

104TH CONGRESS
1ST SESSION

H. R. 2012

To amend the Internal Revenue Code of 1986 to revise the income, estate, and gift tax rules applicable to individuals who lose United States citizenship.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 1995

Mr. CREMEANS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to revise the income, estate, and gift tax rules applicable to individuals who lose United States citizenship.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Expatriation Tax Act
5 of 1995”.

1 **SEC. 2. REVISION OF INCOME, ESTATE, AND GIFT TAXES ON**
2 **INDIVIDUALS WHO LOSE UNITED STATES**
3 **CITIZENSHIP.**

4 (a) IN GENERAL.—Subsection (a) of section 877 of
5 the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(a) TREATMENT OF EXPATRIATES.—

8 “(1) IN GENERAL.—Every nonresident alien in-
9 dividual who, within the 10-year period immediately
10 preceding the close of the taxable year, lost United
11 States citizenship, unless such loss did not have for
12 1 of its principal purposes the avoidance of taxes
13 under this subtitle or subtitle B, shall be taxable for
14 such taxable year in the manner provided in sub-
15 section (b) if the tax imposed pursuant to such sub-
16 section exceeds the tax which, without regard to this
17 section, is imposed pursuant to section 871.

18 “(2) CERTAIN INDIVIDUALS TREATED AS HAV-
19 ING TAX AVOIDANCE PURPOSE.—For purposes of
20 paragraph (1), an individual shall be treated as hav-
21 ing a principal purpose to avoid such taxes if—

22 “(A) the average annual net income tax
23 (as defined in section 38(c)(1)) of such individ-
24 ual for the period of 5 taxable years ending be-
25 fore the date of the loss of United States citi-
26 zenship is greater than \$100,000, or

1 “(B) the net worth of the individual as of
2 such date is \$500,000 or more.

3 In the case of the loss of United States citizenship
4 in any calendar year after 1996, such \$100,000 and
5 \$500,000 amounts shall be increased by an amount
6 equal to such dollar amount multiplied by the cost-
7 of-living adjustment determined under section
8 1(f)(3) for such calendar year by substituting ‘1994’
9 for ‘1992’ in subparagraph (B) thereof. Any in-
10 crease under the preceding sentence shall be round-
11 ed to the nearest multiple of \$1,000.”

12 (b) EXCEPTIONS.—

13 (1) IN GENERAL.—Section 877 of such Code is
14 amended by striking subsection (d), by redesignating
15 subsection (c) as subsection (d), and by inserting
16 after subsection (b) the following new subsection:

17 “(c) TAX AVOIDANCE NOT PRESUMED IN CERTAIN
18 CASES.—

19 “(1) IN GENERAL.—Subsection (a)(2) shall not
20 apply to an individual if—

21 “(A) such individual is described in a sub-
22 paragraph of paragraph (2) of this subsection,
23 and

24 “(B) within the 1-year period beginning on
25 the date of the loss of United States citizenship,

1 such individual submits a ruling request for the
2 Secretary's determination as to whether such
3 loss has for 1 of its principal purposes the
4 avoidance of taxes under this subtitle or subtitle
5 B.

6 “(2) INDIVIDUALS DESCRIBED.—

7 “(A) DUAL CITIZENSHIP, ETC.—An indi-
8 vidual is described in this subparagraph if—

9 “(i) the individual became at birth a
10 citizen of the United States and a citizen
11 of another country and continues to be a
12 citizen of such other country, or

13 “(ii) the individual becomes (not later
14 than the close of a reasonable period after
15 loss of United States citizenship) a citizen
16 of the country in which—

17 “(I) such individual was born,

18 “(II) if such individual is mar-
19 ried, such individual's spouse was
20 born, or

21 “(III) either of such individual's
22 parents were born.

