

Obama's Offshore Financial Gulag

Bob Bauman (June 21, 2011)

[Daniel J. Mitchell](#) (below) is a senior fellow at the Cato Institute and a driving force behind the [Center for Freedom and Prosperity](#) (CfP). Here at the Sovereign Society we know Dan as a dynamic and interesting speaker at our conferences where he displays his considerably expertise in areas of international economics and tax policy.



Ever since its sneak enactment by the U.S. Congress in March, 2010 as part of the HIRE Act, we have shared Dan's grave concern about an onerous law known as FATCA (the Foreign Account Tax Compliance Act), which takes effect on January 1, 2013 unless repealed.

In [a chilling account in his blog](#), Dan correctly points out that while some of us in America who understand its impact are alarmed by this law "...since the burden is largely falling on foreigners, there's no groundswell among voters to repeal the law, even though it will impose far more damage on the American economy."

FACTA has created a giant nightmare for all sorts of people and firms, including foreign financial institutions that may now decide that it's no longer worth the trouble to invest in America or provide financial services to Americans.

Worldwide Complaints

I know from experience with my own European, Asian and Latin American banking contacts that there is general alarm and deep seated resentment at the Obama administration for claiming that U.S. tax law now covers the world.



FACTA presents a special problem for the millions of Americans who live and work offshore, each of whom suddenly is confronted with an obligation to file all sorts of new reports which, if failed, can incur criminal indictments.

Complaints against FACTA have been heard from both financial and official sources in Australia, Germany, Hong Kong and Singapore with [Canada leading the critics of the law](#) and seeking an exemption on the grounds that it is not a tax haven.

Terry Campbell, head of Canada's banking association says FACTA is essentially akin to "conscripting financial institutions around the world to be arms of U.S. tax authorities" – just as the PATRIOT Act forced U.S. bankers to act as spies on all of us.

I urge you to read Dan's article in which he details the impact of FACTA on Americans abroad; cancelled and/or refused bank and brokerage accounts, denial of the right to investment in bond sales and mutual funds, refusal of purchasing life insurance.



The [Center for Freedom and Prosperity](#) which Dan supports and promotes, headed by Andy Quinlan, is a constant strong voice in the battle against restrictions on offshore financial freedoms and in support of tax competition among nations.

In recent months the Center for Freedom and Prosperity:

- [has testified against](#) yet another onerous IRS proposal to force American financial institutions and banks to reveal automatically information about foreign clients to their home countries;
- has continued their years-long battle against the Organization for Economic Cooperation and Development (OECD) spurious campaign to halt tax competition among nations with [a special report](#) on that topic;
- was represented in Bermuda at the Global Tax Forum, where CfP exposed [an OECD scheme](#) to create a de facto World Tax Organization run by the United Nations, an idiotic plan [about which I have commented before](#).

Support the Battle for Offshore Freedoms

I urge you to contribute to the educational and research **CfP Foundation** in support of their unique work and leadership in this continuing battle for offshore financial rights. [You can donate by clicking here](#). The Foundation is a not-for-profit organization incorporated under Section 501(c)(3) of the Internal Revenue Code and donations to CF&P Foundation are tax deductible for U.S. individuals and companies.

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