New U.S. Tax Regime Trampling Rights in New Zealand and Beyond

Under the pretext of extracting more wealth and personal information from Americans living abroad by smashing all remaining vestiges of privacy, the Obama administration's Treasury Department is bullying authorities around the world into signing unconstitutional pseudo-treaties with drastic implications for individual rights. Developments in New Zealand, where officials are already jumping onboard the deeply controversial U.S. Foreign Account Tax Compliance Act (FATCA) bandwagon, illustrate the problems well.

Policymakers in New Zealand are working on "enabling" legislation to comply with the latest addition to the sprawling U.S. tax regime, which authorities there admit would likely conflict with the nation's Bill of Rights, the Human Rights Act, privacy rights, anti-discrimination protections, and more. Around the world, the trends are similar, with individual rights in government crosshairs owing to FATCA. However, outrage over the draconian U.S. tax scheme is escalating quickly as well.

As part of the unimaginably complex job-destroying FATCA regime — passed in 2010 buried inside an unrelated "stimulus" and "jobs" bill — the Obama administration is essentially trying to force foreign governments and financial institutions to become *de facto* agents of the IRS. One of the avenues for accomplishing that involves coercing other national governments into signing unconstitutional so-called "inter-governmental agreements" with the U.S. Treasury Department.

Among the primary alleged "benefits" used to entice foreign governments into compliance, the Obama administration is making unlawful promises to share financial information on citizens of other jurisdictions. If foreign governments refuse to be bullied into submission, banks and other financial institutions in their nations will face essentially two choices.

The first option is to submit to even more draconian yet-to-be unveiled regulations, exorbitant compliance costs, and crippling "withholding taxes" imposed by Washington. The other alternative is to simply be excluded from the U.S. market entirely, which analysts say will hurt not just foreign firms, but also the American economy itself. Banks in New Zealand estimated in 2011 that compliance with FATCA could cost more than $80 million.

Authorities in New Zealand, meanwhile, acknowledged that they have no way of properly estimating the costs and supposed "benefits" of complying with the Obama administration's assault on their nation's laws and sovereignty — not to mention on individual rights. Still, they are hoping to comply, working quietly to undo multiple guaranteed individual rights in the process.

As the Obama administration works to coerce foreign governments into enforcing its decrees, taxpayer-funded globalist outfits such as the Organization for Economic Co-operation and Development (OECD) are seizing on the radical new U.S. tax scheme to create a *de facto* global taxation regime. The idea is to eventually create an "automatic" information-sharing system and build upwards from that foundation.

For Americans — especially middle-class citizens abroad and those who rely on exports for their U.S. jobs — FATCA has been described by experts as "devastating." Some analysts have even called it the "worst" tax law currently on the books. In response to the scheme, record numbers of Americans are already being forced to give up their citizenship, and experts expect the trend to accelerate.

When FATCA goes into full effect in mid-2014, unless enforcement is delayed yet again, the U.S. economy will suffer massively, too, analysts say. American exports are expected to take another major hit, further compounding the gargantuan trade deficit. Even foreigners are becoming victims of the plot in myriad ways. New Zealand's case offers an excellent illustration of some of the consequences.

While efforts to have Congress repeal the controversial FATCA scheme are growing quickly across the United States, officials in nations such as New Zealand are already bowing down to Obama's demands. Because signing the FATCA-implementing pseudo-treaty with Washington, D.C., will require authorities and businesses to infringe on the rights of many New Zealanders and foreigners who live there, however, enabling legislation purporting to trump individual rights protected by law has already been introduced.

In New Zealand, the United States, and around the world, the establishment press has largely failed to report the developments. Concern and outrage, however, is still mounting as awareness spreads. Analysts say it appears that policymakers are hoping to get the regime in place before anybody notices and a massive public outcry kills it.

The radical changes needed to New Zealand's laws to authorize the infringements on individual rights and the cooperation with the U.S. government — and eventually other foreign governments — are being included in a broader bill dealing with taxation. While some of the elements in the legislation are unrelated to FATCA, changes to comply with the new U.S. tax scheme are a major component.

"The first of these provides that when the inter-governmental agreement with the United States in relation to its Foreign Account Tax Compliance Act is finalized, New Zealand financial institutions will have an appropriate domestic law framework to follow," Revenue Minister Todd McClay said in a media statement about the bill, which was stealthily introduced in November of 2013.

Despite the innocuous-sounding public comments from New Zealand's tax chief, however, government analyses of the necessary changes make it clear that drastic attacks on individual rights are required. "In particular, there are concerns that, in the absence of any specific change, financial institutions may be unable to provide the relevant information to Inland Revenue without breaching the Privacy Act," explains an official summary of the changes being sought.

