AMERICANS GIVING UP CITIZENSHIP AT RECORD LEVELS

Monday 10 August, 2020

Americans are continuing to renounce their citizenship at the highest levels on record, according to research by the Enrolled Agents and accountants Bambridge Accountants.

· 5,816 Americans gave up their citizenship in the first six months of 2020

· Showing a 1,210% increase on the prior six months to December 2019, where only 444 cases were recorded

· 2,072 Americans gave up their citizenship in 2019 in total

· This is the second highest quarter on record; the record is 2,909 cases for the first quarter of 2020

· It seems that the pandemic has motivated U.S. expats to cut ties and avoid the current political climate and onerous tax reporting

Americans must pay a $2,350 government fee to renounce their citizenship, and those based overseas must do so in person at the U.S. Embassy in their country.

There are an estimated 9 million U.S. expats. The trend has been that there has been a steep decline over the last few years of U.S. citizens expatriating - the first six months of 2020 is a huge increase in the number of Americans renouncing their citizenship.

Under the IRS rules (section 6039g), every three months the U.S. Government publishes the names of all Americans who give up their citizenship. The first six months for 2020 had 5,816 Americans renouncing their citizenship, far more than the total of the four quarters for 2019 (2,072 Americans renounced).

Alistair Bambridge, partner at Bambridge Accountants, explains: “There has been a huge turnaround during coronavirus of U.S. expats renouncing, where the figures have been in steep decline since 2017.

“The huge increase in U.S. expats renouncing from our experience is that the current pandemic has allowed individuals the time to review their ties to the U.S. and decide that the current political climate and annual US tax reporting is just too much to bear.

“For U.S. citizens living abroad, they are still required to file U.S. tax returns each year, potentially pay U.S. tax and report all their foreign bank accounts, investments and pensions held outside the U.S. For many Americans this intrusion is too complicated, and they make the serious step of renouncing their citizenship as they do not plan to return to live in the U.S.

“There has been a silver lining for U.S. expats that they have been able to claim the stimulus check of $1,200, and $500 for each child. For those individuals and families, the proposed second stimulus check will be very welcome once the HEALS Act is approved.

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Bambridge Accountants has offices in London and New York specializing in U.S. expat tax, U.K expats, actors, other creatives in the U.S. and U.K.

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