



AMERICAN CITIZENS ABROAD

EDUCATE, ADVOCATE AND INFORM

Washington, DC
March 23, 2018

ACA writes to Treasury urging relief from certain reporting requirements in the Tax Cuts and Job Acts affecting Americans Abroad.

American Citizens Abroad, Inc. (ACA) and its sister organization American Citizens Abroad Global Foundation (ACAGF), both nonpartisan exempt organizations representing Americans abroad, wrote to Treasury officials requesting immediate relief on the imposition of certain reporting and filing requirements contained in the recently enacted Tax Cuts and Jobs Act (TCJA). See letter [here](#).

Among other things, this Act affects American individuals residing abroad who have a reportable interest in a controlled foreign corporation. The so-called “transition” tax in amended section 965 will harm many Americans abroad. They will be hit with new tax. This tax will be due with their 2017 filing. Many may not have the funds to pay it.

For example, an American abroad who owns a business through a controlled foreign corporation (CFC) will need to figure out whether that CFC has accumulated earnings and profits as of November 2, 2017; if so, what the size and character of these earnings are; likely bring current the calculation of accumulated earnings and profits; and make the calculation of earnings subject to tax under new section 965. The last calculation must be in conformance with new, very detailed rules.

For thousands of Americans abroad these new provisions create a compliance nightmare and an overwhelming majority of them will not be able to comply within the time deadlines of April 15, 2018.

Speaking on behalf of ACA, ACA Legal Counsel Charles Bruce noted that “There is no *de minimis* rule, which might save the day for many taxpayers having small businesses operating through what for US tax purposes is a corporation. There should be. The new rules call for reporting which, frankly, for many American individuals living abroad is nigh-on impossible.”

Although ACA is urging immediate relief by extending the filing deadline and applying a *de minimis* rule to exempt Americans Abroad from the filing requirements, the real solution to this problem and other overseas American tax problems is to move to a residency-based taxation (RBT) regime.

ACA has been advocating for this change and is confident that movement on this issue is in the making. “We believe that legislation will be proposed shortly and ACA, along with other stakeholders, is working to help with the development of this legislation and to identify Congressional support,” said Marylouise Serrato Executive Director of ACA. A recent ACA update on their RBT efforts can be found [here](#).

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