



A reader asks about ‘navigating the shoals between U.S. and French citizenship’; Greenback Tax’s David McKeegan replies

October 29, 2019 By [David McKeegan](#) [Opinion](#)

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A reader asks: ‘How do I navigate the shoals of being between U.S. and French citizenship, without having to put all my assets into cash and sticking them under my mattress for a few years?’

Like many Americans who have been abroad for some time, ‘Charlie’ – as we shall call him – decided recently to give up his American citizenship, as he had been resident in France since 2010, was happy there, and had no desire to ever return to the States. (“I never felt I belonged in the U.S. when I lived there, but I feel I do belong here.”)

But as his French citizenship (finally) seems to be coming through at last, he wonders how he is going to be able to get through to being a full French citizen while fully invested, given the inflexibility of the banking/financial services industry due to the U.S. tax law known as FATCA.

Here, ‘Charlie’ explains... (followed by David McKeegan’s thoughts on what the American expat’s options are...)

I came to France in 2010, when I was in my early 30s, to work as an IT contractor. I’m originally from the borough of Queens, in New York City. To my surprise, I fell so in love with France and its people that I soon knew I never wanted to leave.

I currently live in the suburbs of Paris. I don’t own my own business, nor do I have an extravagant income. I don’t own any stocks or bonds, though I have in the past (in a mutual fund), nor do I own my own home.

I pay my taxes only in France, and like many people in my situation, I declare my income to the U.S. using various IRS forms, in addition to providing information about my bank accounts using the FBAR form.

It’s all a huge pain, of course, but somehow I manage to get through it. And in about two months, I will officially become a French citizen, and shortly after that, I plan to renounce my American citizenship.

This wasn’t at all what I imagined when I came here, but the myriad constraints imposed by the U.S. authorities on expat Americans are forcing my hand.

This is even though, as I understand it, these laws that are making my life so difficult were put in place to weed out mostly well-off and wealthy people in the U.S., who were looking to avoid paying U.S. taxes by stashing their money overseas – not to make life impossible for ordinary people like me, who simply want to live and work abroad.

One thing I already realize, though, is that even as a soon-to-be French/American, I still won’t be able to have the financial freedom that people all around me enjoy.

Until I have well and truly renounced my American citizenship, banks over here won’t accept my business; investing is also a massive hurdle.

I’ve read about this over the past few years, and I thought I had arranged things so I’d be okay.

However, just a few days ago, I was informed by a well-known, Europe-based investment bank that they won’t accept my business because of my current and future status.

In other words, they basically informed me that even if I renounce my American citizenship, I still won’t be able to have an account with them for two to three years.

I was flabbergasted.

I told them that I have no longer have any financial interests in the U.S. at all, that I only pay my taxes in France, but he was firm. He told me that the rules in this matter are very strict.

Is this true? Is there a time during which Americans are basically “in-between” as far as financial institutions go...with the result that the cost of renouncing one’s citizenship, in addition to the fees and various charges to the U.S. authorities and whatever lawyers and accountants you employ to ensure you get things right, you also have to consider several years during which you’ll have to keep your money in a piggy bank, or under your mattress, as no one will accept your new citizenship easily?

In other words, do I have to put my dreams of buying a house, having my own business and investing on hold? And if so, why isn’t anyone talking about this?

‘Charlie’

David McKeegan, co-founder of Greenback Tax Services, replies:

Dear ‘Charlie’,

It is indeed true that since the U.S. began to roll out its FATCA regulations a few years ago, it has become harder and harder for Americans living abroad to have access to foreign banks and investments.

For many banks, it makes more sense to simply not have any U.S. clients, rather than having to deal with the burdensome and costly FATCA reporting regime.

(Under FATCA – the Foreign Account Tax Compliance Act, of 2010 – all “foreign financial institutions” are required to report to the U.S. on all of their accounts above a certain size that are held by American citizens, with severe sanctions potentially in store for those institutions that are found to have failed to comply properly.)

The good news, though, is that not all banks are refusing to accept American clients. So you should still be able to open, and keep, a bank account in a French bank.

It might just take some digging to find such an institution; and you should be aware that some super-cheap banks, such as certain online-only institutions, may try to find a reason not to have you as a client, because the costs involved in having American clients are higher, and they are reluctant to, as they would see it, oblige their non-American clients subsidizing their American ones.

Similarly, once you finally do renounce, we think that you will also find that the rule you mentioned, about a bank being unwilling to open an account for you for a certain number of years after you’ve renounced, is not a widespread phenomenon.

One point to bear in mind is that if you worked in the US long enough to be eligible to receive Social Security benefits – typically this would require ten years of working in the States – you should still be able to receive those, even if you renounce.

Finally, while you have clearly made up your mind about renouncing, those who are planning to keep their American citizenships while living in France might find one of our guides on this topic useful. [It may be accessed here.](#)

We hope that’s helpful, and that you won’t need to resort to keeping your money in a mattress or piggy bank.

David McKeegan is a co-founder with his wife, Carrie, of Greenback Tax Services, a globally-focused American expat tax specialist. The views expressed above are for general information purposes only and should not be construed as recommendations or advice for any individual, nor should any action be taken on account of the information presented. Further information may be obtained by contacting Greenback Tax Services [here](#).

Anyone with additional thoughts as to what ‘Charlie’ might do is invited to contact the editor.