



AMERICAN CITIZENS ABROAD
EDUCATE, ADVOCATE AND INFORM

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American Citizens Abroad (ACA) Releases Updated Refinements on Residency-Based Taxation

For Immediate Release:

ACA's initial "vanilla approach" to Residency-based taxation (RBT) was released in 2016. As a result of input from ACA members and supporters, data from the revenue estimating work being done with District Economics Group (DEG) and soundings with Congressional Members' and committee staffs, ACA has been making refinements to RBT.

Today ACA releases these refinements, which include treatment of Social Security income, distributions from IRAs and other deferred compensation arrangements, and several special transition rules. Another subject addressed is how to treat individuals engaged in short-term work abroad.

An area that will be a key concern of the tax-writing committees is "leakage" or the potential for abuse of an RBT system purely for the purpose of tax avoidance. ACA has done its homework on this issue, considering how to tighten up rules for those qualifying for RBT, while acknowledging the needs of short-term and contract workers who need RBT to get a foothold in new markets and compete overseas.

"ACA knows what legislators and the tax-writing committees are concerned with in a move to RBT," said Marylouise Serrato, Executive Director, ACA. "ACA appreciates that having a path forward to address those concerns is critical to the scoring and passage of any RBT legislation."

ACA has been working with DEG on revenue estimates since late May of this year. "We are in a good place now having painstakingly constructed a baseline, which includes a number of pieces that did not exist before this exercise. This is highly informative and will be extremely useful, in the hands of Members, in finalizing a proposal", commented Charles Bruce, ACA's Legal Counsel.

ACA is crowd-funding the cost of revenue estimates and is continuing to solicit contributions from members and others, with recent meetings and special presentations in Rome, London, Basel, and Zürich. "All Americans abroad should be intensely interested in the subject and ready to put their shoulder to the wheel," said Michael Larsen, Chairman, London Chapter, ACA.

Updates on ACA's proposal can be found here:

<https://www.americansabroad.org/advancements-acas-residency-based-taxation-rbt-approach/>.

Information about crowd-funding of revenue estimates can be found here:

<http://acaqlobalfoundation.org/donate>.

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