

"Mummy, am I an American?" A Tax Nightmare, in One Act

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Figuring out whether you are an American citizen can bring with it some incredibly complex and onerous tax surprises. You may be surprised to find out you are an American even if you have never set foot on US soil. And with that US citizenship comes tax on your worldwide income by Uncle Sam.

In an exclusive first, Moodys has utilized Google Translate to conduct a client interview with Royal Baby Archie to discuss his very complicated US tax status.

Royal Baby Archie has waived solicitor client privilege and has granted his consent to permit us to share a brief excerpt of this important client meeting in the hopes of helping everyone better understand the answer to that critical question: *"Mummy, am I an American?"*

Moodys/Royal Baby Client Consult – Friday, May 10, 2019

Baby Archie: So, let me get this straight. I was born four days ago. I have never left the Royal Palace. I don't even know where or what the US is, but you're saying I'm an American?

Moodys: Afraid so. It's complicated. For US tax and immigration purposes, yes you are an American.

Baby Archie: Am I going to have to file US tax returns and possibly pay US taxes for the rest of my life, even if I never go to the US or earn money from or in the US?

Moodys: Yep, and you'll have to report your interests in financial accounts located outside the United States if the aggregate value of such exceeds US \$10,000 at any time during the calendar year (reported every year). Not doing so will attract very significant penalties that we're pretty sure your parents won't like.

Baby Archie: All this because my mom was born in the US, lived in the US for a required period of time (as set out in US immigration law) before she moved to the UK, married my dad, and had me?

Moodys: Exactly. US citizenship was bestowed upon you at birth and it wasn't an option, but an automatic birth right. Neither you, nor your parents, or even the Queen Herself, had any say in the matter. It was either be born a US citizen or don't be born!

Baby Archie: What about all of these ridiculous baby gifts I am getting? All these great toys my grandma the Queen gave me. I have to tell the US about them?

Moodys: In many situations, yes. The IRS will want to understand the circumstances of some gifts and trust arrangements that might be given or arranged for you and require very specific US disclosures and filings to be made. Not doing so, can carry terrible penalties.

The following is honestly what Baby Archie said.

Baby Archie: This is BS. Is there a camera in here? There is no way the US has that kind of extra-territorial taxation powers.

The next 10 pages of the transcript include a detailed explanation of the US Internal Revenue Code and its application in taxing people like Baby Archie. Loud snoring sounds are apparently heard for much of the 10 pages.

Baby Archie: But don't I have to pay tax in the UK because I live here?

Moodys: Of course, you do. You will have to pay tax and report in both the US and the UK. That's why we professionals charge so much.

Baby Archie: Well, I'm not paying, and no one can make me.

Moodys: Ha! Well you might want to read about your very own New York born ex-London Mayor and Secretary of State for Foreign and Commonwealth Affairs in the UK, Boris Johnson. The poor bastard told the IRS the same thing about his US tax bill. Things did not end well for him and he eventually renounced his US citizenship after paying through the nose.

Baby Archie: Someone needs to stop this craziness.

Moodys: Well you are seventh in line to be King.

Baby Archie: Really!? Wow, and then I will be able to fix this travesty?

Moodys: Ha! Surely, you can't be serious. Of course not. You will soon learn that the US needs your tax dollars.

Baby Archie: So, I guess there is nothing for a King to do.

Moodys: Call us when you turn 18, kid. We can help you renounce your US citizenship the right way and make it all stop!

Thus ends the Moodys/Royal Baby Client Consult – Friday, May 10, 2019

Don't be an Archie. If you're thinking of renouncing your US citizenship, call Moodys.