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Steven Seagal Applauds Putin Over Crimea, Eyes Russian Citizenship

Steven Seagal's star may be waning in the U.S., but he is quite popular in Russia, no doubt enhanced by the support he has thrown martial arts style behind his pal Vladimir Putin. Putin is "one of the great living world leaders," and Seagal "would like to consider him as a brother," he told the *Rossiskaya Gazeta*. Mr. Seagal said Putin's "desire to protect the Russian-speaking people of Crimea, his assets, and the Russian Black Sea military base in Sevastopol ... is very reasonable."

Seagal's fame in Russia is enhanced by ties to Russian oligarchs and previous comments on Ukraine. As the Moscow Times notes, Seagal said it's possible he may "sometime" apply for Russian citizenship and might become a Russian citizen because of Ukraine. Although there's no suggestion that Seagal is looking at taxes, it is no secret that his friend Mr. Putin has positioned Russia to become a unique tax haven. It is big, powerful and can flaunt rules whenever it wants.

FATCA? Not so fast. Russia has a flat 13% tax rate, at least for some recent migrants like formerly French best-known actor <u>Gérard Depardieu</u>. That's even better than Singapore's 18%, which Facebook's Eduardo Saverin now calls home. When France's 75% tax was too much for Mr. Depardieu, Russia's

13% looked positively svelte. Mr. Depardieu had also considered Belgium, but it must have liked like the gulag compared to the red carpet Mr. Putin rolled out upon granting Mr. Depardieu citizenship.



Steven Seagal (Photo credit: Gage Skidmore)

Plainly, the Kremlin can tout its 13% income-tax rate to bait other fed-up foreigners. If Mr. Seagal is serious, tax rates should be on the agenda. Of course, Mr. Putin should be trying to lure famously non-compliant Russians to pay their taxes too. See what a good deal it is to pay tax in Russia, he might well say?

France's meteoric 75% tax rate was struck down by a French court, but returned a short time later in a more bullet-proof version. Yet even during the hiatus between the court action and the passage of the new and improved 75% tax, French rates were high. France's prior 45% rate already dwarfed Russia's 13%.

Mr. Depardieu, who claimed to have paid €145 million (\$190 million) in taxes to France, was angry when Prime Minister Jean-Marc Ayrault labeled him "pathetic" and "unpatriotic." When LVMH's Bernard Arnault applied for

Belgian nationality, it prompted the headline, "Get Lost, You Rich Bastard." Yet voting with one's feet is a global trend. In Britain, the number of £1 million a year taxpayers fell by over 60% in one year alone. Americans too have looked for greener pastures given our controversial worldwide income tax system.

There is every suggestion that most moves are not solely about taxes. Indeed, many moves are clearly not about taxes at all. Tina Turner's presumably was not. Nevertheless, tax complexity in the U.S. is a common concern, made worse by FATCA. And it is hard to ignore the huge savings that some exits realize. When Eduardo Saverin fled to tax-friendly Singapore on the heels of Facebook's IPO, it so angered some in Congress that they proposed an even bigger exit tax.

Yet even without the passage of that enhanced exit tax (which failed to pass), there is already a U.S. exit tax on giving up citizenship. Indeed, it can apply to giving up a long-term Green Card too. Given America's complex tax system and exit tax, anyone testing the water needs thoughtful planning and careful advice.

Meanwhile, I'm betting that Mr. Putin's Russia is gearing up for a new kind of business. And Steven Seagal, regardless of his waning U.S. popularity, could be poised to play a part.

You can reach me at <u>Wood@WoodLLP.com</u>. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.