



AMERICAN CITIZENS ABROAD
EDUCATE, ADVOCATE AND INFORM

Washington, DC
November 2, 2018

Tax Cuts and Jobs Act (TCJA) 2.0 Must Include Residency-Based Tax Reform for US Citizens Living and Working Overseas

American Citizens Abroad (ACA), a qualified section 501(c)(4) organization has written to the House Ways & Means Chairman Kevin Brady and Ranking Member Richard Neal stressing that Residency-based tax reform (RBT) for US citizens living and working [overseas must be part of TCJA 2.0](#).

ACA's letter argues that the time has come to address tax reform for US citizens living and working overseas. An extensive body of data now exists which can help Congress develop legislation. Among the data available to Congress, ACA highlights its own "vanilla approach" to RBT ([publicly issued in December of 2016](#)) and the revenue estimates for this approach developed by District Economics Group (DEG) for ACA ([publicly issued November, 2017](#)).

"The ACA data has been provided to the Joint Committee on Taxation, the House Ways and Means Committee, and several interested Members offices. The analysis includes important data on the size, make-up and asset composition of US citizens living and working overseas," said Marylouise Serrato, Executive Director of ACA.

In its letter, ACA notes how the recent passage of the TCJA has created [serious problems](#) for US citizens living overseas who own and operate small businesses. "Simply put, under the new participation exemption system for US Corporations, independent 'Mom and Pop' businesses overseas are being treated like large US Corporations with international operations but without receiving the benefits afforded to large US Corporation such as the 100% dividends received deduction," said Charles Bruce, Chairman of ACA Global Foundation and ACA Legal Counsel.

ACA's letter notes that many of the current issues with international taxation of US citizens has been complicated by the unintended consequences of recent tax evasion and tax reform legislation given Congress' lack of understanding of the community of US citizens living overseas. Congress now has the ability to correct this. ACA argues that there are plenty of good reasons to do this now, primary among them, that no subsection of US citizenry be ignored and forgotten in tax reform.

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