Washington, DC
March 25, 2019

On March 13th and 14th, American Citizens Abroad (ACA) and American Citizens Abroad Global Foundation (ACAGF) hosted two webcasts updating the community on the recently introduced legislation, Tax Fairness for Americans Abroad Act (TFAA).

Introduced on December 20, 2018 by Representative Holding (R-NC), TFAA (H.R. 7358) would change the approach to taxing US citizens living and working overseas to a residency-based taxation—some call it territorial-- approach. Americans overseas would no longer be taxed on income that is not earned in the United States. This would bring the US in line with the global norm for taxation and would alleviate problems of double taxation and compliancy costs for millions of Americans overseas.

Invited to speak at the webcasts were Matt Stross, Tax Counsel for Representative Holding, ACA Legal Counsel Charles Bruce and, several tax professionals (March 13 bios) (March 14 bios).

“ACA and ACAGF felt it important to have an update on the extensive work that Representative Holding’s office has been doing on this legislation and inform the community on next steps,” said Charles Bruce, ACA Legal Counsel and ACAGF Chairman.

The proposed legislation would work off the Foreign Earned Income Exclusion (FEIE) and would create an exclusion for income earned outside of the United States by qualified non-resident US citizens. Stross highlighted that staff is working with the Joint Committee on Taxation (JCT) and the House Office of the Legislative Counsel to better define “some of the trickier issues” such as how to define personal property and how to tax gains related to foreign property before the taxpayer qualifies as a non-resident citizen.

Mr. Stross noted that next steps included re-introducing of the bill in the new 116th Congress and assigning a new bill number and, requesting the Chairman of the Ways & Means Committee to hold hearings on the bill in order “to get [the bill] the attention it so rightly deserves”. Hearings by the House Ways & Means Committee will help to define issues, such as, whether failing to file a foreign bank and financial account report would disqualify someone from the legislation due to compliancy requirements, as was noted by Craig Thompson, independent tax advisor who participated in the webcast. Stephane Lagonico, lawyer and independent trust and estate practitioner who also participated in the webcast, added that more definition is needed to understand how the legislation will interact with the other parts of the tax code.

“Response to the webcasts has been very positive and the community has written ACA and ACAGF expressing how important it was for them to hear about this legislation from the Office of Representative Holding. ACA will be working to make the content from these webcasts more widely available in the coming days,” added ACA Executive Director Marylouise Serrato.

For full audio of both the March 13th and 14th webcasts click ***here***.