

Republicans' "common sense" fightback against FATCA championed by global advisory giant

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The move by Republicans to champion the repeal of the Foreign Account Tax Compliance Act (FATCA) has been hailed as "a step in the direction of common sense" by the boss of one of the world's largest independent financial advisory organizations.

The comments from Nigel Green, the founder and chief executive of deVere Group, come after the Republican National Committee (RNC) voted Friday to adopt a resolution to repeal the U.S. law, which is purportedly aimed at cracking down on tax evasion.

Mr Green, whose firm has more than 70,000 clients worldwide, including many American expatriates, says: "The RNC's vote to support the repeal of this damaging law, that was slipped into the 2010 HIRE Act and wasn't reviewed properly by Congress, is a step in the right direction for common sense.

"I hope that this heralds the start of the critical review that FATCA should have already been subject to, which has not taken place to date; plus the start of a national and international conversation on this immensely important issue – again something, that has to date not yet taken place.

"The Republicans' bold stance is part of a groundswell of anti-FATCA feeling in Washington and beyond and, to my mind, it represents real progress in the fightback against a law that has a host of serious unintended adverse consequences."

He continues: "FATCA is hugely expensive to implement - costs that will surely be passed on to the public - and highly ineffective. It will do little, if anything at all, to tackle the serious challenge of offshore tax evasion as it does not actively target tax cheats. Instead it relies upon a 'dragnet approach' to haul in the personal financial information of millions of ordinary Americans – the vast majority of whom are not suspected of owing taxes – on the off chance they happen across some illegally hidden assets.

"All Americans should be concerned about FATCA because it will reduce foreign investment in the U.S. thereby threatening American jobs, fuel the likelihood of tax hikes, increase consumer costs for dealings with banks and other financial institutions, potentially damage important international trade relations, and it will – and already is - turning American citizens who live and/or work outside the U.S., and American firms operating globally, into financial pariahs."

The RNC's vote to back a FATCA repeal follows Senator Rand Paul's opposition last year when he introduced legislation, citing privacy concerns, to have parts of the controversial law scrapped.

FATCA, which the Obama administration intends to implement from July 1 2014, requires every single financial institution in the world to report all their American clients' financial activities directly to the U.S. Internal Revenue Service (IRS), or be subject to a 30 per cent withholding tax.

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