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THE TAX LAWYER

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TAXES 11/20/2014

### London Mayor Boris Johnson Politely Gives IRS The Finger

London's Mayor Boris Johnson needs an American tax lawyer, and I'm volunteering. Fresh off his American tour promoting his Churchill book, Mayor Boris has a bone to pick with the IRS. Where do these Yanks get off taxing me? The tousled blond mayor says he refuses to pay an IRS tax demand.

Mayor Johnson has lambasted the U.S. Embassy in London for failing to pay London's congestion tax, so refusing to pay the IRS must feel pretty good. But this is personal, not business. Mr. Johnson is a dual U.S. and British citizen, having been born in New York. As [the BBC confirmed](#), he never gave up his U.S. citizenship, despite his threats to renounce in [a column for the Spectator](#).

That means he's taxable on his worldwide income, whatever happens in the U.K.! And during an [interview with NPR](#), Mayor Johnson complained that he had been hit with an IRS demand for capital gains tax. He said the U.S. demand related to his first home in the U.K., even though it is not subject to capital gains tax in England. Mr. Johnson thinks it is outrageous to tax U.S. citizens everywhere no matter what. He hasn't lived in the U.S. since he was five years old, he notes.



*Boris Johnson (Photo credit: Wikipedia)*

Still, the IRS wants money. Asked whether he would pay the bill, Johnson replied: “No is the answer. I think it’s absolutely outrageous. Why should I? I think, you know, I’m not a ... I, you know, I haven’t lived in the U.S. for, you know, well, since I was five years old ... I pay the lion’s share of my tax, I pay my taxes to the full in the U.K. where I live and work.”

Johnson has pressed the U.S. Embassy to pay unpaid congestion charges. The Embassy says it is a tax and diplomats are immune! When President Obama was in the U.K. in 2011, Johnson reportedly asked him for a [£5 million cheque for unpaid congestion charges](#) but the U.S.

Ambassador intervened before President Obama could answer. By last year the amount the U.S. Embassy owed [more than £7 million!](#)

How much does Mr. Johnson owe the IRS? As mayor of London, Mr. Johnson [earns a salary of £144,000](#) and on top of that he is paid [£250,000 a year for his column in the Telegraph](#). Mayor Johnson's spokesman said he would not be commenting further on his U.S. tax affairs. Will the IRS chase him down?

He could renounce, of course, but as Mr. Johnson notes, renouncing isn't easy and wouldn't solve his current tax bill. To exit, you generally must prove five years of U.S. tax compliance, and in some cases you pay an [exit tax](#). Long-term residents giving up a Green Card can be required to pay the tax too.

Maybe Mayor Johnson should have renounced when he threatened to in 2006. More and more Americans are doing it, a 221% increase in 2013, with [record numbers of Americans renouncing](#). The list [doesn't count everyone](#). 73% of Americans abroad are tempted to give up their U.S. passports. Federal Register data reveals that renunciations spiked after [FATCA](#)—the Foreign Account Tax Compliance Act.

It isn't clear if Mayor Johnson already has an IRS tax lien. If he does, they last 10 years. Liens and seizures aren't the same. Liens make sure the IRS eventually gets paid. Occasionally, even the IRS makes a mistake, as occurred when [Dionne Warwick proved IRS tax liens can be wrong](#).

Even seizures can be mishandled. The [Treasury Inspector General for Tax Administration](#) (TIGTA) says there are often errors in IRS seizures, including:

- The sale of the seized property not being properly advertised ([Section 6335\(b\)](#));
- The amount not correct on the notice of seizure provided to the taxpayer ([Section 6335\(a\)](#));
- Proceeds resulting from the seizure not properly applied to the taxpayer's account or seizure and sale expenses not properly charged ([Sections 6341](#) and [6342\(a\)](#)); and
- The balance-due letter after sale proceeds were applied failing to show the correct remaining balance ([Section 6340\(c\)](#)).

Fortunately, the IRS isn't too efficient. In fact, a government report says the [IRS flubs 57% of tax collections](#). One key finding was that the IRS is liberal with labeling debts "uncollectible" before that's appropriate. There's \$6.7 billion at stake, says the report, which has this mouthful title: [Delinquent Taxes May Not Be Collected Because Required Research Was Not Always Completed Prior to Closing Some Cases As Currently Not Collectible](#).

What will Mayor Johnson do? Churchill said, "Never, never, in nothing great or small, large or petty, never give in except to convictions of honour and good sense." You be the judge of what Mayor Johnson should do.

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