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Brit Boris Johnson Renounces America; Why We Should Care

Boris Johnson was a flamboyant Mayor of London, and is now Britain's Foreign Secretary. He was famously an American citizen *too*, born in the U.S. (he left when he was five). That meant dealing with the IRS every year, on top of British taxes. Until now. The [Wall Street Journal reported](#) his name appearing on the [published list of Americans who renounced citizenship](#). Reports have dogged the politician for years about his IRS issues. But those are now history.

The U.S. Treasury Department publicly names individuals who renounce their U.S. citizenship, and [Americans who renounce have hit an all-time high](#). For a time, Mr. Johnson refused to pay the IRS tax demand. At one time, he even resorted to tit-for-tax lambasting of the U.S. Embassy in London for failing to pay London's congestion tax. Some claimed that he renounced U.S. citizenship year ago. Yet [the BBC confirmed](#) that he never gave up his U.S. citizenship (until now), despite threats to renounce in [a 2006 column for the Spectator](#).



British Foreign Secretary Boris Johnson arrives for the weekly meeting of the cabinet at 10 Downing Street in central London on February 7, 2017. (Photo credit: DANIEL LEAL-OLIVAS/AFP/Getty Images)

During a 2014 [interview with NPR](#), Johnson complained that he had been hit with an IRS demand for capital gains tax. The U.S. demand related to his first

home *in the U.K.*, even though it was not subject to tax in England. Mr. Johnson said it is outrageous to tax U.S. citizens everywhere, no matter what. He hasn't lived in the U.S. since he was five years old. Asked in 2014 whether he would pay the bill, Johnson replied:

6 No is the answer. I think it's absolutely outrageous. Why should I? I think, you know, I'm not a ... I, you know, I haven't lived in the U.S. for, you know, well, since I was five years old ... I pay the lion's share of my tax, I pay my taxes to the full in the U.K. where I live and work."

But renouncing does not solve a current tax bill, so Mr. Johnson had to satisfy the IRS in order to be able to renounce! To exit, you generally must prove five years of U.S. tax compliance, and in some cases you pay an [exit tax](#). Long-term residents giving up a Green Card can be required to pay the tax too. Johnson threatened to renounce in 2006, but followed through ten years later. Every three months, the U.S. Treasury Department publicly [names individuals](#) who renounced their U.S. citizenship.

Yet again, the cadre of [Americans renouncing U.S. citizenship has hit an all-time high](#). In fact, the tally for 2016 was up 26% from 2015. The new list is just for the last 3 months of 2016. It names a whopping 2,365 individuals, making a total of 5,411 for calendar 2016. That's a new annual record, up from [4,279 published expatriates](#) in 2015. 2015 had a 58% hike over 2014. Even this list [doesn't count everyone](#).

73% of Americans abroad are said to be tempted to give up their U.S. passports. Federal Register data reveals that renunciations spiked after [FATCA](#)—the Foreign Account Tax Compliance Act. But should one worry about this still relatively small number of leavers? Surprisingly, no one seems to know exactly how big the real number is, even though both the [IRS and FBI track Americans who renounce](#). There is no single explanation for the increase, although some renouncers write [why they gave up their U.S. citizenship](#).

Reasons for renouncing can be family, tax and legal complications. Plainly, though, some renounce because of global tax reporting and FATCA. Dual citizenship isn't always possible, as this [infographic](#) from MoveHub shows. America charges \$2,350 to hand in your passport, a fee that is more than [twenty times the average](#) of other high-income countries. [FATCA](#) now spans the globe with an unparalleled network of reporting. America requires foreign banks and governments to hand over secret bank data about depositors. Non-U.S. banks and financial institutions around the world must reveal American account details or risk big penalties.

America's global income tax compliance and disclosure laws can be a burden, especially for U.S. persons living abroad. Like pariahs, they may be shunned because of their American status by banks abroad. Foreign banks are sufficiently worried about keeping the IRS happy that many do not want American account holders. Americans living and working in foreign countries must generally report and pay tax where they live. But they must also continue to file taxes in the U.S., where reporting is based on their worldwide income. Some say a move to residence-based taxation is too big a fix for the U.S. to make. Others want to start with reporting laws, asking [President Trump to repeal FATCA](#). For Americans abroad, that might be a start.

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