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A REBUTTAL TO SENATOR WARREN'S ASSERTIONS ON WEALTH TAX:

YES, US CITIZENS WILL LEAVE!

In this press release we consider the latest Quarterly "*Publication of Individuals, Who Have Chosen to Expatriate*". Senator Warren has recently argued that wealthy Americans cannot or will not leave the US tax system. We will show how this latest publication proves that the reality is that **they can and do** leave....in record numbers!

On Thursday Jan 28, 2021, Senator Elizabeth Warren appeared on CNBC's "Squawk Box" and had the following exchange with journalist Sara Eisen (my edits for focus) :

EISEN: Now [a wealth tax] might also chase wealthy people out of this country as we've seen has happened with, with other wealth taxes....

WARREN: I'm sorry. There is no evidence that anyone is going to leave this country because of the two-cent wealth tax....

WARREN: Based on fact, the wealthiest in this country are paying less in taxes than everyone else. Asking them to step up and pay a little more and you're telling me that they would forfeit their American citizenship, or they had to do that and I'm just calling her bluff on that. I'm sorry that's not going to happen.

Senator Warren's statement is in line with those made by the academics who designed her and Bernie Sanders' wealth tax proposals. In an October 2019 opinion piece in the Washington Post, Gabriel Zucman and Emmanuel Saez made the statements that:

The situation in the United States is different. You can't shirk your tax responsibilities by moving, because U.S. citizens are responsible to the Internal Revenue Service no matter where they live. The only way to escape the IRS is to renounce citizenship, an extreme move that in both Warren's and Sanders's plans would trigger a large exit tax of 40 percent on net worth.

In short, Senator Warren and these academics argue that wealthy Americans cannot or will not leave the US tax system. Unfortunately the reality is that **they can and do** leave....in record numbers!

Earlier this week the US government issued its latest Quarterly *"Publication of Individuals, Who Have Chosen to Expatriate"* which lists just under 700 names. In order to understand if this number supports or disproves Senators Warren and Sanders believe, one must understand some key elements on what this list represents and how it is compiled:

- 1) The List does NOT contain a list of every US citizen who has renounced US citizenship;
- 2) The List DOES contain a list of US citizens who have renounced US citizenship and long-term US resident aliens who have relinquished their Green Cards AND who have either a minimum net worth of US\$2M or a five-year average of US tax paid greater than US\$171K;
- 3) Once the \$2M is reached, there is no indication whether the person had a net worth of \$2.1M, \$200 million or \$2 billion;
- 4) The List reflects renunciations and relinquishments that occurred 18 to 12 months previously due to the time required by the government to process the event and subsequent tax reporting deadlines for net worth or tax payments.

So, in rebuttal to Senator Warren and her academic fellow travelers I would point to the RECORD NUMBERS of wealthy Americans who are renouncing their US citizenship or giving up their green cards. Their motivations are usually not the result of a single tax proposal but the cumulative impact of local, state, and federal Tax the Rich policies.

In particular, I would notice that today's listed departures occurred in mid to late 2019. This was exactly at the time that Senators Warren and Sanders were at their peak of pushing their Wealth Tax proposals during the democratic primaries.

Since late 2019 the pandemic has struck and accelerated the movement to overcome the major hurdle for Wealthy Americans to leave: life inertia. As has been well documented, COVID has driven previously avowed lifetime wealthy New York and Silicon Valley residents to abandon their prior lives for the more tax welcoming environments of Florida and Texas. They have made the first big step. And if one follows the Newtonian principal that "a body in motion tends to stay in motion," these same Golden Geese are also equipping themselves to legally and completely sever ALL of their future US tax liability.

I explore the implications of this current phenomena in a blog entitled: *"The increasing trend in renunciation of US Citizenship... The 6045 Americans who renounced their US citizenship to date in 2020 are just the tip of the "lost-tax-revenue" iceberg"*

To understand how wealthy Americans are preparing themselves to join the record numbers of former American Golden Geese who have already flown away, please feel free to contact me at David@LesperanceAssociates.com

***Lesperance & Associates** provide expert taxation and immigration advice to ensure the future financial security and wellbeing of their client. Their founder David Lesperance is one of the world's leading international tax and immigration advisors, and co-author of the book: *Flight of the Golden Geese: How the 1% Matter to the 99%*.*

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