
The following is a general description of typical issues. It does not attempt to cover all situations, nor cover all the complexities of legislation and administration. Before making any decision you need to be advised on the full detail as it applies to your specific situation.

ARE YOU AN “ACCIDENTAL” AMERICAN?

If one of your parents (or possibly also grandparent) is a US citizen, or if you were born in the US but only lived there for a few weeks, it is probable that you are a US citizen until you formally renounce it. A citizenship with many benefits, but loaded with responsibilities, including the obligation to report and pay tax on your worldwide income. Renouncing US citizenship is an expensive process, that, among other things, requires full tax reporting and payment for at least the last five years.

If you fall into this net, then the IRS is looking for you. Over the last four years, using FATCA*, the US has required over 300,000 banks, investment managers, and other financial institutions around the world (31,000 of them in the UK) to report on all the accounts that they have with US connected people (citizens and resident aliens – green card holders) even if they are resident outside the US. The IRS is now matching this information from financial institutions with the tax returns and information documents that have been filed to identify those people who should have filed but have not.

If you have been paying tax in the UK on all or most of your income, when you file your US taxes you may end up owing little or no US tax. The provisions in the US Tax Code and the US – UK Tax Treaty allow credit for taxes paid in the UK to reduce or eliminate US Federal taxes payable on that income. However, there are potential problems in areas such as investments through an ISA, property (own residence and rental), pensions, gifts, and inheritances, that need careful attention and managing.

There are schemes available to get you back into compliance, but they are only available if you contact the IRS before they contact you. After the IRS contacts you a stronger, and potentially criminal, penalty regime kicks in.

*FACTA. Foreign Account Tax Compliance Act

IF THIS LOOKS LIKE YOU [CONTACT US](#) FOR A CONFIDENTIAL REVIEW OF YOUR SITUATION, AND TO DEVELOP A PLAN TO MANAGE IT