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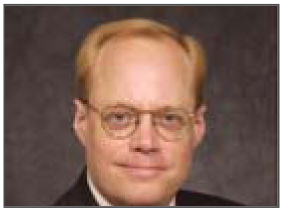

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THE TAX LAWYER

TAXES | 7/03/2013

Patriotic? After 40 Years Wandering In Tax Havens, IKEA Comes Home

It would be hard to find a man more successful and more secretive than IKEA founder Ingvar Kamprad. It would be hard to find a more ardent promoter of Sweden and all things Swedish. With famously all Swedish names for every product and a panoply of Swedish only food items, IKEA stores worldwide are a kind of paean to Sweden. Only a fierce patriot could have managed it.

Logo of Ikea. (Photo credit: Wikipedia)

Yet what irony that the man responsible for the iconic IKEA brand fled his homeland 40 years ago. This was no design-search walkabout. Like most things about the über-wealthy Ingvar Kamprad, this was a calculated move. And it seems more than likely that the move helped fuel his company's growth into the undisputed world's biggest furniture retailer.

Taxes hurt in any language, and Mr. Kamprad just didn't want to pay Sweden's high taxes. But after a biblical 40 years, the iconic Mr. Sweden comes out of the desert at last. See IKEA founder to return home 40 years after fleeing Swedish taxes. Mr. Kamprad, now 87, plans to leave Switzerland for Sweden later in 2013.

Kamprad, one of Europe's wealthiest men, famously left Sweden in the 1970s in protest of the country's high taxes. He set up residence in Switzerland, and the rest is history. Apart from age and family, one reason to return now is Sweden's reductions in income taxes and wealth tax.

Now Mr. Kamprad returns to where he founded IKEA 70 years ago. Although the Kamprad family controls the IKEA empire, Kamprad will leave a key board position. His youngest son is to take over as chairman.

IKEA has endured its own tax scrutiny quite apart from its patriarch. UK's Guardian claimed the company slashed UK taxes by diverting profits to a sister company. The Economist claimed the company manipulated finances to minimize Ikea's tax bill, greatly benefitting Mr. Kamprad and his family. See Pressure Mounting On eBay, Ikea.

There is no doubt taxes influence behavior. When CNN reports U.S. Citizens Ditching Passports in Record Numbers, it must be true. With over 670 U.S. citizens saying sayonara in the first 90 days of 2013, it's shaping up to be the year of the expat. See also Q1 2013–Highest Quarterly Number of Expatriates Ever (But…).

Last year the list included Facebook co-founder Eduardo Saverin and wealthy socialite Denise Rich, whose husband Marc was pardoned by President Clinton. See Why Denise Rich Followed Eduardo Saverin's Expat Lead. Then there was music icon Tina Turner. See Swiss Tina Turner Giving Up U.S. Passport.

Where they go varies, but many countries are an easier sell in tax rates and tax systems. America's controversial worldwide income tax–inflexible and unforgiving–seems to invite greener pastures. See Expats Lobby For Tax on Residence, Not Worldwide Income. But despite grumblings, it is unlikely to change.

Still, Americans are not the only ones moving. Previously French–and now Russian–actor Gérard Depardieu has a low 13% flat rate, even better than Eduardo Saverin's 18% in Singapore. France's bloated 75% makes Russia's 13% seem svelte. In Britain, the number of £1 million a year taxpayers fell by over 60%.

Yet leaving America has a special tax cost. You generally must prove 5 years of U.S. tax compliance. Plus, if you have a net worth greater than $2 million or average annual net income tax for the 5 previous years of $155,000 or more (that's tax, not income), you pay an exit tax. Let's see, I wonder how you say exit tax in Swedish?

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.