Obama IRS to Share Private Financial Data With Russia's Putin

As uncertainty grows surrounding a radical and deeply controversial addition to the sprawling U.S. tax regime, the Obama administration is now reportedly in negotiations with Moscow to share financial information with Vladimir Putin's Russian government. The U.S. Treasury's effort to secure a pseudo-treaty on data exchange with the Kremlin is part of the Foreign Account Tax Compliance Act, or FATCA, a scheme passed in 2010 aiming to obliterate privacy worldwide under the guise of collecting about an extra billion dollars per year in revenue.

If approved, the unconstitutional bilateral agreement would represent a major victory for Putin, a KGB man widely criticized around the world for operating what opponents refer to as a "gangster" regime. Among other benefits, the Russian strongman would gain access to vast troves of U.S. financial information — including sensitive data on critics of his government who may have assets, accounts, or business interests in the United States.

A spokesperson for the Treasury refused to comment on what information would be shared with Putin's government, or what purported authority justified the creation of the pseudo-treaty with Moscow in the first place. However, as awareness of the looming deal spreads, legal, ethical, constitutional, and pragmatic concerns are escalating quickly.

The Obama administration and its global tax regime-supporting allies also have plenty to gain with FATCA. In essence, the widely criticized law — the Republican National Committee just overwhelmingly approved a resolution calling for its repeal — purports to force banks and governments all around the world to become agents of the IRS.

Already being seized on by tax-funded globalist outfits such as the OECD and the G-20 as the foundation for a planetary tax regime, FATCA will punish any entities that fail to report information on their clients to Washington with a massive "withholding tax." In many cases, the companies will be forced to violate their own national laws to comply. The alternative, however, is to simply be shut out of U.S. markets entirely, the administration claims. Eventually, the admitted goal is to create a global tax regime, sometimes referred to by analysts as GATCA.

Of course, for now, foreign governments want something in return for allowing themselves to become extensions of the U.S. Treasury and the IRS. To deal with that problem, the Obama administration unilaterally created — without any statutory authority whatsoever — a system whereby cooperative foreign powers that do FATCA's bidding are supposed to receive some benefits: financial information on accounts and assets held in American institutions. Because the administration did not have the power to force U.S. banks and companies to report such data, it simply passed executive "regulations" decreeing mandatory compliance.

According to news reports, Russian officials originally balked at the notion of forcing domestic banks and financial institutions to comply with the draconian new U.S. tax regime — proposed by the Obama administration and passed by mostly Democrats in 2010 as part of an unrelated "jobs" bill. In November, though, Putin's Foreign Ministry said it supported the idea of a "mutual and balanced" information-sharing agreement between the two governments. In other words, Putin and the Kremlin want access to data, too, and will not cooperate with the Obama administration's demands unless they get it.

That Russian Foreign Ministry statement appears to have been the turning point in getting Russian authorities on board with the FATCA scheme. Late last month, news reports and Russian officials formally announced that negotiations on an unconstitutional "intergovernmental agreement" to share data between the Obama administration and Moscow would begin soon in Paris. Few details have emerged so far, but Russian officials have indicated satisfaction with the plan.

When contacted by *The New American* about the pseudo-treaty with Russia, a spokesperson for the U.S. Treasury said the department "cannot comment on the status of FATCA negotiations with specific countries if an intergovernmental agreement has not yet been signed." More than a dozen governments have already signed "IGAs" — the so-called "intergovernmental agreements" — with the Obama administration.

Details of the bilateral scheme with the Kremlin have not yet been finalized. However, it appears that, in exchange for Russian cooperation on data sharing, the Obama administration plans to unlawfully share information with Putin's government, too. It remains unclear how much data the Kremlin will have access to, but privacy advocates have expressed serious concerns.

"We have a few reservations on the Russian side," Russian Finance Minister Alton Siluanov was quoted as saying in domestic media reports in late January. "There are still some points to agree on with our American counterparts."

By January 27, Finance boss Siluanov told Russian state media that the preparation of a draft agreement on FATCA had been "completed" by Moscow. He also said the Kremlin's representative would travel to Paris and "hold final negotiations on the strength of our proposals, which have been fixed with the Central Bank and the Foreign Ministry, on the text of the agreement."

All that remained by last week, Siluanov said, was "to fix several aspects with the American counterparts." Russian central bank boss Alexei Simanovsky, contradicting earlier reports, also indicated that the pseudo-treaty with Washington, D.C. — the U.S. Senate will not have an opportunity to provide its constitutionally required consent — was expected to come into force this year.

