



Written by [Steven Yates](#) on April 26, 2010

American Expats Giving Up Citizenship in Record Numbers

The number of Americans choosing not merely to retire but often to live and work in other countries — expatriates or "expats" — has been increasing steadily for a number of years now. According to one source, the number of American expats has risen to four million, and the steady trickle of Americans out of this country shows no signs of abating.



Americans' reasons for leaving differ from case to case. Some are convinced that the global empire emanating from Washington, D.C. is in its declining days, as was Rome at one point, and are seeking safe havens for themselves and their families just in case economic shocks in the United States continue. Others have either been sent or have chosen to pursue desirable careers overseas. Some, finally, just desire the experience of living in a different culture.

[A new report](#) now indicates that American expats are not just relocating overseas but taking the much bigger leap of relinquishing their U.S. citizenship. According to the Federal Register, during the final quarter of 2009 502 expatriated Americans gave up their citizenship or permanent residency status to fully embrace that of a foreign land. This was the largest quarterly figure in years — and more than twice the figure for all of 2008, which saw 235 renunciations. The total figure of renunciations for 2009 was 743.

Some evidence indicates that the American tax system is driving expats away. The United States is the only industrialized nation to tax its citizens living and working abroad, so that they can have tax liabilities in both the United States and their country of residence. New regulations on banks are aimed at reducing tax evasion.

One interviewee, a business executive in Switzerland speaking on condition of anonymity, put it this way, "I loved my time in the Marines, and the U.S. is still a great country," she said. "But having lived here 20 years and having to pay and file while seeing other countries' nationals not having to do that, I just think it's grossly unfair."

She added, "It's taxation without representation." Americans are, however, allowed to write off the first \$91,400 in income earned abroad, which suggests more to this story.

A closer look suggests that the USA Patriot Act might be a more significant culprit. A provision in the Patriot Act requires that holders of accounts in U.S. banks maintain a U.S. address. Other provisions, aimed at regulating banks to prevent the possibility of money flowing to terrorist groups, make it difficult for U.S. citizens living abroad to keep bank accounts in both the United States and in their



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country of residence.

Daniel Flynn, an American living in Belgium, was compelled close an account in a U.S. bank he'd maintained for 44 years. He stated, "I was born in San Francisco in 1939, served my country as an army officer from 1961 to 1963, have been paying U.S. income taxes for 57 years, since 1952, have continually maintained federal voting residence, and hold a valid American passport."

Kathleen Rittenhouse, an expat who lives in Canada and also saw an account closed in an American bank, observed wryly, "I did not know that the Patriot Act placed me in the same category as terrorists, arms dealers and money launderers."

The new controls have made expats "toxic citizens," as Andy Sundberg, a director of the Americans Abroad Caucus (AAC).

AAC co-chairs Carolyn B. Maloney (D-N.Y.) and Joe Wilson (R-S.C.) have appealed to the U.S. Treasury Department on behalf of expats. They received a letter from Treasury Secretary Timothy Geithner dated February 24 stating that "nothing in U.S. financial law and regulation should make it impossible for Americans living abroad to access financial services in the United States."

Banks, however, are not bound by any law to retain expats' accounts. Foreign banks, likewise, have proven reluctant to maintain accounts for U.S. citizens who wish to have accounts in both countries. Hence the decision by many American expats to end their U.S. citizenship and be done with it.

Renouncing one's U.S. citizenship is not difficult. It involves making an appearance before a U.S. consular or other diplomatic official in the foreign country and signing the renunciation oath. Doing so does not void existing tax bills.



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