



Written by [Alex Newman](#) on January 24, 2014

Republican Party Votes to Repeal “Punitive” New FATCA Tax Regime

With outrage growing across the political spectrum over a deeply controversial new addition to the U.S. tax regime known as the Foreign Account Tax Compliance Act, or FATCA, the Republican National Committee voted overwhelmingly this week to adopt a resolution calling for its repeal. Analysts say the strongly worded GOP measure, which has garnered zealous support from middle-class Americans living abroad, represents just the beginning of the fast-building campaign to stop FATCA and what critics call the scheme’s “devastating” consequences.



Set to go into effect later this year, FATCA, blasted by some experts as the “worst” tax law on the books, smashes all remaining vestiges of privacy for Americans worldwide. Under the guise of collecting a relatively insignificant amount of new revenue for the federal government — less than \$1 billion per year according to official estimates, probably less than the cost burden of compliance — the sprawling measure was adopted with largely Democrat support in 2010 as part of an unrelated “jobs” bill.

Critics of the draconian and byzantine new tax scheme celebrated the RNC’s resolution. “The costs of FATCA’s misguided fiscal imperialism are mounting,” explained Andrew Quinlan, president of the free market-oriented Center for Freedom and Prosperity. “It is past time for elected officials to wake up to the unmitigated disaster that they have unleashed upon the world.” Quinlan also celebrated legislation in the Senate introduced by Sen. Rand Paul (R-Ky.) that would repeal FATCA and restore basic privacy rights.

According to Quinlan, who leads one of the [more than 20 liberty-minded organizations](#) working to stop FATCA, the RNC’s resolution shows “the people have spoken and said it’s time to get behind repeal.” The Center for Freedom and Prosperity also called the GOP’s adoption of the resolution in its official platform a “major victory” to taxpayer privacy rights. However, the group also noted that there is no reason why repealing FATCA should be a partisan issue.

“FATCA supporters cite tax evasion — for which they provide extravagant figures — as justification enough for the law,” Quinlan told *The New American*. “This is a red herring, which is why the government’s own estimates found it would raise but a pittance of what they claim is lost to tax evasion. FATCA does nothing to identify or target those guilty of evasion, but instead treats all Americans who live, work or invest overseas as guilty until proven innocent. It’s like stopping a burglary with a nuclear bomb.”

In its resolution calling for FATCA to be repealed, the RNC said that the scheme “has inadvertently ensnared every United States Citizen living overseas due to its overzealous invasion of privacy and



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punitive taxation and enforcement.” However, despite noting that the U.S. government is one of only two in the world that taxes citizens no matter where they reside — the other is the brutal regime ruling Eritrea — the GOP measure did not call for an end to citizenship-based taxation.

“FATCA creates enormous reporting burdens for American taxpayers living overseas and puts them at great risk for even the slightest innocent mistake,” the RNC resolution continues, adding that the new tax regime purports to force foreign financial institutions to violate the privacy of their customers — sometimes in violation of laws in their own jurisdiction. The controversial U.S. scheme also creates a strong incentive for foreign institutions not to invest in U.S. assets, “resulting in capital flight” and “hurting the U.S. economy.”

The impact of the tax regime on Americans abroad has been particularly problematic, the resolution continues. “FATCA has resulted in Americans living and working overseas finding themselves, and their companies, shut out from access to banks, insurance loans and investment opportunities, as many foreign financial services providers have concluded that doing business with Americans is simply too much trouble thus decreasing America’s competitiveness overseas,” the RNC added.

Indeed, as *The New American* and numerous other media outlets have [reported](#), FATCA has been cited as one of the primary drivers behind the record-setting numbers of Americans being forced to give up their citizenship. “FATCA forces Americans living abroad to make a horribly unfair choice between renouncing their citizenship or abandoning their businesses abroad because foreign financial institutions won’t handle their transactions or accounts,” the RNC resolution explains, echoing widespread concerns expressed by the estimated 7.5 million U.S. citizens overseas — including countless Democrats.

The Republican Party’s national decision-making body concluded its resolution by urging members of Congress to repeal the controversial FATCA regime once and for all. It also called on U.S. lawmakers to allow Americans who were forced to renounce their citizenship due to the draconian 2010 law to regain their citizenship. Beyond Congress, the RNC measure will be presented to representatives of foreign governments and the IRS as well.

“The Republican National Committee urges the IRS to cease inflicting damage on the United States and on the global financial system in an attempt to vindicate FATCA’s misguided approach to tax enforcement,” the measure says. The party also “hereby presents this Resolution to each Ambassador and Representative from every foreign nation and warns them that the privacy rights of their own citizens are at risk due to reciprocal agreements.”

Republican leaders who drafted and backed the measure, including CEO of Republicans Overseas Solomon Yue, noted that the effort was a strong show of the GOP’s sympathy for the millions of Americans who live and work abroad. The 168-member RNC voted overwhelmingly to pass the anti-FATCA measure on January 24 as part of a package containing other resolutions, despite [deeply deceptive media coverage](#) ahead of the vote.

The Reuters “news” service, for example, which [tried to frame the issue as support for “tax evasion”](#) with its wildly biased headlines and reporting, failed to mention that the company stands to benefit immensely under FATCA. “Thomson Reuters offer a full service solution for FATCA compliance that can be tailored to fit any size of organization, wherever it is located and whatever the compliance challenges are,” the firm [says on its website](#). The conflict of interest was not disclosed to readers in accordance with standard journalism ethics.



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Reuters also quoted taxpayer-funded government advocates expressing outrage — failing to inform readers that the outfit it quoted was funded by the United Nations and governments. “It is mind-boggling that a major political party would even consider endorsing a resolution to facilitate tax evasion,” claimed Heather Lowe, director of government affairs at a UN and government-funded outfit known as Global Financial Integrity. “Repealing the law would cripple the U.S. and global efforts to fight offshore tax evasion.”

In reality, as *The New American* has documented in an ongoing series of reports on FATCA, the controversial measure does virtually nothing to fight tax evasion. Instead, it [eviscerates privacy rights](#), [imposes billions of dollars in compliance burdens](#), [crushes middle-class Americans living abroad](#), and seeks to [force foreign governments into signing unconstitutional pseudo-treaties](#) with the U.S. Treasury Department.

Eventually, if the law is not repealed, experts say FATCA will [compound the perpetually ballooning U.S. trade deficit while creating a nightmarish situation for Americans overseas](#). It is also already being [exploited by taxpayer-funded international outfits to create a truly global taxation regime](#). The worst, however, is yet to come if nothing is done, numerous analysts told *The New American*. Despite being foisted on the world almost exclusively by Democrats, even members of the Democrat party in Congress and overseas are starting to speak out.

However, while critics of FATCA say repealing the law is an important first step in restoring fundamental rights and helping to avoid potential economic calamity, there is an even broader issue that remains unaddressed thus far. Citizenship-based taxation, the U.S. government’s unique practice of taxing citizens no matter where in the world they live, has proven to be a disaster — [leading to exploding trade deficits and, ironically, decreasing tax revenue](#). Whether lawmakers are paying attention, though, remains to be seen.

Photo: AP Images

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