



**HANDLER THAYER, LLP**  
ATTORNEYS AND COUNSELORS AT LAW

## **Expatriations Reach All-Time Record Levels in 2013: Taxpayer Flight From High-Tax States is at Unprecedented Levels.**

*February 2014*

It appears that Atlas has shrugged and that federal and state politicians are waiting to run out of “other people’s money.” In past years, socialistic policies have encouraged high-net-worth taxpayers to expatriate—leaving the United States with their capital, businesses, jobs and families. For example, more citizens renounced their U.S. citizenship and expatriated during the first 100 days of President Clinton’s Administration than in the twelve previous years of the Ronald Reagan and George H.W. Bush Administrations. Similarly, the number of American taxpayers who renounced their citizenship and expatriated more than quadrupled during the first term of the Obama Administration alone, prior to the election results.

Never before have as many U.S. taxpayers renounced their U.S. citizenship or ended their U.S. residency by turning in their green cards. The number of expatriations in 2013 was 2,999. The all-time previous record was 1,781 in 2011.

This waive of expatriations may be attributable to very significant tax increases, which inordinately fell on the top one percent, in addition to the increased burden of compliance and penalties for failure to file U.S. returns and information filings. Extremely sluggish growth during the “Great Recession” and many other compliance burdens (e.g., Dodd-Frank, FATCA) no doubt added to the frenzy. These federal, state and national trends are directly in sync with the escalating trend of high-income and high-net-worth taxpayers fleeing from high-tax states, most of which are deep in debt. Conversely, low tax and no tax states have experienced growth in GDP, population increases, lower rates of unemployment and, generally, lower per capita debt.