

# US senators propose 'anti-Saverin' tax evasion law

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Two US senators, angered by what they said was Facebook co-founder Eduardo Saverin's deliberate tax avoidance, announced legislation Thursday to stop him and other exiles from re-entering the country.

Senators Chuck Schumer and Bob Casey, both Democrats, voiced their outrage at Saverin and said the young mogul had effectively "defriended," himself from the United States by renouncing citizenship and opting to settle in Singapore.

Within hours, Saverin announced he would pay any taxes he owed and said it was "unfortunate" that his decision to expatriate had led to a public debate that was "based not on fact, but entirely on speculation and misinformation."

"I am obligated to and will pay hundreds of millions of dollars in taxes due on everything I earned while a US citizen," he said in a statement. "I have paid and will continue to pay any taxes due on everything I earned while a US citizen."

The law proposed by Schumer and Casey aims to crack down on around 5,000 people including Saverin, a Brazilian who set up Facebook with Mark Zuckerberg and two other friends at Harvard in 2004, from avoiding tax dues by choosing to reside abroad.

Saverin this week revealed he had given up his dual US citizenship and that he intended to stay on in Singapore, but he denied the move was

aimed at sparing himself a big tax bill when Facebook lists on the stock market Friday.

He reiterated that Thursday, saying he was "very grateful to the US for everything it has given me" and that his decision to expatriate was "based solely on my interest in working and living in Singapore."

"I will continue to invest in US businesses and start-ups and believe and hope that those investments will create many new jobs in the US and globally," he added. "I also hope that these investments will create opportunities for many other individuals to start companies and benefit society."

Singapore has no tax on capital gains and Schumer said Saverin's decision "could help him duck anywhere between \$67 million and \$100 million, and that figure could rise, if Facebook stock rises beyond the \$38 offering price."

"This tax avoiding scheme is outrageous. Saverin has turned his back on the country that welcomed him, kept him safe, educated him and helped him become a billionaire," said Schumer, who represents New York in the Senate.

"Eduardo Saverin wants to 'defriend' the United States of America just to avoid paying taxes. And we aren't going to let him get away with it."

"Our two prong plan is simple -- if you renounce your citizenship to avoid paying taxes you can't set foot in America again, and any investments you have in America will be taxed in the future at 30 percent."

As documented in the Oscar-winning film "The Social Network," Saverin, now 30, provided the business acumen and Zuckerberg the

software expertise when they created what would later become the world's most popular website.

The friends had a spectacular falling out when Saverin's stake in the company was heavily diluted. But his remaining stake is enough to give a hefty boost to his riches when Facebook goes public.

"Senator Casey and I have a status update for him: pay your taxes in full or don't ever try to visit the US again," Schumer added.

Casey said under the proposed legislation, called the "Ex-Patriot," Act, any US expatriate with a net worth of \$2 million or more, or an average income tax liability of at least \$148,000 in the previous five years would be deemed to have renounced their citizenship unless they can show a legitimate explanation.

"This is an insult to the American people," Casey said. "We should make sure that he's held accountable.

"We've got troop overseas that are sacrificing on our behalf every day, for all the values that we hold dear, and Mr Saverin spits in their eyes."

The law would apply to more than 5,000 people who in the last 10 years have renounced their citizenship for tax purposes, the senators said, noting that US tax authorities have the list.

Saverin was born to a wealthy family in Brazil, moved to the United States in 1992 and became an American citizen in 1998.

He was an economics major at Harvard when he co-founded Facebook eight years ago with three fellow students including Zuckerberg, the social networking site's current chief executive.

Saverin, however, moved in 2009 to Singapore, a low-tax Asian technology and finance hub where he mingles with entrepreneurs and is regularly seen in exclusive clubs with a young circle of expatriate and local friends.

According to his spokesman, Saverin has invested in firms including Anideo, a Singapore-based tech company that specializes in developing mobile applications for Apple's iOS and Google's Android operating platforms.

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