



## Opinion: Columnists

## Cal Thomas: What price U.S. citizenship?

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**HONG KONG** - French film star Gerard Depardieu moved to Belgium to avoid a 75 percent income tax on millionaires proposed by France's Socialist government. Eduardo Saverin, an American, took the extreme step of giving up his citizenship and could see a resulting tax savings of \$39 million on his Facebook investment, according to the research firm Wealth-X.

I had read about financially motivated expatriates, but I never knew one until I visited with my longtime friend "Sam" (I'm withholding his real name to protect his current employment). Sam works for a large investment firm. He has lived here for the last 25 years.

He says that five years ago, he began thinking he could no longer "afford to be an American." Contributing to his decision was the cost of sending his five children to college. He and his wife pay taxes on a home in California, but the state has denied them in-state college tuition, meaning it could cost them \$50,000 per child. Although there is a \$95,100 earned U.S. income tax exclusion, Sam says it isn't enough to substantially reduce his U.S. taxes and still cover his costs.

Here is how burdensome U.S. tax laws have become: Seven years ago, Sam left a major firm based in the U.S. to join another international bank. The law required that his 14 years of pension savings be taxed at a 35 percent rate as current income. He says he could not roll over the account due to a "quirk" in the law. Hong Kong citizens are taxed at a rate of only 15 percent.

Another consideration was the refusal by Hong Kong banks to allow him to open a securities account. The reason? "None wanted to deal with onerous U.S. reporting requirements. My own bank could not even open an account for me to invest in local securities."

Sam says his decision was "emotionally difficult. My parents worried I would not be able to return to see them in the U.S. (He managed to get a 10-year tourist visa.) I would have to give up the right to vote or run for political office. I was concerned that others would call me a traitor or deserter."

"I had paid over \$1 million in U.S. taxes but didn't receive any benefits, nor did my wife and kids. (She maintains her U.S. citizenship.) As I saw the massive U.S. deficit continue to climb, it became clear that the government would likely raise taxes further. I finally decided to expatriate. ... A dozen of my friends who have lived over 10 years in Asia have done the same. We can no longer afford to be American citizens."

Eugene Chow, an attorney who specializes in helping Americans give up their U.S. citizenship, told the Wall Street Journal's "Asia Today" program that the move comes at a high price. Not only is there an "exit tax," but all appreciated assets, including homes, are assessed a 15 percent capital gains tax, even if they haven't been sold.

Chow says, "The IRS is essentially outsourcing its compliance rules to non-American-related companies and they are saying to Americans, 'We don't want your business.' So that's more of a practical reason for why some people choose to give up their passports -- to make it a less complicated life living overseas."

The media focus on billionaires, says Chow, but most who renounce U.S. citizenship are "people who have changed circumstances; people ... who have lived and worked (overseas) for the last 10-15 years, who might have married a foreign spouse and who believe their future is overseas, rather than back in the U.S."

With so many foreigners wanting to become U.S. citizens, it's a shock to know someone who has relinquished his citizenship. It is another reason for simplifying the U.S. tax code. America should want to retain people with skills and experience who, like Sam, have contributed more than just tax money to their (now former) country.

Examiner Columnist Cal Thomas is nationally syndicated by Tribune Media.

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