23 “(B) LONG-TERM FOREIGN RESIDENTS.—

24 An individual is described in this subparagraph
25 if, for each year in the 10-year period ending on

1 the date of loss of United States citizenship, the
2 individual was present in the United States for
3 30 days or less. The rule of section
4 7701(b)(3)(D)(ii) shall apply for purposes of
5 this subparagraph.

6 “(C) RENUNCIATION UPON REACHING AGE
7 OF MAJORITY.—An individual is described in
8 this subparagraph if the individual’s loss of
9 United States citizenship occurs before such in-
10 dividual attains age 18^{1/2}.

11 “(D) INDIVIDUALS SPECIFIED IN REGULA-
12 TIONS.—An individual is described in this sub-
13 paragraph if the individual is described in a
14 category of individuals prescribed by regulation
15 by the Secretary.”

16 (2) TECHNICAL AMENDMENT.—Paragraph (1)
17 of section 877(b) of such Code is amended by strik-
18 ing “subsection (c)” and inserting “subsection (d)”.

19 (c) TREATMENT OF PROPERTY DISPOSED OF IN
20 NONRECOGNITION TRANSACTIONS; TREATMENT OF DIS-
21 TRIBUTIONS FROM CERTAIN CONTROLLED FOREIGN
22 CORPORATIONS.—Subsection (d) of section 877 of such
23 Code, as redesignated by subsection (b), is amended to
24 read as follows:

1 “(d) SPECIAL RULES FOR SOURCE, ETC.—For pur-
2 poses of subsection (b)—

3 “(1) SOURCE RULES.—The following items of
4 gross income shall be treated as income from sources
5 within the United States:

6 “(A) SALE OF PROPERTY.—Gains on the
7 sale or exchange of property (other than stock
8 or debt obligations) located in the United
9 States.

10 “(B) STOCK OR DEBT OBLIGATIONS.—
11 Gains on the sale or exchange of stock issued
12 by a domestic corporation or debt obligations of
13 United States persons or of the United States,
14 a State or political subdivision thereof, or the
15 District of Columbia.

16 “(C) INCOME OR GAIN DERIVED FROM
17 CONTROLLED FOREIGN CORPORATION.—Any in-
18 come or gain derived from stock in a foreign
19 corporation but only—

20 “(i) if the individual losing United
21 States citizenship owned (within the mean-
22 ing of section 958(a)), or is considered as
23 owning (by applying the ownership rules of
24 section 958(b)), at any time during the 2-
25 year period ending on the date of the loss

1 of United States citizenship, more than 50
2 percent of—

3 “(I) the total combined voting
4 power of all classes of stock entitled
5 to vote of such corporation, or

6 “(II) the total value of the stock
7 of such corporation, and

8 “(ii) to the extent such income or gain
9 does not exceed the earnings and profits
10 attributable to such stock which were
11 earned or accumulated before the loss of
12 citizenship and during periods that the
13 ownership requirements of clause (i) are
14 met.

15 “(2) GAIN RECOGNITION ON CERTAIN EX-
16 CHANGES.—

17 “(A) IN GENERAL.—In the case of any ex-
18 change of property to which this paragraph ap-
19 plies, notwithstanding any other provision of
20 this title, such property shall be treated as sold
21 for its fair market value on the date of such ex-
22 change, and any gain shall be recognized for
23 the taxable year which includes such date.

24 “(B) EXCHANGES TO WHICH PARAGRAPH
25 APPLIES.—This paragraph shall apply to any

1 exchange during the 10-year period described in
2 subsection (a) if—

3 “(i) gain would not (but for this para-
4 graph) be recognized on such exchange in
5 whole or in part for purposes of this sub-
6 title,

7 “(ii) income derived from such prop-
8 erty was from sources within the United
9 States (or, if no income was so derived,
10 would have been from such sources), and

11 “(iii) income derived from the prop-
12 erty acquired in the exchange would be
13 from sources outside the United States.

