

## An accidental American

Suppose you were born in London on 16th March 1982. Your father is public school educated City grandee and your mother, also from London society, is an American citizen. Proud of her heritage your mother insists that you take up your American citizenship from birth, to give you what she calls the 'very best chance in life'. This would open a door to endless possibilities with regard to global mobility.

Imagine that thirty years pass and you graduate from Edinburgh University. You decide to try your hand at the entrepreneurial lifestyle rather than take the well-trodden path to the City and set-up an online gaming site in London.

You would never have really considered yourself an American citizen. For several years you made ISA contributions and invested in a number of unit trusts. To allocate capital to your business, you also purchased property and leveraged it up quite significantly.

Things are going very well in the online gaming world and you receive an offer for an extraordinary sum of money to buy the business. Understandably, you would give this serious consideration.

### The 'American' problem

At a gathering of friends and family to celebrate your thirtieth birthday, your American cousins remind you of the opportunities and responsibilities of being a US citizen.

Over the last ten years you probably hadn't given your US passport much thought. You may even have travelled to the US on your UK passport. Now, with your interest sparked, you begin to research what it means to be both an American and a British citizen at the same time.

If you consulted with a specialist US/UK tax accountant they might recommend back filing returns for the last six years.

While you have filed your own returns in the UK to date, you quickly realise this is no simple feat on the US side.

The accountant may also tell you that your ISA and unit trust investments are inefficient from a tax perspective; however the cost to unwind them could be significant. Therefore you might think it is best to speak with a specialist US/UK wealth manager to help you organise your private wealth affairs.

Furthermore, you could face a problem paying off your mortgage, given there might be a subtle US tax liability associated with that action.

### What next?

You would continue to carefully consider the offer on your business and perhaps whether you should allocate the proceeds to a UK investment plan, before putting your mind to the next venture. You could be increasingly interested in setting-up something on the west coast of America.

At this stage, it would be prudent to speak to a wealth manager with specific US/UK expertise, as any missteps in the process could potentially result in your gains you have made ending up in the hands of HMRC or the IRS, rather than your own.

A specialist US/UK wealth manager would work through the options with you, talk through your ideas for the next

venture and look into the implications of moving stateside. Maybe your mother was right and you should look at the best way to leverage your US citizenship - although it could seem like a lot of work and you might be struggling to see the benefits.

The more you think about it, you might begin to question how the US would view a US citizen who had run a successful online gaming operation. Therefore, it would be a good idea to obtain legal advice as to whether you should remain a US citizen or at the very least to lay out your options.

Based on this scenario, you will quickly realise that life in your thirties isn't going to be as simple as in your twenties. You would benefit from a coordinated US/UK private wealth strategy, integrated with advice from your US tax accountant and legal advisers to ensure you avoid many of the pitfalls, and profit from some of the benefits of being an 'Accidental American in London'.

This example scenario does not constitute and should not be construed as professional advice. To find out more about the implications for your own personal situation, contact a MASECO Wealth Adviser on 0207 043 0455 or visit [masecoprivatewealth.com](http://masecoprivatewealth.com)

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