In other words, without legislation purporting to authorize the breach of privacy rights, banks and other institutions would be prohibited by law from complying with the Obama administration's FATCA demands. The attack on financial privacy, though, is hardly the only component critics are outraged about.

The government's own documents also make clear that capitulating to Washington's dictates will involve discriminating against a group described as "United States taxpayers." Essentially, that means any U.S. citizen who lives in New Zealand, dual citizens, and even New Zealanders who somehow ended up with an American "Green Card." Even somebody who has never been to the United States could get caught in the scheme.

Other than the brutal regime ruling Eritrea, the U.S. government is the only one in the world that taxes its citizens and permanent residents no matter where in the world they reside — hence the alleged need for FATCA. However, because discrimination is prohibited by law in New Zealand, authorities recognized that legislation will need to be adopted to allow discrimination against Americans and New Zealanders considered "U.S. taxpayers."

In a "regulatory impact statement" published by tax authorities in New Zealand, the government also explains that its proposed scheme could have devastating effects even on many people who have virtually no links to the United States. While no estimates on the numbers are provided, the document acknowledges that complying with the Obama administration's demands will have a "social impact."

After discussing the implications with other government departments, tax authorities concluded that adopting legislation to violate individual rights would be the preferred option — if not the only one. "Domestic legislation can override the Privacy Act, Human Rights Act and New Zealand Bill of Rights Act to the extent it is inconsistent with those acts," the document claims.

Fury over the scheme is spreading, however. "Is it not an outrage that the government [of New Zealand] itself is prepared to enact legislation to override these provisions at the behest of a foreign government?" wondered a well-informed citizen who posted a comprehensive analysis of the scheming on the website of the Isaac Brock Society, which works to defend the rights of Americans abroad.

"There is no acknowledgement that the majority of those affected are New Zealand Citizens; in fact, they refuse to use the term 'New Zealander' or 'New Zealand Citizen' in any of the documents or correspondence," continued the analyst, who researched the measure extensively. "The presumption of 'U.S. personhood' taking priority over New Zealand citizenship status is a gross insult to the persons affected, many of whom may have never even visited the United States."

If the legislation is approved and New Zealand authorities end up signing a pseudo-treaty with the Obama administration as expected, financial institutions will be forced to start collecting and sharing huge amounts of information on their customers with the IRS. Officials there, however, appear to be under the mistaken impression that the U.S. government will reciprocate.

While the Obama administration has asked for permission to share financial information with foreign governments, it currently does not have that power. Of course, the lack of constitutional or statutory authority has not stopped the administration before, but lawmakers and even current and former officials are drawing attention to the problem.

Unsurprisingly, as with ObamaCare, the systems and mountains of regulations needed to start enforcing the global taxation regime were not even close to being finalized in time to meet statutory deadlines. Millions of taxpayer dollars have already been squandered on the effort, but the date for FATCA to go into effect has been unilaterally, lawlessly, and repeatedly delayed by the administration.

Still, outside of New Zealand, authorities in numerous other nations are also preparing to jump on board with the U.S. tax regime despite the draconian implications and growing uncertainty. Many already have. Among the governments that the U.S. Treasury says are treated as having an "intergovernmental agreement" on FATCA in effect: Costa Rica, Denmark, France, Germany, Ireland, Italy, Malta, Mexico, the Netherlands, Norway, Spain, the United Kingdom, and Japan.

Despite the media silence, however, the movement to repeal FATCA is growing quickly and is expected to accelerate. From businesses and Americans abroad to the Republican National Committee and members of Congress, outrage is building — and analysts say the effort to stop the new out-of-control regime is likely just getting started.

Alex Newman, a foreign correspondent for The New American*, is normally based in Europe. He can be reached at anewman@thenewamerican.com.*

Related articles:

Globalists Exploit New U.S. Tax Law for World Taxation Regime

New U.S. Tax Regime is "Devastating," Experts Say

Amid IRS Abuse, Record Number of Americans Give Up U.S. Citizenship

Swiss Banks Are Now Agents for the IRS

Democrats Mocked Over Bill to Tax Billionaire Who Gave Up U.S. Citizenship

IRS Makes Americans International Pariahs

U.S. Terrorizes Switzerland Over Taxes, Banking

Rich Americans Are Fleeing the Country

U.S.-Funded OECD "Cartel" Seeking Higher Global Taxes

U.S. Economic Freedom Plummets to 18th Place Globally, Study Shows