14 “(C) EXCEPTION.—Subparagraph (A)
15 shall not apply if the individual enters into an
16 agreement with the Secretary which specifies
17 that any income or gain derived from the prop-
18 erty acquired in the exchange (or any other
19 property which has a basis determined in whole
20 or part by reference to such property) during
21 such 10-year period shall be treated as from
22 sources within the United States. If the prop-
23 erty transferred in the exchange is disposed of
24 by the person acquiring such property, such
25 agreement shall terminate and any gain which

1 was not recognized by reason of such agreement
2 shall be recognized as of the date of such dis-
3 position.

4 “(D) SECRETARY MAY EXTEND PERIOD.—
5 To the extent provided in regulations prescribed
6 by the Secretary, subparagraph (B) shall be ap-
7 plied by substituting the 15-year period begin-
8 ning 5 years before the loss of United States
9 citizenship for the 10-year period referred to
10 therein.

11 “(E) SECRETARY MAY REQUIRE RECOGNI-
12 TION OF GAIN IN CERTAIN CASES.—To the ex-
13 tent provided in regulations prescribed by the
14 Secretary—

15 “(i) the removal of appreciated tan-
16 gible personal property from the United
17 States, and

18 “(ii) any other occurrence which
19 (without recognition of gain) results in a
20 change in the source of the income or gain
21 from property from sources within the
22 United States to sources outside the
23 United States,

24 shall be treated as an exchange to which this
25 paragraph applies.

1 “(3) SUBSTANTIAL DIMINISHING OF RISKS OF
2 OWNERSHIP.—For purposes of determining whether
3 this section applies to any gain on the sale or ex-
4 change of any property, the running of the 10-year
5 period described in subsection (a) shall be suspended
6 for any period during which the individual’s risk of
7 loss with respect to the property is substantially di-
8 minished by—

9 “(A) the holding of a put with respect to
10 such property (or similar property),

11 “(B) the holding by another person of a
12 right to acquire the property, or

13 “(C) a short sale or any other trans-
14 action.”

15 (d) CREDIT FOR FOREIGN TAXES IMPOSED ON
16 UNITED STATES SOURCE INCOME.—

17 (1) Subsection (b) of section 877 of such Code
18 is amended by adding at the end the following new
19 sentence: “The tax imposed solely by reason of this
20 section shall be reduced (but not below zero) by the
21 amount of any income, war profits, and excess prof-
22 its taxes (within the meaning of section 903) paid to
23 any foreign country or possession of the United
24 States on any income of the taxpayer on which tax
25 is imposed solely by reason of this section.”

1 (2) Subsection (a) of section 877 of such Code,
2 as amended by subsection (a), is amended by insert-
3 ing “(after any reduction in such tax under the last
4 sentence of such subsection)” after “such sub-
5 section”.

6 (e) COMPARABLE ESTATE AND GIFT TAX TREAT-
7 MENT.—

8 (1) ESTATE TAX.—

9 (A) IN GENERAL.—Subsection (a) of sec-
10 tion 2107 of such Code is amended to read as
11 follows:

12 “(a) TREATMENT OF EXPATRIATES.—

13 “(1) RATE OF TAX.—A tax computed in accord-
14 ance with the table contained in section 2001 is
15 hereby imposed on the transfer of the taxable estate,
16 determined as provided in section 2106, of every de-
17 cedent nonresident not a citizen of the United States
18 if, within the 10-year period ending with the date of
19 death, such decedent lost United States citizenship,
20 unless such loss did not have for 1 of its principal
21 purposes the avoidance of taxes under this subtitle
22 or subtitle A.

23 “(2) CERTAIN INDIVIDUALS TREATED AS HAV-
24 ING TAX AVOIDANCE PURPOSE.—

1 “(A) IN GENERAL.—For purposes of para-
2 graph (1), an individual shall be treated as hav-
3 ing a principal purpose to avoid such taxes if
4 such individual is so treated under section
5 877(a)(2).

