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IRS And FBI Track Americans Who Renounce Citizenship. Why Is FBI List Longer?

The FBI and the IRS don't agree, yet both are ostensibly tracking the same data: how Americans are giving up their citizenship. For several years, a historical trickle of renunciations of U.S. citizenship has spiked materially. The trickle is now more of an open faucet, though one difficulty in determining the flow is available data. The IRS publishes a list, but many people who have expatriated claim their names are never on the IRS list.

Each three months, there is a public name and shame list published by the Treasury Department based on information from the IRS. The list each quarter is incomplete so the numbers are under-stated, some say considerably. For example, consular expatriations where people do not file exit tax forms with the IRS are apparently not counted. Indeed, the Treasury Department's published list states explicitly that this is just a list of those about whom the Secretary of the Treasury has data. Statistics are also not available for *why* people say good-bye.



(Photographer: Victor J. Blue/Bloomberg)

Now, a new report flagged by [Paul Caron](#) backs up the claim that the [IRS is undercounting Americans who are renouncing citizenship](#). The report quotes extensively from Andrew Mitchel, an attorney who specializes in renunciations. Mr. Mitchel compares IRS and FBI data and says the gap between the two sets of figures is significant. Mr. Mitchel credits Canada's [Isaac Brock Society](#) for beginning to track the FBI data in 2013.

Not a few dual Canadian/U.S. citizens have given up their U.S. status in recent years over the IRS crackdown on global tax reporting. Many people probably think the FBI is better at collecting data and being accurate than the IRS. Yet having a gap in the numbers is disturbing. The U.S. State Department tracks filings there, as does the IRS. But the FBI is collecting data for law enforcement reasons. In fact, for the FBI, it is ostensibly about gun control.

The State Department estimates the number of applications for a Certificate of Loss of Nationality. For 2015, the State Department estimates it separately for renunciations (5,986) and relinquishment (559). The distinction is technical, with the latter qualifying for a reduced fee until recently. Now, the filing fee to leave the U.S. is \$2,345, a whopping increase in fees of [422%](#). In any case, this would make the State Department tally a total of 6,545.

The IRS numbers are materially lower, with the list for the [first quarter of 2015](#) of 1,335 during the first 90 days of the year. For 2013, the total was 2,999, and for 2014, the total was 3,415. The annual total for 2015 looks to be higher still as [Americans renouncing U.S. citizenship hits another all-time high](#). Still, this is half the State Department estimate and less than the FBI numbers too.

The FBI worries about who cannot legally purchase firearms. Former citizens of the U.S. who have renounced their citizenship are not eligible to buy. As Mr. Mitchel points out, [as of December 31, 2013](#), the FBI says there were 23,807 on its no-buy list by reason of renouncing their U.S. citizenship. A year later, [as of December 31, 2014](#), the number was up to 27,240. You would think one federal government list would match another federal department.

One difference involves Americans filing papers at a U.S. consulate somewhere around the world, who do not file exit tax forms with the IRS. That number may be much bigger than was previously supposed. Oddly enough, some people derive comfort from the fact that the IRS may not be doing such a good job of tracking people after all.

Some expats leave their U.S. legal status behind in part because of tax and reporting difficulties. For many, the idea of filing more returns and forms with the IRS and paying even more taxes to be able to get out seems too much. Yet it can be short-sighted not to file with the IRS. Filing can help cut off liabilities and get the IRS statute of limitations running. If you fail to file, there may be no permanent end to the period of time the IRS can pursue you.

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