

AMERICAN CITIZENS ABROAD

THE VOICE OF AMERICANS OVERSEAS

WORLD HEADQUARTERS

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ACA NEWS UPDATE

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Taxpayer Advocate Service Publishes 2011 Annual Report

American Citizens Abroad (ACA) congratulates Nina Olson, head of the Taxpayer Advocate Service (TAS) for their excellent 2011 Annual Report to Congress, which was released on January 11th 2012.

The Tax Advocate Service is the oversight arm of the IRS and defender of the U.S. taxpayer. The report includes a very significant section of 142 pages on international tax issues which you can access here http://www.irs.gov/pub/irs-utl/2011_arc_internationalmsps.pdf

The full report can be reached at <http://www.irs.gov/advocate/article/0,,id=252216,00.html>

The section on international issues provides the most thorough analysis to-date of the significant issues facing Americans resident overseas, including:

- the overwhelming complexity and cost of compliance,
- the risk of steep civil and criminal penalties for even inadvertent non-compliance,
- The need for better IRS services for individual U.S. taxpayers living overseas and small businesses involved in international economic activity.

In addition, the TAS report severely criticizes the IRS handling of the 2009 Overseas Voluntary Disclosure Program. The title of this section is: "The IRS's Offshore Voluntary

CONTENTS

Tax

- **Taxpayer Advocate Service (TAS) 2011 Annual Report**
- **TAS blog site goes "live"**
- **Round 3: IRS Offshore Voluntary Disclosure Program**
- **Reuters Directs Attention to FBAR penalties under IRS voluntary disclosure programs**
- **NY Times Covers FATCA issues**
- **FBAR and Form 8938 Reporting Requirements for 2012**

Overseas Voting

- **Get Registered for 2012**

Profiles of Americans Overseas

- **What crime did I Commit?**

Country Contacts

ACA on Facebook: 800 fans

Upcoming Events

While You're Surfing ...

Announcements

Disclosure Program "Bait and Switch" may undermine trust for the IRS and future compliance." This TAS report is a "must" read for Americans overseas to understand the dynamics of the issues they face and to appreciate the vital role that TAS is playing in defending Americans overseas.

Tax Advocate Service (TAS) blog site goes "Live"

Congress created TAS to help individual and business taxpayers resolve problems they are having with the IRS. TAS helps taxpayers resolve issues they're having with the IRS through multiple services and programs, including: Case Advocacy, Systemic Advocacy, the Taxpayer Advocacy Panel and Low Income Taxpayer Clinics.

Get your questions, comments and stories ready...check out the information on their website:

<http://www.taxpayeradvocate.irs.gov/Media-Resources/National-Taxpayer-Advocate-Blog-Archive#Welcome-to-the-National-Taxpayer-Advocate's-Blog>

Round 3: IRS Offshore Voluntary Disclosure Program

The IRS has come forward with a 3rd "Offshore Voluntary Disclosure Program (OVDP)," this time involving penalties of up to 27.5%. Complete details can be found in communiqué IR-2012-5 dated 9 January 2012 on IRS website: <http://www.irs.gov/newsroom/article/0,,id=252162,00.html>

Reuters Directs Attention to FBAR penalties under IRS Voluntary Disclosure Programs

Reuters' journalist Amy Feldman took note from an ACA member and volunteer, Marvin Van horn and others with their personal testimonies on

FATCA's negative impact on their lives overseas. Click link to read full article:

<http://www.reuters.com/article/2011/12/08/us-usa-taxes-foreign-idUSTRE7B723920111208>

NY Times Covers FATCA Issues

David Jolly and Brian Knowlton wrote an article touching on FATCA legislation and its impact not only on overseas Americans, but also on its effects on businesses outside the US. Click link to read full article:

http://www.nytimes.com/2011/12/27/business/law-to-find-tax-evaders-denounced.html?_r=1&ref=global-home&gwh=86188C94C47DCAAFE3B20ECA86E2A214

FBAR and Form 8938 Reporting Requirements for 2012

When filing 2011 tax returns in early 2012, new reporting rules go into effect to file both the FATCA Form 8938 and FBAR forms. The FATCA rules are tax rules and the FBAR rules are Treasury Department, Bank Secrecy rules.

Form 8938 is required when the total value of specified foreign assets exceeds certain thresholds (higher thresholds for American residents abroad). Instructions for Form 8938 explain the thresholds for reporting, what constitutes a specified foreign financial asset, how to determine the total value of relevant assets, what assets are exempted, and what information must be provided. ACA recommends seeking professional counsel for following tax compliance of these forms. The new Form 8938 filing requirement does not replace or otherwise affect a taxpayer's obligation to file an FBAR. Failing to file Form 8938 when required could result in a \$10,000 penalty, with an additional penalty up to \$50,000 for continued failure to file after IRS notification. A

40 percent penalty on any understatement of tax attributable to non-disclosed assets can also be imposed.

