

## Rich Americans Voting With Their Feet To Escape Obama Tax Oppression

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The [Financial Times](#) reports that the number of Americans giving up their citizenship to protect their families from [America's onerous worldwide tax system](#) has jumped rapidly. Even relatively high-tax nations such as the United Kingdom are attractive compared to the class-warfare system that Obama is creating in the United States. I run into people like this quite often as part of my travels. They are intensely patriotic to America as a nation, but they have lots of scorn for the federal government. Statists are perfectly willing to forgive terrorists like William Ayres, but they heap scorn on these "Benedict Arnold" taxpayers. But the tax exiles get the last laugh since the bureaucrats and politicians now get zero percent of their foreign-source income. You would think that, sooner or later, the left would realize they can get [more tax revenue with reasonable tax rates](#). But that assumes that collectivists are motivated by revenue maximization rather than spite and envy.

The number of wealthy Americans living in the UK who are renouncing their US citizenship is rising rapidly as more expatriates seek to escape paying tax to the US on their worldwide income and gains and shed their "non-dom" status, accountants say. As many as 743 American expatriates made the irreversible decision to discard their passports last year, according to the US government – three times as many as in 2008. ...There is a waiting list at the embassy in London for people looking to give up citizenship, with the earliest appointments in February, lawyers and accountants say. ..."The big disadvantage with American citizens is they catch you on tax wherever you are in the world. If you are taxed only in the UK, you have the opportunity of keeping your money offshore tax free."

To grasp the extent of this problem, here are blurbs from two other recent stories. [Time magazine discusses](#) the unfriendly rules that make life a hassle for overseas Americans.

For U.S. citizens, cutting ties with their native land is a drastic and irrevocable step. But as Overseas American Week, a lobbying effort by expatriate-advocacy groups, convenes in Washington this week, it's one that an increasing number of American expats are willing to take. According to government records, 502 expatriates renounced U.S. citizenship or permanent residency in the fourth quarter of 2009 — more than double the number of expatriations in all of 2008. And these figures don't include the hundreds — some experts say thousands — of applications languishing in various U.S. consulates and embassies around the world, waiting to be processed. While a small number of Americans hand in their passports each year for political reasons, the new surge in permanent expatriations is mainly because of taxes. ...expatriate organizations say the recent increase reflects a growing dissatisfaction with the way the U.S. government treats its expats and their money: the U.S. is the only industrialized nation that taxes its overseas citizens, subjecting them to taxation in both their country of citizenship and country of residence. ...Additionally, the U.S. government has implemented tougher rules requiring expatriates to report any foreign bank accounts exceeding \$10,000, with stiff financial penalties for noncompliance. "This system is widely perceived as overly complex with multiple opportunities for accidental mistakes, and life-altering penalties for inadvertent failures," Hodgen says. These stringent measures were put into place to prevent Americans from stashing undeclared assets in offshore banks, but they also make life increasingly difficult for millions of law-abiding expatriates. "The U.S. government creates conflict and abuses me," says business owner John. "I feel under duress to understand and comply with laws that have nothing to do with me and are constantly changing — almost never in my favor." ...Many U.S. expats report being turned away by banks and other institutions in their countries of residence only because they are American, according to American Citizens Abroad (ACA), a Geneva-based worldwide advocacy group for expatriate U.S. citizens. "We have become toxic citizens," says ACA founder Andy Sundberg. Paradoxically, by relinquishing their U.S. citizenship, expats can not only escape the financial burden of double taxation, but also strengthen the U.S. economy, he says, adding, "It will become much easier for

these people to get a job abroad, and to set up, own and operate private companies that can promote American exports."

The New York Times, meanwhile, delves into the misguided policies that are driving Americans to renounce their citizenship.

Amid mounting frustration over taxation and banking problems, small but growing numbers of overseas Americans are taking the weighty step of renouncing their citizenship. ...frustrations over tax and banking questions, not political considerations, appear to be the main drivers of the surge. Expat advocates say that as it becomes more difficult for Americans to live and work abroad, it will become harder for American companies to compete. American expats have long complained that the United States is the only industrialized country to tax citizens on income earned abroad, even when they are taxed in their country of residence, though they are allowed to exclude their first \$91,400 in foreign-earned income. One Swiss-based business executive, who spoke on the condition of anonymity because of sensitive family issues, said she weighed the decision for 10 years. She had lived abroad for years but had pleasant memories of service in the U.S. Marine Corps. Yet the notion of double taxation — and of future tax obligations for her children, who will receive few U.S. services — finally pushed her to renounce, she said. ...Stringent new banking regulations — aimed both at curbing tax evasion and, under the Patriot Act, preventing money from flowing to terrorist groups — have inadvertently made it harder for some expats to keep bank accounts in the United States and in some cases abroad. Some U.S.-based banks have closed expats' accounts because of difficulty in certifying that the holders still maintain U.S. addresses, as required by a Patriot Act provision.