6 “(B) EXCEPTION.—Subparagraph (A)
7 shall not apply to a decedent meeting the re-
8 quirements of section 877(c)(1).”

9 (B) CREDIT FOR FOREIGN DEATH
10 TAXES.—Subsection (c) of section 2107 of such
11 Code is amended by redesignating paragraph
12 (2) as paragraph (3) and by inserting after
13 paragraph (1) the following new paragraph:

14 “(2) CREDIT FOR FOREIGN DEATH TAXES.—

15 “(A) IN GENERAL.—The tax imposed by
16 subsection (a) shall be credited with the amount
17 of any estate, inheritance, legacy, or succession
18 taxes actually paid to any foreign country in re-
19 spect of any property which is included in the
20 gross estate solely by reason of subsection (b).

21 “(B) LIMITATION ON CREDIT.—The credit
22 allowed by subparagraph (A) for such taxes
23 paid to a foreign country shall not exceed the
24 lesser of—

1 “(i) the amount which bears the same
2 ratio to the amount of such taxes actually
3 paid to such foreign country in respect of
4 property included in the gross estate as the
5 value of the property included in the gross
6 estate solely by reason of subsection (b)
7 bears to the value of all property subjected
8 to such taxes by such foreign country, or

9 “(ii) such property’s proportionate
10 share of the excess of—

11 “(I) the tax imposed by sub-
12 section (a), over

13 “(II) the tax which would be im-
14 posed by section 2101 but for this
15 section.

16 “(C) PROPORTIONATE SHARE.—For pur-
17 poses of subparagraph (B), a property’s propor-
18 tionate share is the percentage which the value
19 of the property which is included in the gross
20 estate solely by reason of subsection (b) bears
21 to the total value of the gross estate.”

22 (C) EXPANSION OF INCLUSION IN GROSS
23 ESTATE OF STOCK OF FOREIGN CORPORA-
24 TIONS.—Paragraph (2) of section 2107(b) of
25 such Code is amended by striking “more than

1 50 percent of” and all that follows and insert-
2 ing “more than 50 percent of—

3 “(A) the total combined voting power of all
4 classes of stock entitled to vote of such corpora-
5 tion, or

6 “(B) the total value of the stock of such
7 corporation,”.

8 (2) GIFT TAX.—

9 (A) IN GENERAL.—Paragraph (3) of sec-
10 tion 2501(a) of such Code is amended to read
11 as follows:

12 “(3) EXCEPTION.—

13 “(A) CERTAIN INDIVIDUALS.—Paragraph
14 (2) shall not apply in the case of a donor who,
15 within the 10-year period ending with the date
16 of transfer, lost United States citizenship, un-
17 less such loss did not have for 1 of its principal
18 purposes the avoidance of taxes under this sub-
19 title or subtitle A.

20 “(B) CERTAIN INDIVIDUALS TREATED AS
21 HAVING TAX AVOIDANCE PURPOSE.—For pur-
22 poses of subparagraph (A), an individual shall
23 be treated as having a principal purpose to
24 avoid such taxes if such individual is so treated
25 under section 877(a)(2).

1 “(C) EXCEPTION FOR CERTAIN INDIVID-
2 UALS.—Subparagraph (B) shall not apply to a
3 decedent meeting the requirements of section
4 877(c)(1).

5 “(D) CREDIT FOR FOREIGN GIFT TAXES.—
6 The tax imposed by this section solely by reason
7 of this paragraph shall be credited with the
8 amount of any gift tax actually paid to any for-
9 eign country in respect of any gift which is tax-
10 able under this section solely by reason of this
11 paragraph.”

