

4 T.C. 1202 (1945)

A U.S. citizen does not lose citizenship solely by petitioning for naturalization in a foreign country; an oath of allegiance or other formal renunciation is required for expatriation.

Summary

The Estate of Robert Harvey Lyons disputed a deficiency in estate tax, arguing that Lyons was not a U.S. citizen at the time of his death. Lyons, a natural-born U.S. citizen, had resided in Canada for many years and filed a petition for Canadian naturalization, but never took the oath of allegiance. The Tax Court held that Lyons remained a U.S. citizen because he had not completed the naturalization process or otherwise formally renounced his U.S. citizenship. Consequently, his estate was subject to U.S. estate tax laws, as modified by the tax treaty with Canada.

Facts

Robert Harvey Lyons, a natural-born U.S. citizen, lived in Canada from 1913 until his death in 1942. In 1940, Lyons filed a petition for naturalization as a Canadian citizen. Under Canadian law, naturalization required both a court decision deeming the applicant qualified and an oath of allegiance. Lyons obtained a favorable court decision but died before taking the oath. At the time of his death, most of his property was physically located in Canada.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in Lyons' estate tax. The estate challenged the deficiency, arguing that Lyons was not a U.S. citizen at the time of his death and therefore his estate should not be taxed as that of a U.S. citizen. The case was brought before the United States Tax Court.

Issue(s)

Whether Robert Harvey Lyons was a citizen of the United States at the time of his death, despite having petitioned for naturalization in Canada but not taking the oath of allegiance.

Holding

No, because Lyons had not completed the process of naturalization in Canada by taking the required oath of allegiance, nor had he otherwise formally renounced his U.S. citizenship.

Court's Reasoning

The court recognized the inherent right of expatriation, but emphasized that it

requires a voluntary renunciation or abandonment of nationality and allegiance. The court reviewed prior cases and statutes, including the Act of 1907 and the Nationality Act of 1940. It noted that while residing in a foreign country and declaring an intention to become a citizen of that country are factors to consider, they are not sufficient to demonstrate expatriation. The court reasoned that because Lyons never took the oath of allegiance to the British Crown, he remained a U.S. citizen. The court stated, “No decided case has been cited or found in which it has been held that mere protracted residence in a foreign state by a national of the United States and the filing of a declaration of intention to become a citizen of the foreign state deprived him of his citizenship in the United States. The authorities all seem to recognize that there must be a ‘voluntary renunciation or abandonment of nationality and allegiance.’”

Practical Implications

This case clarifies that merely initiating the process of naturalization in a foreign country is insufficient to relinquish U.S. citizenship. A formal act, such as taking an oath of allegiance to the foreign country or making an explicit renunciation of U.S. citizenship, is necessary for expatriation to occur. This decision informs how estate taxes are assessed when a U.S. citizen resides abroad and begins, but does not complete, the process of foreign naturalization. It reinforces the principle that intent to abandon citizenship must be demonstrated by concrete actions. Later cases would further refine the requirements for expatriation, but Lyons provides a clear example of actions that do not, on their own, cause a loss of citizenship. It serves as a reminder that the burden of proving expatriation lies with the party asserting it.