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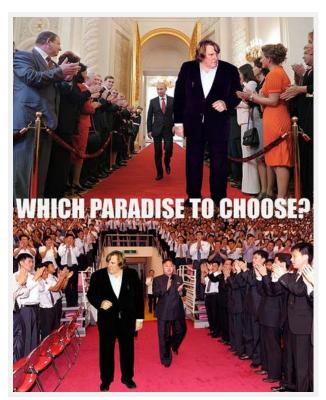
Robert W. Wood THE TAX LAWYER

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New 'Tax Residence' Means Moving (Just Ask Gerard Depardieu)

Moving for tax purposes? Getting a post office box won't cut it. You need to actually **move**. Even actors like Gerard Depardieu must abide by these rules. The formerly French actor registered as a resident of Saransk, Russia. He plans to open a restaurant far from the high taxes of his French homeland.

The region's press minister said Depardieu also planned to build a small house in the countryside. The formerly French 64-year-old actor went to Saransk for a residency stamp on his newly-issued Russian passport. He was feted to a lavish ceremony with singers in traditional folk costumes. See <u>Actor</u> <u>Depardieu picks Russian abode far</u> <u>from French taxes</u>.



Depardieu Which Tax Paradise To Choose? (Photo credit: Tjebbe van Tijen / Imaginary Museum Projects)

When Depardieu balked at France's 75% millionaires tax he announced a move to Belgium and then Russia, where President <u>Vladimir Putin</u> granted him citizenship. Depardieu has quibbled over the impact of the French taxes, but Russia's 13% tax rate is undeniably attractive. Conversely, Saransk, an industrial center known for machine building and chemical industries, isn't known for attractions. Located on the Volga east of Moscow, Saransk is the capital of Mordovia. Depardieu turned down an offer to become the region's Minister of Culture.

France's Constitutional Council blocked the 75% tax rate on income over 1 million euros (\$1.32 million), but the government is pressing ahead with a redrafted tax on the wealthy. Meanwhile, Mr. Sarkozy and wife Carla Bruni are also said to be considering saying *au revoir*. Mr. Sarkozy may set up a private equity firm in London where taxes may be 50% but not 75%.

It is sensible to consider such things. Although taxes are only one motivator, if you raise rates high enough, something will give. Take <u>Eduardo Saverin</u>, <u>Gerard Depardieu</u>, <u>Nicolas Sarkozy</u>, <u>Tina Turner</u>, <u>Tiger Woods</u>, and <u>Phil</u> <u>Mickelson</u>, to name a few. Were there non-tax reasons for these moves? Sure, but taxes surely played a part.

Yet here's new debate about how much taxes matter to moving. See <u>The Myth</u> of the Rich Who Flee From Taxes. The report says jobs, housing costs, family ties and climate are all more important than taxes. Perhaps those who move for tax reasons is a small number. See <u>Trends in New Jersey Migration</u>: <u>Housing, Employment, and Taxation</u> and <u>Tax Flight is a Myth</u>. Yet in all likelihood the number of people moving where taxes are a factor (and probably an important one at that) may be bigger than we realize.

Robert W. Wood practices law with <u>Wood LLP</u>, in San Francisco. The author of more than 30 books, including Taxation of Damage Awards & Settlement Payments (4th Ed. 2009 with 2012 Supplement, <u>Tax Institute</u>), he can be reached at <u>Wood@WoodLLP.com</u>. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.