Refer to:

<http://www.irs.gov/irs/article/0,,id=251216,00.html>

Charles M. Bruce, a partner with Moore & Bruce LLP has put together a comparison of the two required forms. For further details, click the link: <http://www.aca.ch/fatcabna.pdf>

Get Registered to Vote in 2012

Presidential primaries are already underway. Here is some helpful information to get registered to vote for the 2012 elections.

New absentee voting laws are in effect for the 2012 elections! You will no longer automatically receive ballots based on a previous absentee ballot request. All U.S. citizens outside the United States who want to vote by absentee ballot in the 2012 primary and general elections must complete a new Federal Post Card Application (FPCA) every year if they wish to vote from abroad. States are now required to send out ballots 45 days before an election. No matter what state you vote in, you can now ask your local election officials to provide your blank ballots to you electronically (by email, internet download, or fax, depending on your state). You can now also confirm your registration and ballot delivery on-line. Be sure to include your email address on the form to take advantage of the electronic ballot delivery option.

Overseas Vote Foundation has an easy to use step-by-step procedure to obtain your registration material on-line. Go to www.overseasvotefoundation.org You can also learn more at the Federal Voting Assistance Program's (FVAP) website www.FVAP.gov

Note: Participation in party presidential caucuses by overseas voters is not

protected by federal law and requires in-person attendance in most cases. If the party you are affiliated with selects presidential nominees by caucus in your state, contact state party officials for further information.

Profiles of Americans Overseas

The first in our series of stories on Americans living overseas...First comes love, and then comes marriage. We received this story of an American, who married a Belgian and has lived for a number of years outside of the US. She shares her personal experience as an American living abroad impacted by US citizenship-based tax laws.

WHAT CRIME DID I COMMIT? (OR, whose crime is it anyway?)

American mothers and fathers imagine this scene: Your daughter (or son), a US citizen, falls in love with a foreigner and makes the "mistake" (financially speaking in this context) of marrying him and living in his land, sometimes for as long as 30-40 years – pick a number. She learns another language and culture, gains double citizenship, nurtures their children, never earns outside income, becomes completely assimilated, and scrupulously abides by the tax laws of her husband's land, always remaining fiercely loyal to her American heritage.

Then, one day, by accident, certainly never having been informed by any official American tax source, she begins to face the reality that, astoundingly, she should have been reporting her husband's modest financial assets to the IRS and Department of the Treasury, even though he never worked or lived in the States — A startling revelation.

PENALTIES begin to invade her life – staggeringly harsh penalties PER YEAR for failing to file a number of REPORTS (no taxes due) which she never heard of before, was never apprised of! (At 60 or 70 years of age, she's not a keen IRS web-site aficionado.) Otherwise stable marriages become threatened by

the enormity of it. Treasured US citizenship tragically becomes an egregious financial hardship.

What's her crime? Or, is it your crime, IRS? Your tactics are fundamentally flawed. Where are the compatriot-friendly, internationally-savvy IRS reps one expects when calling for help to the local US Consulate? Not around! Phone messages rarely responded to, costly phone referral suggestions to other reps in other countries, automated e-mail responses delayed, partially answered. Change your tactics.

Here are some clues as to how, in the end, you can get more foreign-resident Americans' revenue into the Internal Revenue Service's coffers by respecting the practices worthy of a great American democracy. Inspire trust, not fear.

Have particular compassion for long-term foreign unions. Give permanent foreign residents fair, simple "one page/one stop" reporting and filing mechanisms for total, legitimate overall sources of monies. The test: good people who have lived exclusively in one country for x number of years with incomes totaling less than x number of \$ per year. Make it a reasonably advantageous limit.

Ditch those myriad of complex forms and reports, which only specialists can decipher. After all, who can afford to pay thousands of dollars each year to experts for tax advice and preparation? And, not to be understated, spare us the unsavory and expensive trial of "begging" our banks to conform to your convoluted formats. They're already hesitating, even refusing, to do business with us.

Give us level-headed dedicated informationally-aware tax consultants who have insights into our positions. Provide an exclusive route for us to them.

Be appalled by the damages suffered by some American residents abroad as a

consequence of severe IRS/Treasury penalties.

If you have a story to share about your own experience as an American abroad, please visit ACA at Facebook or send your story to <http://www.aca.ch/persexp.php>

We may select your experience to highlight how American citizens abroad are an invaluable asset to be counted, represented and praised.

Country Contacts:

We welcome two new CCs on board: for **Belgium (Ghent)** and for **Colombia (Bogota)**.