12 (f) COMPARABLE TREATMENT OF LAWFUL PERMA-
13 NENT RESIDENTS WHO CEASE TO BE TAXED AS RESI-
14 DENTS.—

15 (1) IN GENERAL.—Section 877 of such Code is
16 amended by redesignating subsection (e) as sub-
17 section (f) and by inserting after subsection (d) the
18 following new subsection:

19 “(e) COMPARABLE TREATMENT OF LAWFUL PERMA-
20 NENT RESIDENTS WHO CEASE TO BE TAXED AS RESI-
21 DENTS.—

22 “(1) IN GENERAL.—Any long-term resident of
23 the United States who—

1 “(A) ceases to be a lawful permanent resi-
2 dent of the United States (within the meaning
3 of section 7701(b)(6)), or

4 “(B) commences to be treated as a resi-
5 dent of a foreign country under the provisions
6 of a tax treaty between the United States and
7 the foreign country and who does not waive the
8 benefits of such treaty applicable to residents of
9 the foreign country,

10 shall be treated for purposes of this section and sec-
11 tions 2107, 2501, and 6039F in the same manner
12 as if such resident were a citizen of the United
13 States who lost United States citizenship on the date
14 of such cessation or commencement.

15 “(2) LONG-TERM RESIDENT.—For purposes of
16 this subsection, the term ‘long-term resident’ means
17 any individual (other than a citizen of the United
18 States) who is a lawful permanent resident of the
19 United States in at least 8 taxable years during the
20 period of 15 taxable years ending with the taxable
21 year during which the event described in subpara-
22 graph (A) or (B) of paragraph (1) occurs. For pur-
23 poses of the preceding sentence, an individual shall
24 not be treated as a lawful permanent resident for
25 any taxable year if such individual is treated as a

1 resident of a foreign country for the taxable year
2 under the provisions of a tax treaty between the
3 United States and the foreign country and does not
4 waive the benefits of such treaty applicable to resi-
5 dents of the foreign country.

6 “(3) SPECIAL RULES.—

7 “(A) EXCEPTIONS NOT TO APPLY.—Sub-
8 section (c) shall not apply to an individual who
9 is treated as provided in paragraph (1).

10 “(B) STEP-UP IN BASIS.—Solely for pur-
11 poses of determining any tax imposed by reason
12 of this subsection, property which was held by
13 the long-term resident on the date the individ-
14 ual first became a resident of the United States
15 shall be treated as having a basis on such date
16 of not less than the fair market value of such
17 property on such date. The preceding sentence
18 shall not apply if the individual elects not to
19 have such sentence apply. Such an election,
20 once made, shall be irrevocable.

21 “(4) AUTHORITY TO EXEMPT INDIVIDUALS.—

22 This subsection shall not apply to an individual who
23 is described in a category of individuals prescribed
24 by regulation by the Secretary.

1 “(5) REGULATIONS.—The Secretary shall pre-
2 scribe such regulations as may be appropriate to
3 carry out this subsection, including regulations pro-
4 viding for the application of this subsection in cases
5 where an alien individual becomes a resident of the
6 United States during the 10-year period after being
7 treated as provided in paragraph (1).”

8 (2) CONFORMING AMENDMENTS.—

9 (A) Section 2107 of such Code is amended
10 by striking subsection (d), by redesignating sub-
11 section (e) as subsection (d), and by inserting
12 after subsection (d) (as so redesignated) the fol-
13 lowing new subsection:

14 “(e) CROSS REFERENCE.—

**“For comparable treatment of long-term lawful
 permanent residents who ceased to be taxed as resi-
 dents, see section 877(e).”**

15 (B) Paragraph (3) of section 2501(a) of
16 such Code (as amended by subsection (e)) is
17 amended by adding at the end the following
18 new subparagraph:

19 “(E) CROSS REFERENCE.—

**“For comparable treatment of long-term lawful
 permanent residents who ceased to be taxed as resi-
 dents, see section 877(e).”**

20 (g) EFFECTIVE DATE.—

21 (1) IN GENERAL.—The amendments made by
22 this section shall apply to—

1 (A) individuals losing United States citi-
2 zenship (within the meaning of section 877 of
3 the Internal Revenue Code of 1986) on or after
4 February 6, 1995, and

5 (B) long-term residents of the United
6 States with respect to whom an event described
7 in subparagraph (A) or (B) of section 877(e)(1)
8 of such Code occurs on or after June 13, 1995.

