



LESSON 20

FIVE STEPS TO A TAX-FREE LIFE

That night, as I ate alone and friendless on the hotel restaurant patio, I cracked open *The Passport Book*.

Travel documents have been around for centuries. At first, they were letters from an authority (a king, a priest, a pharaoh, a landowner) allowing the bearer to travel unobstructed. While some argue that travel documents provide freedom, others maintain they've historically been used for control. By selectively granting and withholding them, governments have been able to regulate who enters and leaves their country. In the United States, outside of brief periods during previous wars, it wasn't until 1918, near the end of World War I, that the government began requiring everyone crossing the border to have a passport.

"Is that *The Passport Book*?" Someone was actually talking to me.

I looked up to see a thin man in baggy jeans and a short-sleeved green shirt. "Be careful with that," he warned. "The information goes out-of-date pretty quickly."

Without hesitation, I blurted the question I'd wanted to ask every single person at the conference. "Do you already have a second passport?"

"I was born in the UK, but I moved to New Zealand when I was ten, so I already have two passports. But actually"—a proud

smile spread over his lips—“I don’t consider myself a citizen of any country.”

I knew what this meant, because I had already come across it in my research. I had just met my first PT.

“So you’re basically PT?” I asked.

“Since 2000,” he said, beaming. I couldn’t believe he was opening up to me.

Half a century ago, after serving in World War II, a newspaper publisher named Harry Schultz returned to America and was disappointed to find a nation of violent crime, high taxes, and frivolous lawsuits. So he sold his thirteen newspapers and decided to become not a citizen of America, but a citizen of the world. The name he gave to this idea was PT. The letters don’t stand for any two specific words, but they’re most often defined as *perpetual tourist* or *permanent traveler*.

The idea of PT is that, just as we shop at different stores in a mall to find various items we want, we can also shop in different countries to find the lifestyles, governments, careers, people, tax rates, and cultures that best suit us.

So why stay in America just because you were born here? There’s a great big world out there with a lot to offer. Just as every child must eventually grow up and leave home, just as our ancestors left the Old World in search of the new, just as the hero of every great myth journeys outside the familiar, so too must we venture outside our small reality and, rather than simply believing we’re living the best in the best of all possible countries, find out for ourselves.

During my months of fruitless searching for a passport mentor, I had e-mailed Schultz, who was in his eighties. He said he would answer my questions, but, because his eyesight was failing, asked that I fax them to him in very large type. A few months later, I received a response that was several pages long. Unfortu-

nately, he must have answered someone else's fax, because he'd responded to my questions about PT and citizenships with predictions for the gold, stock, and housing markets.

Although I didn't get the advice I needed, I did receive some much-appreciated encouragement. "Govts cant save U," he wrote at the end of the e-mail. "They aren't on your side. U have to save yourself. Row your boat. Be your own country. Wave no flag but your own."

I hoped I would still be that passionate when I was his age. Life is conveyed not just through a heartbeat and brain wave activity, but through an immeasurable spark that animates our faces, our conversations, our being. That spark may be the pursuit of love, success, excitement, validation, connection, happiness, learning, God, or freedom. Its fuel is hope. Without a belief in a better future, it dies. And, aside from an early death, my greatest fear is one day losing that spark, whether through gradual disillusionment or sudden calamity.

The PT at the hotel introduced himself as Greg and invited me to join him at his table. He had the spark. On a scale of one to ten, it was an eight. "I sold everything, paid my tax bill, and told the New Zealand government I was leaving the country," he said, his cheeks flushed with pride.

I was surprised to hear this, because New Zealand seemed like the safest English-speaking country left. "What made you leave?"

"I found myself in a bad situation. I'd lost all my money, including my house. So my son and I moved into a friend's home. I was about to start a day job teaching computer programming, but then I realized that the system was skewed against me."

"What do you mean?"

"Like America, New Zealand has a progressive tax system. The more you earn, the higher your tax rate is. I realized that my

dreams of getting ahead were up against this system that was going to penalize me for being successful. So I decided I wasn't going to stay there to be milked by the government. And I followed the PT course to remove myself legally from the system."

