WHAT YOU NEED TO KNOW ABOUT U.S. EXPATRIATION

24 February 2021

Brown ADVISORY
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EVENT PRESENTERS

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Jaime McLemore
Partner, Private Client and Tax Team, withersworldwide
Jaime advises on US and international tax and estate planning, particularly for families and trusts with US/UK cross-border concerns.

She devotes a large part of her practice to advising individuals and families in relation to their philanthropic goals and charitable structuring for both individuals and non-profit organisations. She has extensive experience with the establishment and operation of US charitable vehicles, including those that form part of dual qualified charitable structures, which attract tax-efficient contributions from US persons outside the US. She also advises non-US charities in relation to US investments and fundraising.

Jaime frequently works with individuals seeking to renounce US citizenship or abandon long-term permanent residence in the US. She provides US tax compliance advice to individuals and assists them through the relevant IRS disclosure procedures, when necessary. In addition, she advises both individuals and entities on their FATCA obligations.

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Georgina Guy
Head of International Strategic Advisory, Brown Advisory
Georgina is a Partner at Brown Advisory and is responsible for Brown Advisory's international strategic advisory capabilities. Prior to joining Brown Advisory she was a Director at EY in the Wealth and Asset Management tax team where she worked with ultra-high net worth individuals and their families (both U.K. domiciled and non-U.K. domiciled), providing and co-ordinating tax advice on their complex investment structures, business operations and personal matters. Georgina has frequently collaborated with and worked alongside her clients' other advisers including their lawyers and trustees.

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Billy Mathews, CFA
Portfolio Manager, Brown Advisory
Billy is a portfolio manager in the International Private Client group at Brown Advisory where he manages balanced portfolios for individuals and families. Billy started his career as a Portfolio Analyst and then Associate Portfolio Manager in the Baltimore Private Client group working with our U.S. institutional and private clients.

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THE MATRIX

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	Non-Covered Expatriate / Dual Citizen from Birth	Covered Expatriate / Green card or gained citizenship after birth
Up-to-date US tax filings	SIMPLE $	COMPLEX $$$
Delinquent US tax filings	SIMPLE $$	COMPLEX $$$$

CLARIFICATION OF TERMS

- **Expatriation** – the formal process of renouncing US citizenship or abandoning a US green card; effective for both immigration and tax purposes
- **Expatriate** – someone who has gone through the formal process
- **Covered expatriate** – someone who is subject to the expatriation tax regime upon expatriation

EXPATRIATION TAX REGIME

- Applies to US citizens and long term green card holders (8 out of 15 years)
- Three threshold tests for covered expatriate status:
  1. Net wealth test – more than $2m net wealth
  2. Income tax test – average income tax liability of $172,000 over last five years
  3. Tax compliance test – certify tax compliance for five years prior to expatriation
- Two exceptions for net wealth and income tax tests:
  1. Dual citizen from birth; resident in country of other citizenship; not resident in US 10 out of 15 years
  2. Expatriate between 18 and 18 ½

CONSEQUENCES OF COVERED EXPATRIATE STATUS

- Exit tax
  1. Deemed sale day before expatriation and tax on gain
  2. Gain exclusion of $744,000
  3. Pensions and deferred compensation do not get gain exclusion
- Covered gifts and bequests tax
  1. Donee tax on any gifts or bequests from the covered expatriate to US people
  2. Assessed at highest rate of US gift and estate tax, currently 40%

ABOUT WITHERSWORLDWIDE

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Since 1896, our firm has focused on and helped successful entrepreneurs, families, family businesses, governments and institutions and those involved in the automotive industry negotiate the wide range of legal issues they face in their business and personal lives.

Over time, we have gained valuable insights into the ways wealth can be generated, preserved, deployed and enhanced.

We assist our clients in a variety of industry sectors including motorsport, luxury brands, sport, hotels and hospitality, technology, energy, art and cultural assets, life sciences, charities and philanthropy and financial services. With 17 offices our experience means we can see the global picture.

We provide legal advice across a range of different practice areas including corporate tax and personal estate planning, corporate, banking and finance, access to capital (both private and public) both equity and debt, real estate, intellectual property, immigration, international trust structuring, philanthropy, luxury assets, international probate, public international law and international arbitration.

BROWN ADVISORY CAPABILITIES FOR U.S. CONNECTED CLIENTS

Brown Advisory has developed a deep understanding of the intricacies involved when investing for Americans living in the U.K.

- We build customised globally diversified portfolios that are compliant from both a U.S. and U.K. perspective by investing in:
  - Direct equities
  - Direct fixed income
  - U.S. registered mutual funds with HMRC reporting status
- A flexible relationship approach: managing client portfolios in the U.S. and U.K.
  - Taxable accounts, Trusts, IRAs, SIPPs, ISAs, Family Foundations
- Comprehensive strategic advice from our in house team to navigate the non-investment complexities
- Tax reports in sterling and dollars for both U.S. and U.K. regimes
- We are custodian agnostic and have numerous relationships in the U.S. and internationally
- Brown Advisory is regulated by the SEC in the U.S. and the SEC and FCA in the U.K.
  - **International offices:** London, Singapore
  - **U.S. offices:** Austin, Baltimore, Boston, Carolinas, Delaware, New York, San Francisco, Virginias, Washington D.C.

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Past performance is not indicative of future performance and there is a risk that some or all of the capital invested may be lost.

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