9 (2) SPECIAL RULE.—

10 (A) IN GENERAL.—In the case of an indi-
11 vidual who performed an act of expatriation
12 specified in paragraph (1), (2), (3), or (4) of
13 section 349(a) of the Immigration and Nation-
14 ality Act (8 U.S.C. 1481(a)(1)–(4)) before Feb-
15 ruary 6, 1995, but who did not, on or before
16 such date, furnish to the United States Depart-
17 ment of State a signed statement of voluntary
18 relinquishment of United States nationality con-
19 firming the performance of such act, the
20 amendments made by this section shall apply to
21 such individual except that—

22 (i) the 10-year period described in
23 section 877(a) of such Code shall not ex-
24 pire before the end of the 10-year period

1 beginning on the date such statement is so
2 furnished, and

3 (ii) the 1-year period referred to in
4 section 877(c) of such Code, as amended
5 by this section, shall not expire before the
6 date which is 1 year after the date of the
7 enactment of this Act.

8 (B) EXCEPTION.—Subparagraph (A) shall
9 not apply if the individual establishes to the
10 satisfaction of the Secretary of the Treasury
11 that such loss of United States citizenship oc-
12 curred before February 6, 1994.

13 **SEC. 3. INFORMATION ON INDIVIDUALS LOSING UNITED**
14 **STATES CITIZENSHIP.**

15 (a) IN GENERAL.—Subpart A of part III of sub-
16 chapter A of chapter 61 of the Internal Revenue Code of
17 1986 is amended by inserting after section 6039E the fol-
18 lowing new section:

19 **“SEC. 6039F. INFORMATION ON INDIVIDUALS LOSING**
20 **UNITED STATES CITIZENSHIP.**

21 “(a) IN GENERAL.—Notwithstanding any other pro-
22 vision of law, any individual who loses United States citi-
23 zenship (within the meaning of section 877(a)) shall pro-
24 vide a statement which includes the information described
25 in subsection (b). Such statement shall be—

1 “(1) provided not later than the earliest date of
2 any act referred to in subsection (c), and

3 “(2) provided to the person or court referred to
4 in subsection (c) with respect to such act.

5 “(b) INFORMATION TO BE PROVIDED.—Information
6 required under subsection (a) shall include—

7 “(1) the taxpayer’s TIN,

8 “(2) the mailing address of such individual’s
9 principal foreign residence,

10 “(3) the foreign country in which such individ-
11 ual is residing,

12 “(4) the foreign country of which such individ-
13 ual is a citizen,

14 “(5) in the case of an individual having a net
15 worth of at least the dollar amount applicable under
16 section 877(a)(2)(B), information detailing the as-
17 sets and liabilities of such individual, and

18 “(6) such other information as the Secretary
19 may prescribe.

20 “(c) ACTS DESCRIBED.—For purposes of this sec-
21 tion, the acts referred to in this subsection are—

22 “(1) the individual’s renunciation of his United
23 States nationality before a diplomatic or consular of-
24 ficer of the United States pursuant to paragraph (5)

1 of section 349(a) of the Immigration and Nationality
2 Act (8 U.S.C. 1481(a)(5)),

3 “(2) the individual’s furnishing to the United
4 States Department of State a signed statement of
5 voluntary relinquishment of United States national-
6 ity confirming the performance of an act of expatria-
7 tion specified in paragraph (1), (2), (3), or (4) of
8 section 349(a) of the Immigration and Nationality
9 Act (8 U.S.C. 1481(a)(1)–(4)),

10 “(3) the issuance by the United States Depart-
11 ment of State of a certificate of loss of nationality
12 to the individual, or

13 “(4) the cancellation by a court of the United
14 States of a naturalized citizen’s certificate of natu-
15 ralization.

