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Obama Jokes About Birth Certificate, But Accidental American Status Is No Joke

President Obama was once dogged by birther claims saying he was not actually born in America. Mr. Obama's birth certificate lists Honolulu, Hawaii, but some have doubted its authenticity. At one time, now candidate Donald Trump even offered \$5 million for the proof. Now, years later, the President joked about it on his visit to Kenya, saying,

“ I suspect that some of my critics back home are suggesting that I'm back here to look for my birth certificate. That is not the case.”

Of course, being born in the U.S. makes you an American citizen. Since being a U.S. citizen is a good thing, it is surprising that some people end up thinking otherwise. How is that possible? It can happen if someone does not understand they are American citizens or fails to observe the obligations that status carries with it. In other cases, a person understood he was American, but may have believed he is not any longer.



It can be an unpleasant and expensive surprise, and is no laughing matter. It has caused some Canadians who thought they were no longer American to write to the [President why they are leaving America](#). Some have suggested that the President will hear [Canada roar](#). Some who have the budget and patience can satisfy the IRS through one of the amnesty programs. Others leave with a bitter taste in their mouths.

And, if someone has a weak case that they effectively gave up U.S. citizenship in the past, they may have no choice but to do it all over again—this time the way the U.S. government requires. That could be one explanation for the spike in numbers over the last few years. The U.S. government publishes a list of people who expatriated every quarter. The most recent list is from the [first quarter of 2015](#).

This naming and shaming is required by law. The number, 1,335 during the first 90 days of the year, seems small. Yet it is the highest quarterly number of published expatriates ever. There is good reason to believe that the published list is incomplete and that [many aren't counted](#). Calendar year 2014 was the highest annual total, with 3,415. The annual total for 2015 looks to be higher still as [Americans renouncing U.S. citizenship hits another all-time high](#).

2013 saw a whopping 221% increase. The U.S. State Department was so busy processing papers that it [raised the fee](#) for renunciation from \$450 to \$2,350, more than [20 times the average level](#) in other high-income countries. The annual foreign bank account reports known as [FBARs](#) carry civil and criminal penalties. Civil penalties alone can consume the balance of an account. Although some argue that such penalties must be unconstitutional, in one recent case, a [court upheld civil FBAR penalties exceeding the offshore account balance](#).

Many Americans living abroad complain about the U.S. tax system requiring worldwide income reporting, plus offshore bank account and financial reporting. There are big civil penalties that can exceed the offshore account balances, with even criminal liability a possibility. Some expats say the IRS does not understand Americans living abroad and applies rules unfairly. Some find America's global income tax compliance and disclosure laws inconvenient, even oppressive.

U.S. persons living in foreign countries must report and pay tax where they live. They must also file U.S. taxes based on their worldwide income. Claiming foreign tax credits generally does not eliminate all double taxes. U.S. taxes are complex, and enforcement fears are palpable. Then there is FATCA, which [requires](#) filing an annual [Form 8938](#) once foreign assets reach a threshold. Yet the real teeth of FATCA is the systematic turning over of American names by foreign banks all over the world.

Now, many foreign banks do not want American account holders, *period*. Some Americans must even pay an exit tax to *leave* the U.S. To leave, you generally must prove 5 years of U.S. tax compliance. If you have a net worth greater than \$2 million or an average annual net income tax for the 5 previous years of \$160,000 or more (that's tax, not income), you pay an [exit tax](#).

It is a capital gain tax as if you sold your property when you left. At least there's an exemption of \$690,000. Long-term residents giving up a Green Card can also be required to pay the tax. Some groups are especially vocal about their tax plight. Dual citizens in Canada who are trying to shed their U.S. citizenship have [created a backlog](#) at the U.S. consulate in Toronto.

Although a decision to expatriate should never be taken lightly, around the world, many people are talking about it. It is not all just talk, as the growing trend reveals. America is still a nation of immigrants, but increasing numbers of people seem to be going the other direction.

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