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Trending Now: Giving Up U.S. Citizenship

When CNN reports [U.S. Citizens Ditching Passports in Record Numbers](#), it must be true. Like CNN's election night coverage, the stats don't lie. With over 670 U.S. citizens saying sayonara in the first 90 days of 2013, it's shaping up to be the year of the expat. See also [Q1 2013 – Highest Quarterly Number of Expatriates Ever \(But...\)](#).

Want to see if your neighbor is on the list? Check out this [federal data](#). Notables include [Mahmood Karzai](#), brother of Afghanistan's President Karzai, Isabel Getty, daughter of Getty oil heir Christopher Getty and wife Pia. Maybe there's someone from your own neighborhood.

Last year the list included Facebook co-founder [Eduardo Saverin](#) and wealthy socialite [Denise Rich](#), whose husband Marc was pardoned by President Clinton. See [Why Denise Rich Followed Eduardo Saverin's Expat Lead](#). Then there was music icon [Tina Turner](#). See [Swiss Tina Turner Giving Up U.S. Passport](#).

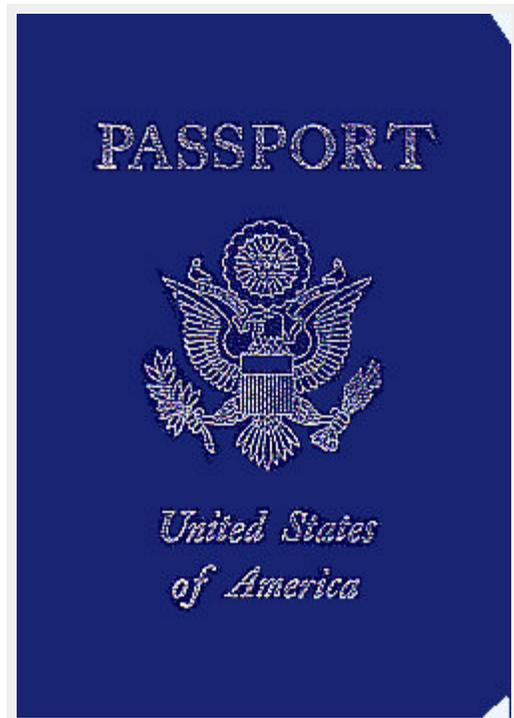


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Although last year it looked like the departed were falling—see [Forget Taxes And Saverin: Actually, Expatriations Are Falling](#)—this year is going the other direction in a big way. In fact, for a period of only three months, it's the highest number **ever**. The last 3 months of 2012 numbered only 45, so there may be some spillover effect.

Where they go varies, but many countries are an easier sell in both tax rates and tax systems. America's controversial worldwide income tax—inflexible and unforgiving—seems to invite greener pastures. See [Expats Lobby For Tax on Residence, Not Worldwide Income](#). But despite grumblings, it is unlikely to change.

So citizens seem to be embracing change themselves. And not just Americans. Previously, French and now Russian actor [Gérard Depardieu](#) has a low 13% flat rate, even better than Eduardo Saverin's 18% in Singapore. France's bloated 75% makes Russia's 13% seem svelte. In Britain, the number of £1 million a year taxpayers fell by over 60%.

Still, leaving America has a special tax cost. You generally must prove 5 years of tax compliance in the U.S. Plus, if you have a net worth greater than \$2 million or have average annual net income tax for the 5 previous years of \$155,000 or more (that's tax, not income), you pay an [exit tax](#). You generally pay 15% on any gain, as if you sold your property when you left. There's an exemption of approximately \$668,000.

Citizens aren't the only ones to suffer. Giving up a [Green Card](#) can cost you too. See [High Cost To Go Green: Giving Up A Green Card](#). And it could get worse. Saverin's post-Facebook fly-away prompted such outrage that Senators [Chuck Schumer](#) and Bob Casey introduced a bill to double that tax to 30% for anyone leaving the U.S. for tax reasons. See [Senators Go After Eduardo Saverin, Facebook Co-Founder, For Dumping U.S. Passport, Avoiding Taxes](#).

In recent years, the IRS crackdown on foreign accounts and income has been unprecedented. See [FBAR Penalties Just Got Even Worse](#). Could it get worse? Maybe, and that could make this trend go viral.

Contact me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.