16 “(d) PENALTY.—Any individual failing to provide a
17 statement required under subsection (a) shall be subject
18 to a penalty for each year (of the 10-year period beginning
19 on the date of loss of United States citizenship) during
20 any portion of which such failure continues in an amount
21 equal to the greater of—

22 “(1) 5 percent of the tax required to be paid
23 under section 877 for the taxable year ending during
24 such year, or

25 “(2) \$1,000,

1 unless it is shown that such failure is due to reasonable
2 cause and not to willful neglect.

3 “(e) INFORMATION TO BE PROVIDED TO SEC-
4 RETARY.—Notwithstanding any other provision of law—

5 “(1) any Federal agency or court which collects
6 (or is required to collect) the statement under sub-
7 section (a) shall provide to the Secretary—

8 “(A) a copy of any such statement, and

9 “(B) the name (and any other identifying
10 information) of any individual refusing to com-
11 ply with the provisions of subsection (a),

12 “(2) the Secretary of State shall provide to the
13 Secretary a copy of each certificate as to the loss of
14 American nationality under section 358 of the Immi-
15 gration and Nationality Act which is approved by
16 the Secretary of State, and

17 “(3) the Federal agency primarily responsible
18 for administering the immigration laws shall provide
19 to the Secretary the name of each lawful permanent
20 resident of the United States (within the meaning of
21 section 7701(b)(6)) whose status as such has been
22 revoked or has been administratively or judicially de-
23 termined to have been abandoned.

24 Notwithstanding any other provision of law, not later than
25 30 days after the close of each calendar quarter, the Sec-

1 retary shall publish in the Federal Register the name of
2 each individual losing United States citizenship (within
3 the meaning of section 877(a)) with respect to whom the
4 Secretary receives information under the preceding sen-
5 tence during such quarter.

6 “(f) REPORTING BY LONG-TERM LAWFUL PERMA-
7 NENT RESIDENTS WHO CEASE TO BE TAXED AS RESI-
8 DENTS.—In lieu of applying the last sentence of sub-
9 section (a), any individual who is required to provide a
10 statement under this section by reason of section
11 877(e)(1) shall provide such statement with the return of
12 tax imposed by chapter 1 for the taxable year during
13 which the event described in such section occurs.

14 “(g) EXEMPTION.—The Secretary may by regula-
15 tions exempt any class of individuals from the require-
16 ments of this section if he determines that applying this
17 section to such individuals is not necessary to carry out
18 the purposes of this section.”

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for such subpart A is amended by inserting after the item
21 relating to section 6039E the following new item:

“Sec. 6039F. Information on individuals losing United States citi-
zanship.”

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to—

1 (1) individuals losing United States citizenship
2 (within the meaning of section 877 of the Internal
3 Revenue Code of 1986) after the date of the enact-
4 ment of this Act, and

5 (2) long-term residents of the United States
6 with respect to whom an event described in subpara-
7 graph (A) or (B) of section 877(e)(1) of such Code
8 occurs after such date.

9 **SEC. 4. REPORT ON TAX COMPLIANCE BY UNITED STATES**
10 **CITIZENS AND RESIDENTS LIVING ABROAD.**

11 Not later than 90 days after the date of the enact-
12 ment of this Act, the Secretary of the Treasury shall pre-
13 pare and submit to the Committee on Ways and Means
14 of the House of Representatives and the Committee on
15 Finance of the Senate a report—

16 (1) describing the compliance with subtitle A of
17 the Internal Revenue Code of 1986 by citizens and
18 lawful permanent residents of the United States
19 (within the meaning of section 7701(b)(6) of such
20 Code) residing outside the United States, and

21 (2) recommending measures to improve such
22 compliance (including improved coordination be-
23 tween executive branch agencies).

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