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THE TAX LAWYER

TAXES 9/18/2015

# U.S. Raises Fee To Expatriate By 422% A Second Time

When the news broke a year ago that the [U.S. was hiking the fee to renounce U.S. citizenship by 422%](#) there was a backlash. If anything, the uptick in American expatriations grew rather than declined. The U.S. State Department said [raising the fee](#) for renunciation of U.S. citizenship is about demand and paperwork. Perhaps, but a hike from \$450 to \$2,350 is still steep. That is more than [twenty times the average level](#) in other high-income countries. The State Department complains about demand on their services and all the extra workload they have to process people who are on their way out.

Even worse, for the second time in a year, the State Department just did another hike. You can view it as yet another 422%. In fairness, the State Department presumably believes it is just bringing the fees into parity. Up until now, there was the enhanced \$2,350 fee for renouncing, and a smaller \$450 fee for relinquishment. It may be a distinction without a difference. As the [State Department put it](#), it was just harmonizing the two, which are similar in any case. In short, if the fee is now the same \$2,350 whether you are renouncing or relinquishing.



*Roger Ver, founder of Passports for Bitcoin.com, holds his passport as he poses for a photograph in the Shibuya district of Tokyo, Japan, on June 4, 2014. He's known as Bitcoin Jesus in the world of cryptocurrencies. (Photographer: Tomohiro Ohsumi/Bloomberg)*

[The State Department announced](#) it would begin charging the \$2,350 fee for individuals seeking a Certificate of Loss of Nationality based on relinquishment of U.S. citizenship. Leaving the U.S. for good isn't just a matter of getting on a plane. It is not usually primarily about taxes, although taxes often play a part. And when it comes to taxes, persons leaving the U.S. may hope they do not need to keep filing with the IRS every year. Getting a Certificate of Loss of Nationality and exiting will address the immigration side of the legal issue, but not taxes.

When it comes to taxes, the filings are quite different. Filing and obtaining a Certificate of Loss of Nationality doesn't mean the IRS will leave you alone. With global tax reporting and FATCA, the list of the [individuals](#) who renounce keeps going up, and [many aren't counted](#). Of those on the official list, 2013 saw a 221% increase, with [record numbers renouncing](#). The Treasury Department is required to publish a [quarterly list](#), but these numbers are under-stated.

Notably, the presence or absence of tax motivation is not relevant, but that could change. After Facebook co-founder [Eduardo Saverin](#) departed for Singapore, Senators [Chuck Schumer](#) and Bob Casey introduced a bill to *double* the exit tax to 30% for anyone leaving the U.S. for tax reasons. That bill died, but talk of an even higher exit tax hasn't entirely ceased.

To leave America, you generally must prove 5 years of U.S. tax compliance. If you have a net worth greater than \$2 million or 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 \$680,000. Long-term residents giving up a Green Card can be required to pay the tax too.

Being taxed one last time on your way out the door is not popular. Indeed, no one is likely to want to pay an exit tax if they can avoid it. And sometimes planning and valuations can reduce or even eliminate the tax. But taxed or not, many still seem to be headed for the exits. Some groups are especially vocal about their tax plight. Last year, dual citizens in Canada trying to shed their U.S. citizenship [created a backlog](#) at the U.S. consulate in Toronto. President [Obama has joked about his birth certificate, but accidental American status is no joke](#). Many end up in untenable financial situations. Still, a decision to expatriate should not be taken lightly. Yet around the world, many people are talking about it, and increasing numbers of people are actually doing it.

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