

109TH CONGRESS
2D SESSION

H. R. 5986

To amend the Internal Revenue Code of 1986 to eliminate the limitation on the foreign earned income exclusion, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2006

Mr. CHOCOLA (for himself, Mr. HERGER, Mr. WELLER, Ms. HART, Mr. ENGLISH of Pennsylvania, Mr. PENCE, Mr. SOUDER, Mr. GINGREY, Mr. FLAKE, Mr. BARRETT of South Carolina, Mr. GUTKNECHT, Mr. KUHL of New York, Mr. RADANOVICH, Mr. PAUL, Mr. CAMPBELL of California, Mr. PITTS, and Mr. RYAN of Wisconsin) 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 eliminate the limitation on the foreign earned income exclusion, and for other purposes.

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 “Working American
5 Competitiveness Act”.

1 **SEC. 2. ELIMINATION OF LIMITATION ON FOREIGN EARNED**
2 **INCOME EXCLUSION.**

3 (a) IN GENERAL.—Subsections (a) and (b) of section
4 911 of the Internal Revenue Code of 1986 (relating to
5 citizens or residents of the United States living abroad)
6 are amended to read as follows:

7 “(a) EXCLUSION FROM GROSS INCOME.—At the elec-
8 tion of a qualified individual, there shall be excluded from
9 the gross income of such individual, and exempt from tax-
10 ation under this subtitle, for any taxable year, the foreign
11 earned income of such individual.

12 “(b) FOREIGN EARNED INCOME.—For purposes of
13 this section—

14 “(1) IN GENERAL.—The term ‘foreign earned
15 income’ with respect to any individual means the
16 amount received by such individual from sources
17 within a foreign country or countries which con-
18 stitute earned income attributable to services per-
19 formed by such individual during the period de-
20 scribed in subparagraph (A) or (B) of subsection
21 (d)(1), whichever is applicable.

22 “(2) CERTAIN AMOUNTS NOT INCLUDED IN
23 FOREIGN EARNED INCOME.—The foreign earned in-
24 come for an individual shall not include amounts—

25 “(A) received as a pension or annuity,

1 “(B) paid by the United States or an
2 agency thereof to an employee of the United
3 States or an agency thereof,

4 “(C) included in gross income by reason of
5 section 402(b) (relating to taxability of bene-
6 ficiary of nonexempt trust) or section 403(c)
7 (relating to taxability of beneficiary under a
8 nonqualified annuity), or

9 “(D) received after the close of the taxable
10 year following the taxable year in which the
11 services to which the amounts are attributable
12 are performed.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 911 of the Internal Revenue Code
15 of 1986 is amended by striking subsection (c) and
16 by redesignating subsections (e), (f), and (g) as sub-
17 sections (c), (e), and (f), respectively.

18 (2) Section 911(d) of such Code is amended by
19 striking paragraph (7) and by redesignating para-
20 graph (8) as paragraph (7).

21 (3) Section 1402(a)(11) of such Code is amend-
22 ed by striking “section 911(a)(1)” and inserting
23 “section 911(a)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

○