

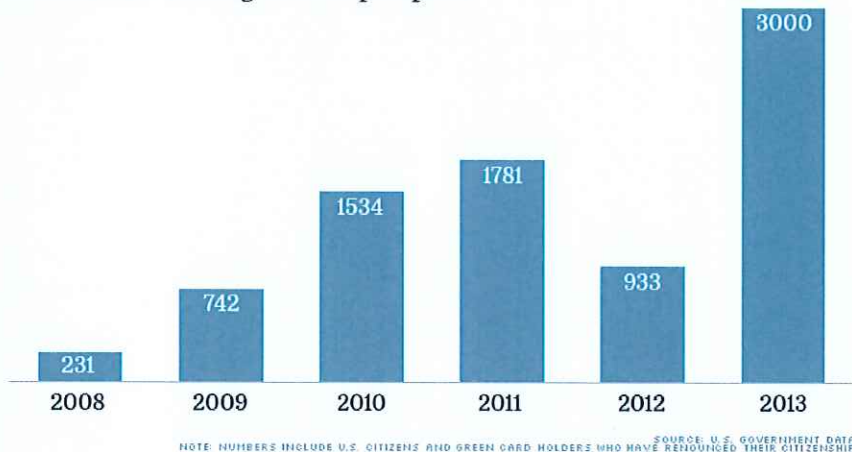


3,000 Americans ditch their passports

By Sophia Yan @sophia_yan February 17, 2014: 9:38 PM ET

Recommend 5.3k

U.S. citizens turning in their passports



NOTE: NUMBERS INCLUDE U.S. CITIZENS AND GREEN CARD HOLDERS WHO HAVE RENOUNCED THEIR CITIZENSHIP. SOURCE: U.S. GOVERNMENT DATA

3K

TOTAL SHARES

2K

828

118

595

HONG KONG (CNNMoney)

Goodbye, Uncle Sam!

That's what 3,000 Americans chose to say last year, lining up at embassies around the world **to renounce** their citizenship. The numbers for 2013 represent a dramatic spike -- triple the average for the previous five years, according to a CNNMoney analysis of government data.

Some of the rush is coming from expats who are tired of dealing with complicated tax filings -- which are only getting worse as new regulations come into effect.

Unlike **most countries**, the U.S. taxes citizens on all income, regardless of where it is earned or where they reside. Reporting taxes can be so difficult that expats are often forced to seek expert help, which can cost thousands of dollars.

Related story: Americans turn in passports as new tax law hits

Brad Westerfield, a tax lawyer at Butler Snow, said that renunciations have increased following the implementation of a new disclosure law -- the Foreign Account Tax Compliance Act -- that targets **overseas tax evasion**.

The measure, approved by Congress in 2010, is aimed at recouping some of the hundreds of billions the government says it loses each year in unpaid taxes.

"They've become so complicated -- the increased filing obligations over the years," Westerfield said. "You see more people giving up their citizenship or relinquishing their green cards ... Individuals [are] wanting to simplify their financial affairs, and just pay tax and report to one jurisdiction."

Related story: U.S. expats cry foul over tax system



Biggest tax changes you'll see in 2014

Westerfield said that the first wave of renunciations in 2010 coincided with a part of the law that requires individuals to report foreign assets worth as little as \$50,000. That's in addition to a separate provision that forces Americans to disclose foreign bank holdings larger than \$10,000.

Renunciations dipped in 2012, but now another part of the law is kicking in. The new provision requires financial institutions to report all foreign accounts held by Americans.

"People find that intrusive," Westerfield said. "Just because you live your life outside of the U.S., most of your assets are foreign assets. [Americans are] saying enough is enough."

The law has prompted some banks to **kick out their American** clients rather than comply. Penalties can be high if banks make a mistake reporting U.S.-held accounts, even if they are basic checking and savings accounts.

Related story: Banks lock out Americans over new tax law

Some Americans may be giving up their passports to protect their wealth. Doing so could raise legal questions -- it's illegal to renounce your U.S. status to avoid paying taxes, and giving up citizenship doesn't mean you're off the hook for back taxes.

"The U.S. used to be the 'Rolls Royce' of destinations -- the land of opportunity," said Hong Kong-based immigration lawyer Eugene Chow. No longer, it seems. "Both naturalized and native-born American citizens are choosing to say goodbye to Uncle Sam today." ■

Have you recently found out you're an American and might owe back taxes to the IRS? Email [Sophia Yan](#) and you could be featured in an upcoming story for [CNMoney.com](#).

First Published: February 17, 2014: 9:38 PMET

You Might Also Like

Sponsored Content by Taboola



'Warren Buffett Indicator' Signals Collapse in Stock Market
Newsmax



5 Ways Every Telco Can Benefit from APIs
Layer 7 Technologies



House passes cell phone unlocking bill with a crappy last-minute a...
Venturebeat



How Getting Personal Can Solve the Top Business Problem
Ricoh

Recommended for You

Ford's aluminum secret weapon

How a national sales tax could solve America's inequality problem

When being the 'good girl' is actually bad

Get your spouse onboard with relocating

Around the Web

Dissatisfied optimism - the investor's view of India ahead of general election

Jones Lang LaSalle.

95% of Gmail Users Don't Know About This Trick

Andrew Skotzko

Thai prime minister may face impeachment over rice scheme