

US expats may see accounts frozen under Fatca

By Cristian Angeloni, 2 Sep 19

If they don't give their tax identification number to the IRS by December.



All American citizens living abroad will face significant consequences if they don't comply with the Foreign Account Tax Compliance Act (Fatca) by the end of 2019.

They were granted a three-year grace period during which their foreign financial institution would be able to send their date of birth and tax identification number (Tin) to the Internal Revenue Service (IRS).

But this ends on 31 December 2019, and expats who have not provided this information to the taxman will see their non-US bank accounts frozen.

Banks turning US customers away

“This is no surprise that this push has happened, I have been more surprised how long it has taken,” Brian Dunhill, international financial adviser at Dunhill Financial, told *International Adviser*.

“The process in getting a social security numbers is quite simple. If you don’t have a social security number (or an ITIN), you can’t file your US taxes (most expats won’t owe any taxes).

“Therefore, you are not in compliance with US laws.”

Dunhill added: “The banks don’t want to be out of regulation of reporting these individuals as per the agreement with Fatca and, therefore, they are stating that if these individuals don’t have the correct documents on file (with the social security number) that they will close their accounts.

“The banks naturally don’t want to have clients that might pose a regulatory issue for them, and this is a pure and simple one.”

People like to cooperate

According to Anne Liebgott, founder and chief executive of Americans Welcome – Switzerland, a wealth management firm that works with US expats in the alpine country, dual citizens or expats usually provide all the required documentation.

She told *IA*: “For dual Swiss Americans, Swiss banks require a Tin in order to adhere to the Fatca regulations. While it involves some paperwork to get one (via the free social security number/card registration process) it is not a daunting task and is just part of the ‘fun’ of being a US citizen.

“Indeed, account holders that refuse/are unable to provide a Tin have been told to close their accounts. However, the Swiss Americans tend to take these kind of regulations in their stride and provide the necessary Tin and any other required documents.”

To be or not to be American

“In light of things like this, and with the realisation that American citizenship transfers automatically to their children born and living in Switzerland, giving up their ‘unused’ American citizenship is often a preferred process, albeit somewhat tedious, but at the end the issue is taken care of for good,” Liebgott added.

“On the other hand, there are many dual Swiss Americans that like to maintain their US citizenship (and pass it on to their children) even though it does come with additional regulations/paperwork.

“Once done properly, there is no hassle.”