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Escaping JFK Arrest, London's Mayor Boris Johnson Pays IRS

Say it ain't so, Boris? Tax protesters everywhere were hoping that the hopping-mad London Mayor and accidental dual U.K.-U.S. citizen Boris Johnson would stick to his guns and refuse to pay the IRS. The political tax brouhaha started when the New York born brit (who left America at age 5) said he *couldn't* be taxable by the IRS as he gave up U.S. citizenship. Then it turned out he hadn't, as [the BBC confirmed](#), despite his threats to renounce in [a column for the Spectator](#).

Then there was outrage over American's unique but expansive worldwide tax regime. The [Mayor politely gave the IRS the finger](#), saying it was '*outrageous*' for the IRS to tax people all over the world for an accident of birth. Meantime, [FATCA](#)—the Foreign Account Tax Compliance Act—is causing panic around the world. Banks and nations everywhere are ratting out Americans to the IRS. No account anywhere is safe from the IRS' prying eyes and FBAR penalties.



(Image credit: Andrew Parsons)

Up until now, the tousled blond mayor refused to pay the IRS, which must have felt good. But there was more than idle talk that he could face arrest on his next US. visit! So he paid his “absolutely outrageous” U.S. tax bill, escaping an embarrassing incident when he next visits America. U.S. law says all citizens, including dual citizens, must pay tax on worldwide income. And U.S. rules often trump others.

U.K. tax law excluded Mr. Johnson's London house, which he sold in 2009 for a reported £1.2 million. But in the U.S., there's no such luck. Rather than quietly paying the IRS, in an [NPR interview](#), Mr. Johnson called it 'outrageous' to tax U.S. citizens on their global income. Mr. Johnson noted that tax rates in the U.K. are higher than in the U.S. Still, the house sale was tax exempt in the U.K., so Mayor Boris can't claim a credit for his U.K. taxes to the IRS.

TO be fair, there was a tit for tat tax problem too. The Mayor has lambasted the U.S. Embassy in London for failing to pay London's congestion tax. 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](#).

The prospect of being hauled in by tax inspectors when Mr. Johnson touches down in Boston, New York or Washington in February must have changed his mind. Mr. Johnson has previously said he might renounce his U.S. citizenship. Yet most renunciations involve certifying that you are compliant with the IRS for the last 5 years. Renouncing isn't easy and wouldn't solve his tax bill. Apart from proving five years of U.S. tax compliance, you may have to pay an [exit tax](#).

Expats and disgruntled American taxpayers were happy that Mr. Johnson was calling attention to fairness. Many hoped citizenship-based taxation would be scrapped. Mr. Johnson got support from expats miffed with the American tax code and the IRS. After several [Canadians filed suit to block FATCA](#) in Canada, a named plaintiff wrote Mayor Boris offering her support.

They all must feel let down that Mr. Johnson has paid the IRS bill and moved on. Lesson: the IRS wants money. The IRS collects, often because the threat of its reach is just too big. Even overseas. Even political figures. Everywhere.

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