



Quotes of the day

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Facebook co-founder Eduardo Saverin may not be allowed to return to the United States after he [renounced his citizenship to save millions in tax...](#)

The timing of the move has raised eyebrows since Singapore does not have a capital gains tax, which could vastly reduce his bill on any [IPO] payout...

Despite leaving the U.S. behind, he will not avoid all taxes in the country.

He owes what is effectively an exit tax on capital gains from stock holdings, even if he doesn't sell the shares, Reuven S. Avi-Yonah, from the University of Michigan's law school, told Bloomberg.

This will be a brief note, because the likes of Eduardo Saverin merit only the tiniest slice of our attention. I will merely note that for some people, their citizenship is worth everything they have to give. For others, such as Saverin, it's apparently worth a few million dollars. He fled to this country to save his life; now he's fleeing from it to save his bank account?

The Schumer bill strikes me as a gimmicky waste of time, one that ironically enough treats citizenship in Saverin-style economic terms when it means much more. Mr. Saverin, you are certainly free to leave. I would merely ask that you never come back. Your very presence [dishonors the memory of the men who died to create the refuge](#) you so desperately needed when your family fled here almost two decades ago.

Whatever Mr. Saverin's motivation, the more important point is that it is his decision, however misguided. America was built on millions of similar

individual decisions to come to our shores. It is precisely that [ability to decide for oneself](#) that has made America such a magnet for two centuries.

The way to continue to be a magnet for the best and brightest is not to impose Soviet-style exit taxes to punish people who want to leave the country. That is what oppressive and demagogic regimes do, and it's humiliating to see U.S. Senators posture in such fashion. The way to punish Mr. Saverin is to make the U.S. so appealing and dynamic again that he'll be sorry he ever left.

It is the foolish and counter-productive tax policies of the left that are chasing Eduardo Saverin to another country, just as they are chasing companies away in increasing numbers. It is even more foolish to punish those people for leaving — what we should do is stop punishing them with high taxes so that they stay. We need to compete against the likes of Singapore. Singapore doesn't make enemies of its most dynamic entrepreneurs and instead adopts pro-growth policies rationally aimed at improving everyone's living standards. Naturally, when other countries adopt rational tax regimes, those countries with irrational ones (likes us) are put at a terrible disadvantage, but it's our own fault. In particular it's the fault of those who now propose the "Eduardo Law."

As for Saverin being "ungrateful" in renouncing his citizenship, he might say the same of the U.S. government. After all, [isn't the U.S. being ungrateful to him by punishing his entrepreneurship?](#)...

The "Eduardo Law" is a terrible idea, and conservatives should fight it and everything like it tooth-and-nail. This is no time for cheap indignation targeted at individuals that are only doing what U.S. law impels them to do.

If high taxation chases successful people out of the country, [that's the country's fault](#). Daniel Mitchell at the Cato Institute likens this to a "fiscal version of blaming the victim." Obviously, attaching the word "victim" to a billionaire in an age of class warfare is not going to do much to bolster Saverin's case. But human beings will act in their self interest. WE can't stop it. Surely, with every person, there are a host of reasons for making these kinds of decisions – who knows, maybe Saverin hates eating American cuisine or the weather – but once the tax code pushes people away rather than entice them to come, something is wrong...

But even more irksome is the implicit message by some of those complaining about Saverin's departure. Paying taxes is no measure of how grateful you are. Government should have no claim to a person's wealth. We're not letting him "keep" anything that isn't his to begin with even if we don't like what's done.

There is a myth –often perpetuated by Democrats , and most (in)famously by Elizabeth Warren – that private sector success is predicated on a robust government. The reverse is true.

"I'm not a tax expert," [Saverin] said. "We complied with all the known laws. There was an exit tax." That tax is based on the assets held by a citizen leaving America. The exit tax was intended to make sure the departing wealthy paid something before they decamped.

He professes ignorance about his taxes and refuses to discuss his finances. "This had nothing to do with taxes," he insisted. "I was born in Brazil, I was an American citizen for about 10 years. [I thought of myself as a global citizen.](#)"

At a news conference this morning, Sens. Schumer and Bob Casey, D-Pa., will unveil the "Ex-PATRIOT" – "Expatriation Prevention by Abolishing Tax-Related Incentives for Offshore Tenancy" – Act to respond directly to Saverin's move, which they dub a "scheme" that would "help him duck up to \$67 million in taxes."

The senators will call Saverin's move an "outrage" and will outline their plan to [re-impose taxes on expatriates like Saverin even after they flee the United States](#) and take up residence in a foreign country. Their proposal would also impose a mandatory 30 percent tax on the capital gains of anybody who renounces their U.S. citizenship.

The plan would bar individuals like Saverin from ever reentering the United States again.