



AMERICAN CITIZENS ABROAD
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Washington, DC, December 20, 2018

Congressman Holding today introduced a bill (The Tax Fairness for Americans Abroad Act of 2018, H.R. 7358) providing Americans abroad with alternative tax exclusion, offering residency-based taxation in lieu of existing citizenship-based taxation.

ACA applauds Congressman Holding on the development and introduction of much anticipated and much needed tax reform bill for Americans living and working overseas. Congressman Holding's bill, [*The Tax Fairness for Americans Abroad Act of 2018 \(H.R. 7358\)*](#), creates a tax regime that is simpler, fairer and more competitive for Americans around the world. This bill takes a meaningful step to address the discriminatory double taxation of Americans abroad, eases the burden of dual tax filing requirements and ensures that Americans around the world are able to accurately plan and save for their future without the fear of punishing tax liabilities.

Placed as an alternative alongside the existing foreign earned income and housing cost exclusions (existing section 911), nonresident US citizens that elect to be taxed as qualified nonresident citizens, will be able to exclude, and thus be exempt on, foreign earned income, without limit, and specified foreign unearned income related to their foreign residency (time abroad). All nonresident citizens, however, will remain subject to tax on any US source income.

"Congressman Holding is a true champion of Americans overseas. ACA dedicated the last two years to informing Congress and advocating for tax reform for Americans overseas. We are pleased that we were able to work with Representative Holding and his staff, providing them with our input, data and knowledge on the subject," said Marylouise Serrato, Executive Director.

"This is a fantastic step forward for the overseas community and the community owes a great debt of gratitude to Congressman Holding. Tax fairness for Americans overseas cannot come soon enough given the issues created by the 2010 Foreign Account and Tax Compliance Act and the highly damaging fallout from last year's tax bill," added Jonathan Lachowitz, ACA Chairman.

ACA anticipates that hearings on the bill will be held to give Congress the opportunity to ask all the relevant questions and examine all the data - the revenue implications of the bill, the mechanics of the bill and the real-life composition of the community of Americans living and working overseas. ACA looks forward to contributing to this process.



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“Congress has never considered replacing citizenship-based taxation with residency-based taxation, either as a complete substitute or as an elective alternative. This is the first time, and it ‘breaks ice’ on many issues. Details no doubt will need to be ironed out. Now Americans abroad need to knuckle down and get on with the hard work of lobbying – yes lobbying – for this legislation,” said Charles Bruce, ACA Legal Counsel.

See <https://www.americansabroad.org/tax-fairness-act-rbt/> on the ACA website for full summary of bill and background.

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