA), on November 14th. FATCA requires foreign financial institutions to report the accounts of American citizens and those considered US persons, to the U.S. government, or risk incurring a withholding tax of 30% on all U.S. transactions. This new version of the Intergovernmental Agreement contains provisions that require a Foreign Financial Institution (FFI) that wishes to take advantage of certain favorable provisions to avoid policies or practices that discriminate against opening or maintaining accounts for Americans residing in the foreign country covered by the IGA. This "loosener" is aimed at small financial institutions with essentially a local client base.

Although American Citizens Abroad (ACA) continues to have many concerns about the negative consequence of the FATCA legislation for the US economy, the organization welcomes this step addressing the problem of Americans living abroad being denied banking services because of FATCA. This is a clear indication that ACA advocacy, along with that of other overseas organizations, is having an effect, and the concerns of ACA's members are being addressed. ACA will continue to work with the Treasury Department and the IRS to develop a range of practical solutions.

"Americans abroad have been seriously disadvantaged by the implementation of the new FATCA rules, even before they go into effect, because banks all over the world now perceive American clients as too risky," said MaryLouise Serrato, Executive Director of ACA. "Foreign banks have been closing Americans' accounts and turning away Americans wanting to open a new account. We want to do everything possible to avoid this happening, and these new provisions are a step in the right direction," she continued.

ACA is a non-profit, non-partisan, volunteer association whose mission is to defend the rights of Americans living overseas.