

Residence-Based Taxation COALITION

June 27, 2022

The Honorable Richard Neal
Chairman
Ways and Means Committee
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Ways and Means Committee
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Thompson
Chairman
Ways and Means Committee
Subcommittee on Select Revenue Measures
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Kelly
Ranking Member
Ways and Means Committee
Subcommittee on Select Revenue Measures
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal, Ranking Member Brady, Chairman Thompson and Ranking Member Kelly,

The [Residence-Based Taxation Coalition](#) (RBT Coalition) is a consortium of organizations and businesses which support enactment of Residence-based taxation (RBT) in place of the current system of Citizenship-based taxation (CBT). The RBT Coalition is writing to request that the House Ways & Means Committee or the Subcommittee on Select Revenue Measures, hold a hearing on taxation of Americans abroad, related tax and compliance issues and, more specifically, three bills dealing with these subjects.

These bills are Congressman Beyer's "[Tax Simplification for Americans Abroad Act \(H.R.6057\)](#)" and Congresswoman Maloney's two pieces of legislation, "[Commission on Americans Living Overseas Act \(H.R.5800\)](#)" and the "[Overseas Americans Financial Access Act \(H.R.5799\)](#)".

The United States taxes worldwide income, foreign as well as domestic income, on the basis of citizenship. This is commonly called Citizenship-based taxation (CBT). Residence-based taxation (RBT) taxes individuals on the basis of where income is earned. RBT would not tax Americans truly residing outside the US on their foreign income. They would remain taxable on US income. The United States' system of taxation based upon citizenship is unique in the world.

The RBT Coalition is nonpartisan. It does not advocate for a particular approach to drafting RBT. It leaves it to Congress to develop detailed provisions. It simply advocates for a change in the general approach. Individual members of the RBT Coalition will have their own ideas on the details.

With a hearing, all the relevant issues could be laid on the table and all the interested parties could be heard. The Joint Committee on Taxation and Treasury Department could present information on the history of the tax treatment of Americans abroad, the workings of the various existing statutory and treaty rules, the population and characteristics of American taxpayers residing outside the US, and other critical subjects.

Americans residing abroad and their businesses could tell their stories and describe the problems they experience. The many problems of complying with existing income and reporting rules could be explored.

Congress with the 2017 Tax Cuts and Jobs Act addressed the subject of taxation of foreign income for corporations. Taxation of American citizens living abroad deals with many of the same issues for individuals. Individuals have largely been ignored in the past. A hearing would quite usefully direct attention to them.

The RBT Coalition www.rbtcoalition.org

For more information, please contact: info@rbtcoalition.org



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