Greg said he'd discovered the concept of PT after embarking on a libertarian reading jag. Ayn Rand's classic tome on capitalism and individualism, *Atlas Shrugged*, had led him to former Libertarian Party presidential candidate Harry Browne's influential *How I Found Freedom in an Unfree World*. From there, he'd picked up *Sic Itur Ad Astra* (This Is the Way to the Stars), a workbook by the astrophysicist Andrew J. Galambos on how to build a society based on personal freedom. And this had led him to the writings of a man known by the pseudonym W. G. Hill.

"Do you have to be a libertarian to be PT?" I asked. Where libertarians believe the best government is the one that governs least, I'd always believed the best government is the one that governs best.

"Not at all," he replied, and then opened his computer and showed me a scanned copy of Hill's book *PT*. In the introduction, Hill claims he was a millionaire whose conspicuous display of wealth led to problems from ex-wives, tax auditors, lawyers, and employees, all of whom wanted a piece of the pie. He was eventually imprisoned for fraud and his assets were seized. While trying to put his life back together, he ran across a pamphlet by Harry Schultz.

After reading it, Hill became excited by the prospect of, in his words, "a stress-free, healthy, prosperous life not limited by government interference, the threat of nuclear war, the reality of food and water contamination, litigation, domestic conflicts, taxation, persecution or harassment."

The way to break free of nationality, according to Schultz's pamphlet, was to follow the three-flag system. The three flags

consist of having a second passport, a safe location for your assets in another country, and a legal address in a tax haven. To these, Hill added a fourth and fifth flag: an additional country as a business base and a number of what he called “playground countries” in which to spend leisure time.

“Seems complicated,” I told Greg. I couldn’t wrap my head around the concept, perhaps because I wasn’t really business savvy. My understanding of money was still primitive: You do work, you get paid for it, and you do your best to put some of that money in a bank.

“The core of PT,” Greg explained patiently, “is that if you’re prepared to decouple from your home country—which is quite an emotional thing for most people—and not spend more than a hundred and eighty days in more than one place, unless it’s a tax haven, you can legally step outside of the obligation to pay income tax. The various flags are designed as a practical way of doing that.”

Though I have my own problems with taxes—they’re too high, they’re painful to pay, and too much of the money goes to defense contractors rather than domestic improvements—I understand their necessity. Unlike Thoreau in *Civil Disobedience*, I’m not going to just stop paying taxes and go to jail for it. If we weren’t giving the government money to protect us, then there would be other people demanding protection money instead. So why not just pay the government, which is at least accountable to a degree—unlike, say, the Mafia?

“It’s a lot of effort to escape from taxes,” I told him. “Couldn’t the same amount of work just be put into making more money to offset your tax liability?”

“I see.” I hoped I hadn’t already offended the only person who’d been nice to me here. “For me, I guess, the main advantage to being outside the system is not the money. It’s the inde-

pendence and the freedom from bureaucracy. The first thing I did after I left New Zealand is I flew to Australia and went for a walk. I had the most amazing sense of freedom.” His cheeks filled with color again. Evidently, he hadn’t taken my skepticism personally. “I was really on cloud nine. I felt like I had been released from a sense of claustrophobia.”

That feeling I understood.

“You should get in touch with a guy called Grandpa in Monaco,” Greg suggested after I blitzed him with follow-up questions. “He’s the archetypal PT. He might be able to help you.”

Before retiring to my room, I asked him why everyone else at the conference was so reluctant to talk. “You have to be careful in this world,” he explained. “A lot of people get into PT because they’re hiding from the law. Others get into it so they can scam folks who are desperate for passports or anonymity. Even the honest people are, by nature, private and distrustful. So it’s a world of people trying to stay in the shadows. Good luck trying to get anyone else to talk.”

“Why were you so nice to me then?”

“Because I found the sixth flag.”

“What’s that?”

“Freedom from fear.”