Andrew Coyne (Saudi Arabia) has moved from Riyadh to Dhahran.

Congratulations to **Anne Sweeney (US-New Jersey)** who was so successful in public relations for former PanAm employees related to the new TV series based on Pan American World Airways that she has been elected to the international board of directors of World Wings International, Inc., the association of former PanAm flight attendants.

Roberta Enschede (Netherlands) was key organizer of the annual Martin Luther King, Jr. Day celebration in Holland. Guest speaker was Congressional Medal of Honor winner Paul Rusesabangina of "Hotel Rwanda" fame.

Andee Goldman (Israel) met with her Congressman, Rep. Joe Heck of Nevada, when he visited Israel. She reports: "Yes, we did speak about OVF, ACA, and FATCA. He is aware of our concerns." Wish more of us would get such personalized treatment from our Congressmen!

Facebook...now more friends than ever: ACA has an ever-growing number of Facebook fans – 800 at present – global citizens based in the USA, Canada, throughout Europe, Australia, Thailand, the Philippines, Mexico, India, Costa Rica ... you name it!

Upcoming Events:

8 February 2012, 18:00-20:00, US Mission Geneva: Townhall meeting with US ambassador, Webster University (Bellevue) LLC Commons Room. "Americans in Switzerland Working Group" is a new partnership initiative launched jointly by the US Embassy in Switzerland and leaders of American clubs and political organizations in Switzerland, together with other scholars, entrepreneurs and members of the private sector overseas American community. Come meet the **U.S. Ambassador Donald Beyer**, the Embassy staff and U.S. Consular staff. Let us know the concerns of Americans living overseas, how U.S. policy is affecting you, register to vote and learn about U.S. Embassy and Consular services. If you aren't registered to vote now is your chance. Remember to bring your passport, social security number and last address in the US. Four other meetings will be held on **14 March in Bern, 28 March in Basel, 18 April in Lausanne, and 9 May in Zurich.** Details about these meetings will be published soon. R.S.V.P: info.aca@gmail.com

Friday 23 March 2012, at the Hôtel du Rhône in Geneva: ACA Annual Auction Contributions of auction items are most welcome. Contact ACA at: www.aca.ch/maillsend.php

March 29-31, 2012 The Westin Alexandria, Alexandria, VA, FIGT Conference: The 2012 FIGT Conference brings together members of internationally mobile families with those who assist them. A forum is created for presenting new research, exchanging ideas, meeting old friends

and making new friends from across all sectors. Together, strategies are developed for dealing with challenges of cross-cultural living.

While You're Surfing ...

RESEARCHER SEEKS AMERICANS RELOCATED TO GERMANY ON A TEMPORARY WORK ASSIGNMENT

Susan Davidson is an American studying International Business at the University of Applied Sciences, Aalen.

She writes, "Currently, I am writing my master's thesis on the different types of relocation assistance organizations offer and how this affects the relocation experience and success of Americans relocating to Germany." Her short online survey should be taken by the individual who holds the job for which the organization or company relocated the family. The family should plan to go back to the USA to continue work in the future. Any information acquired will be presented collectively and not attached to any names or organizations. You can contact her at

SusanSdavidson@gmail.com

SWISS TV JOURNALIST LOOKING FOR TESTIMONIES

Swiss TV journalist preparing a news report on the adverse effects of FATCA and other tax related topics on lives of Americans or US dual citizens in Switzerland is looking for testimonies. Have you received a letter or statement in writing, including email, from a bank refusing to give you services based on your US citizenship or US person status? Have you renounced your US passport due to tax related issues or impossibility to get proper banking services in Switzerland or overall complication due to US citizenship abroad? Are you unable to open a bank account? Should you wish anonymity, anonymity will be guaranteed. Please contact Laurent Burkhalter, Swiss TV journalist at +41(0)79.570.3717

*****Announcements*****

TaxPlannerCPA.com prepares U.S. income tax returns online for American taxpayers living abroad. All returns are prepared by Certified Public Accountants and Attorneys trained and experienced on Foreign Earned Income laws and regulations. Tax Planner SPA provides the same level of service that you would receive sitting in an office thanks to its unique virtual system. Get an Instant Quote! 100% satisfaction guarantee of your money back!

www.taxplannerCPA.com

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www.aftaxlaw.com

Articles from this edition can be read on the [ACA website](#).

If you would like to become part of the **dynamic volunteer team** that powers ACA, there is a constant need for additional staff – especially if you can work from your home. Needed are: research assistants, editors, database managers, event planners and coordinators, tax specialists and lawyers.

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This News Update is, like ACA itself, of, by, and for Americans abroad. ACA is staffed entirely through the efforts of volunteers, with its primary income source being membership fees and donations from concerned individuals.

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