



## Robert W. Wood

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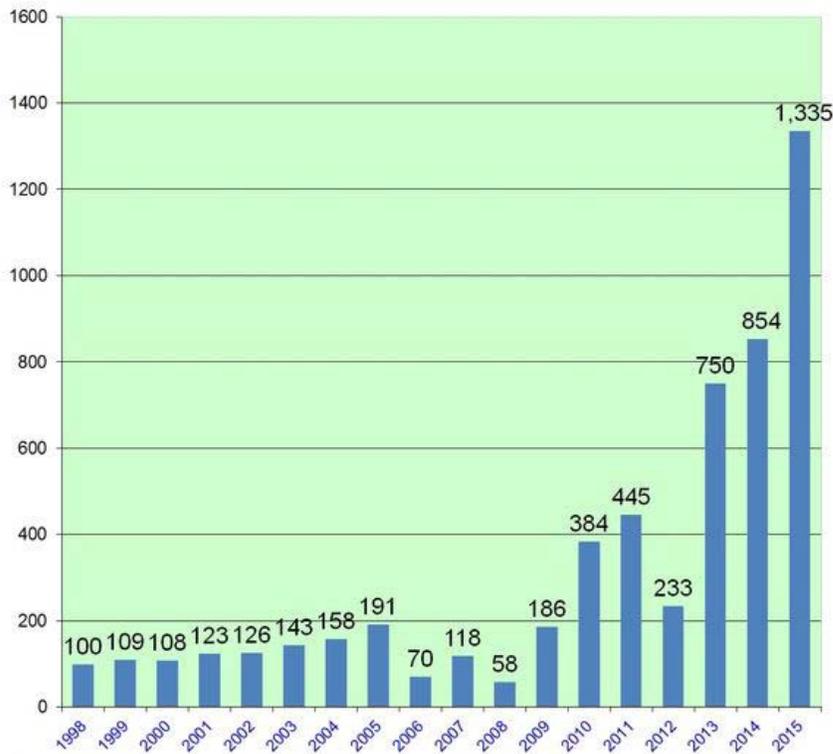
### New Un-American Record: Renouncing U.S. Citizenship

The U.S. government has published a list of people who expatriated during the [first quarter of 2015](#). It is a kind of naming and shaming and is required by law. The number, 1,335 during the first 90 days of the year, may seem small. Yet it is the highest quarterly number of published expatriates ever. Calendar 2014 was the highest annual total, with 3,415. The annual total for 2015 looks to be higher still as [Americans renouncing U.S. citizenship hits another all-time high](#).

In 2013, there were 2,999 published expatriates, a 221% increase. The U.S. State Department was so busy processing those leaving that it [raised the fee](#) for renunciation from \$450 to \$2,350. That is more than [twenty times the average level](#) in other high-income countries. The State Department claimed it had to raise the fee given all the extra work to process those on their way out.

Moreover, the annual foreign bank account reports known as [FBARs](#) carry civil and even criminal penalties. Civil penalties alone can consume the balance of an account. Although some argue that such penalties must be unconstitutional, in one recent case, a [court upheld civil FBAR penalties exceeding the offshore account balance](#).

## Quarterly Average of Published Expatriates Per Year (Thru Q1 2015)



Source: U.S. Treasury Department  
Andrew Mitchell LLC

Many Americans living abroad complain about the U.S. tax system requiring worldwide income reporting, plus offshore bank account and financial reporting. The penalties for failing to comply are massive. There are big civil penalties that can exceed the offshore account balances, with even criminal liability a possibility. Many expats complain that the IRS has never understood Americans living abroad and applies rules unfairly.

With global tax reporting and FATCA, the list of those who renounce keeps growing. There is good reason to believe that the published list is incomplete and that [many aren't counted](#). Many now find America's global income tax compliance and disclosure laws inconvenient, even oppressive. U.S. persons living in foreign countries must report and pay tax where they live.

They must also file U.S. taxes based on their worldwide income. Claiming foreign tax credits generally does not eliminate all double taxes. U.S. taxes are complex, and enforcement fears are

palpable. Then there is FATCA, which [requires](#) filing an annual [Form 8938](#) once foreign assets reach a threshold.

Yet the real teeth of FATCA is the systematic turning over of American names by foreign banks all over the world. Many foreign banks simply do not want American account holders, *period*. Some Americans must even pay an exit tax to *leave* the U.S. To leave, you generally must prove 5 years of U.S. tax compliance. If you have a net worth greater than \$2 million or an average annual net income tax for the 5 previous years of \$160,000 or more (that's tax, not income), you pay an [exit tax](#).

It is a capital gain tax as if you sold your property when you left. At least there's an exemption of \$690,000. Long-term residents giving up a Green Card can be required to pay the tax too. But taxed or not, many still seem to be headed for the exits. Some groups are especially vocal about their tax plight. Dual citizens in Canada who are trying to shed their U.S. citizenship have [created a backlog](#) at the U.S. consulate in Toronto.

A decision to expatriate should not be taken lightly. Taxes or not, it can be a big step. Around the world, many people are talking about renunciation. It is not all just talk, as the growing trend clearly reveals. America is still a nation of immigrants, but increasing numbers of people seem to be going the other direction.

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