



John Richardson - lawyer for "U.S. persons" abroad @ExpatriationLaw

Jun 28 · 11 tweets · [ExpatriationLaw/status/1674191242681352193](https://twitter.com/ExpatriationLaw/status/1674191242681352193)

June 23 - Pro wing of @Demsabroad hosted @USWealthTax advocate @Gabriel_Zucman: 1. Explains why he DOESN'T agree with CURRENT US @citizenshiptax AND why for MOST #Americansabroad current #CBT NOT justified. 2. Says #FATCA should be replaced with #CRS.

**FAIR SHARE
TAXATION &
ENFORCEMENT**

MONDAY, JUNE 19TH

12 NOON ET | 6 PM CET | 9:30 PM IST

 **DEMOCRATS ABROAD**
Progressive Caucus

WWW.DEMOCRATSABROAD.ORG/PC


GABRIEL ZUCMAN
UC BERKELEY
PARIS SCHOOL OF ECONOMICS

<https://www.youtube.com/embed/fH6K1liCaZE>

My remarks today: two points

1. The proper way to tax non-resident Americans is neither full citizen-based taxation, nor full residency-based taxation, but an in-between
2. The US must join the global standard for automatic exchange of bank information

1. Fixing the taxation of non-resident Americans

- ▷ A US citizen who leaves the US at age 2 months must pay taxes to the US until death → too extreme
- ▷ Other countries immediately stop taxing after departure → too extreme in opposite direction
- ▷ **Ideal solution is an in-between:**
 - ▷ Keep taxing high income/wealth people for a number of years after they leave...
 - ▷ ...that depends on number of years they have been resident in the US

Examples

- ▷ John, a US citizen, has spent 40 years in the US, became a billionaire, decides to move to Singapore → would keep paying taxes in the US
 - ▷ For say 10, 15, 20 years: TBD
- ▷ Sarah, British student, comes study in US and returns to Britain → no tax owed to US after departure
- ▷ Patrick, US citizen, chooses to retire in Spain. Not super rich → no tax owed to the US after departure
 - ▷ Full exemption (no need to file return) if, e.g., income < \$500k and wealth < \$10m

Advantages of this solution

- ▷ Fixes the issue of accidental Americans
 - ▷ Dramatic simplification: no filing or taxes owed for vast majority of non-resident citizens
 - ▷ Addresses risk of citizenship renunciation: you cannot avoid US taxes if you're rich by renouncing citizenship
 - ▷ Removes incentives for rich people to move to tax havens → undermines international tax competition
- **This solution is the one DA should advocate for!**

What should trigger tax is length of presence in US & wealth, NOT citizenship

It's a new idea, and it will probably take years before it's accepted, but the logic is strong:

- ▷ If you've become rich in US, it's in part bc you've benefited from US infrastructure, schools, etc.
 - Normal to keep paying taxes to US after you move
- ▷ If you've not become rich, or only spent little time in US, why should US keep taxing you forever?
- ▷ My prediction: eventually this system will become the norm globally, because it's the most logical one

2. Fixing FATCA

- ▷ US played a crucial role with FATCA in 2009 → paved the way for the global, automatic exchange of bank information ("common reporting standard": CRS)
 - ▷ But then US refused to join CRS → co-existence of 2 parallel systems
 - ▷ Creates complexity, anxiety, and fraud
 - ▷ No good reason for this situation
- **US must join CRS and abandon FATCA**

The rest of the discussion generally reinforced @Gabriel_Zucman's commitment to a @USWealthTax - he clearly believes that it is appropriate to "tax the rich". That said, there is no suggestion that this should generally apply to #Americansabroad.

There were some questions focusing on tax simplification and compliance for #Americansabroad. Generally, @Gabriel_Zucman agreed that compliance is far too difficult.

To be clear (my interpretation) many members of the progressive wing of @DemsAbroad clearly do NOT want to sever US citizenship from US @taxresidency. They are generally committed to a "shakedown" of the "rich" (whoever those people may be).

In addition to the @Gabriel_Zucman presentation the concluding discussion (among DA members) is VERY interesting and I strongly suggest listening to the complete video ...



<https://www.youtube.com/embed/fH6K1iCaZE?start=5>