

August 2, 2012

## **The Renouncers: Who Gave Up U.S. Citizenship, and Why?**

By Laura Saunders

The latest list of renouncers is out.

One is a buyout specialist at the Carlyle Group, another a private equity executive at J.P. Morgan Chase. There's also a big-law partner, an international socialite, an Israeli Supreme Court justice and a London-based artist.

Each one recently renounced U.S. citizenship or turned in a long-held "green card" conferring permanent-resident status in the U.S. Their names appeared on a quarterly list published last Friday by the Treasury Department, as required by law since 1996.

The list contained 189 names, far fewer than other recent lists. Some experts speculated the number dropped because many Americans who planned to expatriate while tax rates were both low and certain have already done so. (Current tax rates expire at the end of 2012.) Because there's about a six-month delay between a renunciation and publication on the Treasury's list, other experts expect a surge later this year.

The first list for 2012 revealed renunciations by Facebook co-founder Eduardo Saverin and by Denise Rich, the ex-wife of commodities trader Marc Rich. Saverin now lives in Singapore and Rich is a citizen of Austria, according to their spokesmen.

Few people in a sampling of names on the new list contacted by The Wall Street Journal were willing to discuss why they expatriated. They included Carlyle Group managing director Gregory Zeluck, a buyout specialist based in Hong Kong; Myron Zhu, head of private equity at J.P. Morgan Chase in Hong Kong; Bradley Fresia of Fidelity Worldwide Investment in Asia; and Dorothea Koo, an attorney at Baker & McKenzie in Hong Kong.

More than 80 names on the new list appeared to be Chinese, and experts offered possible explanations for the concentration. A prominent one is taxes: The top income tax rate in Hong Kong is 15%, with no tax on capital gains, dividends or estates. In addition, there's no tax on foreign earnings unless they're brought back—unlike in the U.S.

This last difference is a sore point for many U.S. citizens and residents abroad, not just in the Far East. Unlike most countries, the U.S. imposes tax on all "world-wide" income. Renouncers must be careful not to cite U.S. taxes as a reason for leaving, however, because doing so could jeopardize their ability to reenter the country, at least for several years.

Freddie Weintraub, an immigration attorney at the Fragomen law firm in New York, noted that China, like India and Russia, doesn't allow dual citizenship.

Robert Loughran, an immigration attorney with FosterQuan LLP in Austin, Texas, said some Chinese-Americans are also feeling newly comfortable with China's political stability. He added that others are "internationalist" and fear new, expansive interpretations of U.S. laws, such as those on industrial espionage or dealing with embargoed countries. Thus they don't want to be subject to those laws as U.S. citizens or residents.

Both Weintraub and Loughran say they perceive a disproportionate number of Chinese migrating into the U.S. as well as away from it: "The movements to and from China of high-net-worth individuals dwarf that of any other country. People coming here from China value the stability and education available to their children," said Loughran.

Another renouncer was socialite Elizabeth Karageorgevic, known as Princess Elizabeth of Yugoslavia. Once engaged to Richard Burton, she is also a human-rights activist and former presidential candidate in Serbia. According to her daughter, the actress and former "Dynasty" cast member Catherine Oxenberg, the princess now lives in her native Belgrade and made the decision to expatriate for "emotional" reasons that included "going home."

Like many Americans with dual citizenship, Judge Daphne Barak-Ehud came by her status almost by accident: She was born in the U.S. to Israeli parents who were here at the time, which conferred U.S. citizenship on her. She renounced when she was named a judge on Israel's Supreme Court, because dual citizens aren't allowed to serve on the court, according to her spokesperson.

For British architect and painter Gunter Paul Pueschel (born in 1946 in Dresden, Germany) the decision to cut ties with the U.S. was frustration with paperwork generated by a flurry of new laws aimed at policing offshore accounts. Pueschel became a U.S. citizen along with his parents after they immigrated to the U.S. in 1949.

Although domiciled in London for more than three decades, Pueschel filed annual U.S. tax returns he prepared himself. When the returns became so complex that he had to pay up to \$1,500 in preparation fees despite owing no tax, he said, "I decided such expenditure was unwarranted." He formally renounced his U.S. citizenship late in 2011.

<http://blogs.wsj.com/totalreturn/2012/08/02/the-renouncers-who-gave-up-u-s-citizenship-and-why/>