



Washington, DC

December 4, 2017

Late last Friday night and into early Saturday morning, the Senate debated their version of HR 1 and, as with the House version of this bill, there is no provision for Residency-based taxation (RBT) for Americans living and working overseas.

HR 1 is still not law and the Senate bill will now be reconciled with the House version. Although chances are slim, there is an opportunity for residency-based or territorial treatment to be included. Amendments for the repeal of FATCA were not brought to the floor of the Senate for debate. No action was taken with respect to the Foreign Earned Income Exclusion. Nothing however is final and anything can, and often does, happen.

Bad news? Although ACA is disappointed that some version of our approach to RBT has not been included in this tax bill, we strongly believe that there is continued opportunity for such reform to become law.

Efforts by all the organizations advocating up on the Hill these past months and during the tax reform debate, ACA, Asia Pacific Council of American Chambers of Commerce (APCAC), AmCham Abu Dhabi, Americans For Tax Reform (ATR), Democrats Abroad and Republicans Overseas, played a key role in increasing the awareness of the issue and providing Congress with ideas on reform. It is unprecedented as never before has so much been written on the subject in the media and have so many offices been educated on the issues.

Important Congressional offices officially voiced their concerns about the current tax policy for Americans overseas, notably Congressman Holding who brought the issue onto the floor of the House and received affirmative confirmation from Chairman Brady that finding a solution to the problem of taxation of Americans overseas is very much alive. <https://www.americansabroad.org/news/latest-rbt-update-171116/> This is no small feat and not simply a side-comment.

Perhaps more importantly, the tax writing committees, Joint Committee on Taxation, Senate Finance and House Ways & Means, are aware of proposals for tax reform and, with ACA's RBT revenue estimates, there is a solid baseline for these offices to turn to for their scoring efforts. ACA has created baseline knowledge on the size and asset make-up of the community and this knowledge is key for the offices on the Hill as well as the Treasury Department.

Why didn't RBT get into the House and Senate versions of HR 1? Controversy over the pace and manner in which HR 1 has been pushed through the House and Senate certainly played a key role. Domestic priorities and focus on corporate tax reform were certainly front and center in the discussion, leaving very little space for other, even closely related, issues. Representatives



AMERICAN CITIZENS ABROAD
EDUCATE, ADVOCATE AND INFORM

in both the House and Senate noted this throughout the drafting and debate process. This lacuna will most certainly lead to a post-vote corrective bill where topics such as RBT have a better chance of being addressed. With so much focus on not increasing the debt, however, revenue neutrality, we believe, is more important than ever. If a residency-based/territorial-for-individuals proposal is to succeed, it will be essential that it is revenue neutral.

Where do we go from here? ACA will continue with its advocacy work for RBT in the coming weeks and into the New Year. There are offices currently working on RBT and considering legislative language. ACA will continue our focus on these offices and with the tax writing committees.

ACA thanks the community for its continued support. This is not the time to throw in the towel but to continue to push ahead and take advantage of all the positive work done by all the organizations and the support we have generated up on the Hill. ACA hopes that our members and supporters will continue their efforts to help us with our advocacy work for RBT.

Contact: Marylouise Serrato +1 202 322 8441