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### Mayor Boris Johnson's Terrible, Horrible, No Good, Very Bad Day...As An American

Should London's Mayor Boris Johnson pay U.S. taxes? How about filing FBARs and other forms that make it easy for the IRS to track his bank accounts? Mr. Johnson is English, but being born in New York means he's American too. Turns out he never gave up his U.S. citizenship, as [the BBC confirmed](#). Sure, he *threatened* to renounce in [a column for the Spectator](#), but he *renewed* his U.S. passport instead.

And on his recent book tour, in a [Diane Rehm Show interview](#), Mr. Johnson even said a thing or two about the American global tax regime. He thinks it is outrageous to tax U.S. citizens everywhere no matter what. He hasn't lived in the U.S. since he was 5 years old, he notes. Still, the IRS wants money.

Mr. Johnson notes that the tax rates in the U.K. are higher than in America. Still, he laments, the U.S. comes after him for gain on selling his U.K. home. And as a dual citizen, even though such a sale is exempt in the U.K., the IRS says it's taxed in America. Mr. Johnson says he won't pay, and he doesn't sound like he's kidding.



Will the IRS chase him down? He could renounce, of course, but he points out that renouncing isn't easy. Besides, that wouldn't solve his current tax bill. When you exit you must certify 5 years of U.S. tax compliance to the IRS. And any tax for the current or prior years must be paid. So, maybe Mayor Johnson should have renounced when he threatened to in 2006.

More and more Americans are doing it. The U.S. Treasury Department's name and shame list of Americans who renounced citizenship in July, August, and September of 2014 is up to 776. That's 2,353 renunciations for 9 months. It means by year-end, last year's 2,999 renouncers should be exceeded. For 2013, there was a 221% increase, with [record numbers of Americans renouncing](#).

Clearly, this [doesn't count everyone](#), and 5.5 million Americans are considering it, a new [survey reveals](#). There are real horror stories for Americans abroad. They now have trouble with basic banking, home loans, and other forms of what can only be called discrimination against Americans. Some U.S. persons abroad are taxed on their pension contributions, end up with big penalties, or at least the fear of them.

73% of Americans abroad are tempted to give up their U.S. passports. If all those considering renouncing followed through, it would be the biggest spike ever in renunciations. Already, Federal Register data reveals renunciations spiked by 39% shortly after [FATCA](#)—the Foreign Account Tax Compliance Act—came into effect.

Some Americans get their U.S. status via birth and may not have filed anything with the IRS in the past. Some stopped filing with the IRS when they moved abroad. They may or may not owe U.S. taxes even if they are paying taxes where they live. But ironing out the difficulties can be daunting.

The presence or absence of tax motivation is no longer relevant, but that could change. After Facebook co-founder [Eduardo Saverin](#) departed for Singapore, Senators Chuck Schumer and Bob Casey [introduced a bill](#) to double the exit tax to 30% for anyone leaving the U.S. for tax reasons. That hasn't happened, but taxes are still a big issue for many.

To leave America, you generally must prove 5 years of U.S. tax compliance. If you have a net worth greater than \$2 million or average annual net income tax for the 5 previous years of \$157,000 or more for 2014 (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 \$680,000 for 2014. Long-term residents giving up a Green Card can be required to pay the tax too.

Plus, the State Department recently [raised the fee](#) for renunciation of U.S. citizenship from \$450 to \$2,350. Critics note that it's more than [twenty times the average level](#) in other high-income countries. The State Department says it's about demand on their services and all the extra workload they have to process people who are on their way out. Yet most people who have been through the process find this a little hard to believe.

A fee hike for processing such requests from \$450 to \$2,350 seems a little like charging for something that should be free. Dual citizens in Canada trying to shed their U.S. citizenship have [created a backlog](#) at the U.S. consulate in Toronto that stretches well into 2015. A decision to expatriate should never be taken lightly. Taxes or not, it can be a big step. And around the world, more people are talking about taking it.

Whether you think these numbers are big or worrisome, we should have a better way of resolving these issues than we do. The new IRS Streamlined program is a huge help, but some think it does not go far enough to help Americans abroad. And with FATCA, even if they are right with the IRS, they face continued difficulties with banking and finance that most Americans would consider basic. Mayor Johnson, maybe your next book should be about the plight of the American taxpayer abroad?

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