As *The New American* has reported previously as part of this ongoing series, owing to repeated unilateral delays in the implementation of FATCA by the Obama administration, which critics argue are unlawful, the new tax regime is now set to go into effect this summer. There may still be another delay as officials scramble to issue regulations and create the systems while financial institutions struggle to understand and comply.

Numerous members of Congress on both sides of the aisle have demanded that the Treasury and the IRS explain under what purported authority it was promising to coerce American banks and institutions into sharing financial information with foreign governments — and that was before Moscow was brought into the fold. Business groups have sued in an effort to stop the plot, too.

Multiple lawmakers also told administration officials to cease and desist, citing, among other concerns, the potential for massive capital flight out of U.S. markets. If and when the draconian regime goes into effect, analysts and members of Congress say that American banks and financial institutions could see huge amounts of capital pouring out of the United States and into foreign markets.

“I further note that the IGAs that are being entered into are not authorized, or even mentioned, in FATCA,” wrote Rep. Bill Posey of the House Financial Services Committee in a letter to Treasury Secretary Jack Lew. “Despite the absence of any specific legislative authorization, these IGAs are not being submitted to the Senate as treaties or treaty amendments for its advice and consent, nor … is any request being made to Congress for the statutory authority to implement these IGAs.”

Posey also pointed to a document submitted to Congress by the administration requesting authority for the mandates. “Requiring U.S. financial institutions to report similar information to the IRS with respect to nonresident accounts would facilitate such intergovernmental cooperation by enabling the IRS to reciprocate,” the administration said in a document submitted to Congress for the 2014 budget.

Around the world, as even Obama administration officials admit, FATCA purports to require that companies violate domestic privacy laws, human-rights protections, and anti-discrimination measures. In New Zealand, for example, as *The New American* reported last month, authorities are preparing to pass “enabling” legislation authorizing the violation of privacy rights and anti-discrimination statutes to allow the government to sign a FATCA IGA with the Obama administration. Opposition is growing there as well, with numerous critics arguing that the U.S. Treasury cannot keep its promises.

However, so far, the Treasury has continued to march onward, issuing a dizzying array of “regulations” purporting to give its bureaucrats whatever authority it wants to impose the Obama administration’s FATCA regime. *The New American* asked the Treasury what authority it believes it has to force U.S. institutions to share data with foreign governments or to sign pseudo-treaties with foreign governments promising to do provide such information.

A spokesperson declined to answer at first, and did not respond to a follow-up request prior to deadline. (An update will be posted if and when a response is received). Analysts and experts, though, said that despite the administration acknowledging it did not have the statutory authority to do so, it has simply been writing regulations purporting to authorize the schemes.

“Treasury’s decision to implement FATCA through intergovernmental agreements that are respectful of the individual laws and customs of partner jurisdictions has contributed to the significant international interest in participating in FATCA compliance efforts,” a Treasury spokesperson told *The New American*.

“The two FATCA model IGAs incorporate a two-pronged approach,” the spokesperson said. “Under the first model, [foreign financial institutions] report to their respective governments who then relay that information to the IRS; or, under the second model, they report directly to the IRS to the extent the account holder consents or such reporting is otherwise legally permitted, supplemented by government-to-government cooperation to facilitate reporting on non-consenting accounts.”

Critics of the disastrous FATCA rollout — not to mention the devastating consequences it will have on the U.S. economy and Americans abroad — are now advocating a full repeal. “It’s like stopping a burglary with a nuclear bomb,” Center for Freedom and Prosperity President Andrew Quinlan told *The New American* last month.

With outrage growing across the political spectrum, the Republican Party officially endorsed repeal in

January. Even many Democrats are beginning to express concerns as Americans are forced to give up their citizenship in record numbers while foreign banks increasingly shut down the accounts of Americans and U.S. businesses abroad.

More than a few analysts and experts who have spoken with *The New American*, however, say the issue is much broader than just FATCA or even sharing sensitive private U.S. information with Putin. The real solution to the growing crisis brought about by FATCA and similar schemes, critics argue, is to completely end the U.S. government's policy of taxing citizens and green card holders regardless of where in the world they live. Only one other government — the gangster regime ruling Eritrea — operates such a bizarre system.

The consequences to the U.S. economy and Americans have been devastating, as even official reports have acknowledged. One option would be to further crush privacy rights and try to coerce the world into becoming unpaid extensions of the IRS — not to mention imposing billions in compliance costs and generating anti-American outrage worldwide while collecting virtually no additional revenue. Supporters of free markets, individual rights, and national sovereignty, though, say it is time for lawmakers to repeal FATCA and the citizenship-based taxation regime that supposedly requires it.

Photo of Presidents Putin and Obama: AP Images

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