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Tina Turner Gives Up U.S. Citizenship---Big FATCA Wheel Keep On Turnin'

It's no surprise that [Tina Turner is no longer American](#). The U.S. Embassy in Bern, Switzerland confirms that she was in the embassy in late October to sign her "Statement of Voluntary Relinquishment of U.S. Citizenship." Still, this was a long time coming.



Tina Turner and Erwin Bach

Ms. Turner had announced the step in January. After her long-time residency there and marriage to German record executive Erwin Bach, it makes sense. And while it doubtless wasn't tax motivated, our tax system doesn't exactly help.

Ms. Turner retired from the concert stage in 2009. She moved to Switzerland in 1995 when her longtime partner, Mr. Bach, was transferred. Still, if Gérard Depardieu and Nicolas Sarkozy are quintessentially French, Tina Turner is quintessentially American.

Tina Turner, born Anna Mae Bullock, lives in the Zurich suburb of Kuesnacht. She needed approval from the canton of Zurich as well as Swiss federal authorities before receiving the red Swiss passport. Concerning taxes, it is worth noting that Swiss rates are high.

Yet filing tax returns in multiple nations and claiming foreign tax credits is an imperfect process that often results in tax mismatches. Add to that the annual [FBAR forms](#) that carry civil and criminal penalties all out of proportion to tax violations. Plus, FATCA now [requires](#) an annual [Form 8938](#) to be filed with income tax returns.

And FATCA is [ramping up now worldwide](#). On its own, it is really an enforcement device, requiring foreign banks to reveal American account holders. From all accounts, there are still many who haven't come forward.

Some countries might expect more of a land rush than Switzerland. Russia's Vladimir Putin embraced the previously French best-known actor [Gérard Depardieu](#) with a 13% low flat rate. That makes Russia even better than Singapore with its 18%. The latter is where Facebook's Eduardo Saverin now calls home.

When [France's 75%](#) was too much for Mr. Depardieu, Russia's 13% seems svelte. Mr. Putin rolled out the red carpet when he granted Mr. Depardieu's citizenship request. See what a good deal it is to pay tax in Russia, Mr. Depardieu's visit seemed to proclaim?

France's meteoric 75% tax rate was struck down, but will be back. Besides, France's old 45% rate already dwarfed Russia's 13%. LVMH's Bernard Arnault [applied for Belgian nationality](#), and many others have also voted with their feet. In Britain, the number of £1 million a year taxpayers fell by over 60%.

Given America's controversial worldwide income tax, some look for greener pastures. [Eduardo Saverin](#) fled to tax-friendly Singapore on the heels of Facebook's IPO. Yet not every exit is simple or free of U.S. tax. There is already a U.S. exit tax on giving up citizenship, and it can apply to giving up a Green Card too. Mr. Saverin's exit triggered an even [higher exit tax proposal](#).

Given America's complex system and exit tax, anyone testing the water needs thoughtful planning and advice, even if Russia is gearing up for a new kind of business. It is unlikely that Switzerland will throw open its doors or that Ms. Turner will come up in many tax conversations. Even so, we can probably expect more of these conversations soon.

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.