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## **Taxpayers Renouncing U.S. Citizenship in Record Numbers**

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**By: Lisa Barron**

A record number of people renounced their American citizenship or terminated their long-term U.S. residency last year, according to new data.

The Treasury Department listed **630 individuals** who became expatriates in the fourth quarter of 2013, bringing the total number of published expatriates for the year to 2,999.

That figure shatters the previous record high of 1,781 set in 2011 and is a 221 percent increase over the 2012 total of 932, Andrew Mitchel reports on his [International Tax Blog](#).

"We believe that there are likely three principal reasons for the recent increases in the number of expatriations," he said, citing "increased awareness of the obligation to file U.S. tax returns by U.S. citizens and U.S. tax residents living outside the U.S.; the ever-increasing burden of complying with U.S. tax laws; and the fear generated by the potentially bankrupting penalties for failure to file U.S. tax returns when an individual holds substantial non-U.S. assets."

Indeed, according to Forbes tax columnist [Robert Wood](#), taxes can be a major factor in the decision to expatriate.

"Some go so far as to say that the U.S. tax and disclosure laws are downright oppressive," he said, stressing the impact on U.S. citizens and tax residents living outside the country.

"No group is more severely impacted than U.S. persons living abroad. For those living and working in foreign countries, it is almost a given that they must report and pay tax where they live. But they must also continue to file taxes in the U.S. What's more, U.S. reporting is based on their worldwide income, even though they are paying taxes in the country where they live," Wood explained.

"These rules have long been in effect, but enforcement was historically less of a concern with expats. Today, enforcement fears are palpable," he added.

Then there is what Wood calls the "coup de grace," the Foreign Account Tax Compliant Act, passed in 2010, which requires financial institutions overseas to provide the Internal Revenue Service with annual reports on their U.S. account holders.

Still, leaving the country and citizenship behind comes with a price tag of its own in the form of an [exit tax](#), Wood notes.

"The theory of the exit tax is that is the last chance the U.S. has of taxing you," he said.