Record Number of Americans Give Up Citizenship

Listening task

If you have a US passport, you're taxed on **all / most / none** of your income, regardless of where you live.

There are **3 / 4 / 5** countries that base tax on Citzenship.

1) The United States

2) Eritrea and,

3) _____ _____.

There are a number of banks now in the UK who are actually writing to their client base asking **if they're an American / if they pay tax.**

If they don't provide this information they can be **deported / heavily fined / arrested.**

There are _____ million Americans living abroad.

Americans abroad are treated like **heroes / second-class citizens**.

The number of expatriates it's at its **highest / lowest** level that it's ever been.

They **are / are not** doing it to avoid taxes.

The cost of renouncing citizenship is: **$2350 / $2900** for the pleasure of announcing your US citizenship, it used to be **$200 / $400 / $800**

Reading task

It's a highly **coveted** passport that represents freedom and opportunity to millions of people worldwide, yet more Americans than ever are **renouncing** their U.S. citizenship.

A record number of Americans 1,337 **relinquished** their passports in the first three months of 2015, according to the U.S. government. That's up 18 percent from last year at this time, according to an analysis by Bloomberg News, and nearly 40 percent of the total 3,415 Americans who gave up their passports in 2014.

"It was a **gut wrenching** experience that I do not think I will ever be over," former American Ruth Freeborn told reason.com. Freeborn says she is an average, stay-at-home mother who married a Canadian man and moved to Canada to help care for his elderly parents. She blames the Foreign Account Tax Compliance Act (FATCA) for forcing her into a decision she didn't want to make.

FATCA, which was **enacted** by Congress in 2010, was designed to target rich Americans who use foreign accounts to avoid paying U.S. taxes, but it impacts **ex-patriots** at all income levels. FATCA requires that foreign financial institutions report financial accounts held by U.S. taxpayers to the Internal Revenue Service (IRS), the U.S. government agency responsible for tax collection. The United States taxes its citizens on all income, regardless of where it is earned or where a person lives. This can lead to complicated and **time-consuming** paperwork that some ex-patriots complain has been made even more **burdensome** by FATCA.

"The cost of compliance with the complex tax treatment of non-resident U.S. citizens and the potential penalties I face for incorrect filings and for holding non-U.S. securities forces me to consider whether it would be more **advantageous** to give up my U.S. citizenship," Stephanos Orestis, a American living in Norway, wrote in a March 23 letter to the Senate Finance Committee. "The thought of doing so is highly **distressing** for me since I am a born and bred American with a love for my country."

More than 7 million Americans live abroad, according to the IRS. Many of those who have chosen to **renounce** their citizenship have limited ties to the United States. Some were born here but have lived elsewhere their entire lives. Anyone born in the U.S. automatically receives citizenship, as do people born abroad to American parents.

Eduardo Saverin, the Brazilian-born billionaire co-founder of Facebook, trimmed his tax bill when he **relinquished** his U.S. citizenship in 2012. "I am obligated to, and will pay hundreds of millions of dollars in taxes to the U.S. government," said Saverin in a statement at the time. "I have paid and will continue to pay any taxes due on everything I earned while a U.S. citizen." As Saverin learned, giving up U.S. citizenship doesn't come cheap. There's the $2,350 renunciation fee and an exit tax that can climb into the millions of dollars.

But some who have **renounced** have found there's an emotional cost to giving up U.S. citizenship, which often goes to the core of Americans' identity. American-born Patricia Moon, who lives in Canada, renounced her citizenship not long after FATCA was enacted. "I was terrified we'd lose all our money," Moon, who became a Canadian citizen in 2008, told the Guardian. But the decision to give up her American passport wasn't an easy one. "It was like cutting off my right arm."

1. There was a lot of support for the FATCA legislation at the time.

true false not stated

2. All US citizens have to pay tax to the IRS.

true false not stated

3. The co-founder of facebook cut his tax bill by giving up US citizenship.

True false not stated

4. People born in the US to non-US parents automatically become US citizens.

true false not stated

5. The costliest part of renouncing citizenship is the fee you are charged.

true false not stated

6. Many find it emotionally tough to give up their citizenship.

true false not stated

<u>Vocabulary words:</u>

coveted **renouncing** **relinquished** **gut wrenching**

enacted **ex-patriots** **time-consuming** **burdensome**

advantageous **distressing**