



AMERICAN CITIZENS ABROAD
EDUCATE, ADVOCATE AND INFORM

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American Citizens Abroad (ACA) Calls on Congress to Hold Hearings on Taxation of Americans Abroad

With the Tax Cuts and Jobs Act (HR 1) signed into law last Friday, and the subject of taxation of Americans living and working overseas not dealt with, ACA is calling upon Congress to hold hearings on this subject early in the New Year.

Many people on Capitol Hill and the Administration expressed support for changes in the tax rules. Ways and Means Chairman Brady was quoted in the press and, together with Representative Holding, spoke openly on the House floor about their continuing commitment to finding a solution to the tax problems affecting Americans overseas.

While differing on details, Republicans Overseas, Democrats Abroad, Americans for Tax Reform, the Heritage Foundation, several American Chambers of Commerce overseas, and other business groups, all support the movement towards change.

“Now is the time to lay on the table every aspect of this subject,” said Marylouise Serrato, Executive Director. “The background, the workings of existing law, the numbers, the real-life stories, all need to be aired, and now’s the time to do it. Then, based on all the information, everyone can come forward with their detailed proposals.”

ACA supports replacing citizenship-based taxation with residency-based taxation, along the lines of the middle-of-the-road or “vanilla” approach developed by it, with the help of its members and many commentators, beginning a year ago.

<https://www.americansabroad.org/media/files/files/e547e516/Residency-Based Taxation ACA Side-By-Side Comparison Vanilla Approach 171101 v2 .pdf>.

“The details of this approach are intended as a starting point for everyone’s thinking,” said Charles Bruce, ACA’s Legal Counsel. “It’s not a legislative proposal, as such, but it will help people who want to dive into the subject.”

ACA, with District Economics Group, over a five-month period, has developed a baseline case and run preliminary estimates on the “vanilla” approach. This analysis shows, with careful choices, it is possible to make RBT revenue neutral.

<https://www.americansabroad.org/media/files/files/dc1e1c4e/DEG short memo on RBT proposal 11.06.2017.pdf>. This should give others a “leg up” on the subject, but it is for all the interested parties to work through the details and present their views.

“The Tax Cuts and Jobs Act brings corporate tax policy into the 21st Century – moving to a territorial tax system like the rest of the industrialized world. Individuals should not be left tied to an arcane and burdensome tax system based on 19th Century Civil War era tax policy,” commented Marylouise Serrato.

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