

Union Calendar No. 67

104TH CONGRESS
1ST SESSION

H. R. 1812

[Report No. 104-145]

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.

JUNE 16, 1995

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 1995

Mr. ARCHER (for himself and Mrs. JOHNSON of Connecticut) introduced the following bill; which was referred to the Committee on Ways and Means

JUNE 16, 1995

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 9, 1995]

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,*

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Expatriation Tax Act*
3 *of 1995”.*

4 **SEC. 2. REVISION OF INCOME, ESTATE, AND GIFT TAXES ON**
5 **INDIVIDUALS WHO LOSE UNITED STATES**
6 **CITIZENSHIP.**

7 *(a) IN GENERAL.—Subsection (a) of section 877 of the*
8 *Internal Revenue Code of 1986 is amended to read as fol-*
9 *lows:*

10 *“(a) TREATMENT OF EXPATRIATES.—*

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

21 *“(2) CERTAIN INDIVIDUALS TREATED AS HAVING*
22 *TAX AVOIDANCE PURPOSE.—For purposes of para-*
23 *graph (1), an individual shall be treated as having a*
24 *principal purpose to avoid such taxes if—*

25 *“(A) the average annual net income tax (as*
26 *defined in section 38(c)(1)) of such individual*

1 for the period of 5 taxable years ending before
2 the date of the loss of United States citizenship
3 is greater than \$100,000, or

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

6 In the case of the loss of United States citizenship in
7 any calendar year after 1996, such \$100,000 and
8 \$500,000 amounts shall be increased by an amount
9 equal to such dollar amount multiplied by the cost-
10 of-living adjustment determined under section 1(f)(3)
11 for such calendar year by substituting ‘1994’ for
12 ‘1992’ in subparagraph (B) thereof. Any increase
13 under the preceding sentence shall be rounded to the
14 nearest multiple of \$1,000.”

15 (b) EXCEPTIONS.—

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

20 “(c) TAX AVOIDANCE NOT PRESUMED IN CERTAIN
21 CASES.—

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

1 “(A) *such individual is described in a sub-*
2 *paragraph of paragraph (2) of this subsection,*
3 *and*

4 “(B) *within the 1-year period beginning on*
5 *the date of the loss of United States citizenship,*
6 *such individual submits a ruling request for the*
7 *Secretary’s determination as to whether such loss*
8 *has for 1 of its principal purposes the avoidance*
9 *of taxes under this subtitle or subtitle B.*

10 “(2) *INDIVIDUALS DESCRIBED.—*

11 “(A) *DUAL CITIZENSHIP, ETC.—An individ-*
12 *ual is described in this subparagraph if—*

13 “(i) *the individual became at birth a*
14 *citizen of the United States and a citizen of*
15 *another country and continues to be a citi-*
16 *zen of such other country, or*

17 “(ii) *the individual becomes (not later*
18 *than the close of a reasonable period after*
19 *loss of United States citizenship) a citizen*
20 *of the country in which—*

21 “(I) *such individual was born,*

22 “(II) *if such individual is mar-*
23 *ried, such individual’s spouse was*
24 *born, or*

1 “(III) either of such individual’s
2 parents were born.

3 “(B) LONG-TERM FOREIGN RESIDENTS.—An
4 individual is described in this subparagraph if,
5 for each year in the 10-year period ending on the
6 date of loss of United States citizenship, the in-
7 dividual was present in the United States for 30
8 days or less. The rule of section 7701(b)(3)(D)(ii)
9 shall apply for purposes of this subparagraph.

10 “(C) RENUNCIATION UPON REACHING AGE
11 OF MAJORITY.—An individual is described in
12 this subparagraph if the individual’s loss of
13 United States citizenship occurs before such indi-
14 vidual attains age 18½.

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

20 (2) TECHNICAL AMENDMENT.—Paragraph (1) of
21 section 877(b) of such Code is amended by striking
22 “subsection (c)” and inserting “subsection (d)”.

23 (c) TREATMENT OF PROPERTY DISPOSED OF IN NON-
24 RECOGNITION TRANSACTIONS; TREATMENT OF DISTRIBU-
25 TIONS FROM CERTAIN CONTROLLED FOREIGN CORPORA-

1 TIONS.—Subsection (d) of section 877 of such Code, as re-
2 designated by subsection (b), is amended to read as follows:

3 “(d) *SPECIAL RULES FOR SOURCE, ETC.*—For pur-
4 poses of subsection (b)—

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

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

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

17 “(C) *INCOME OR GAIN DERIVED FROM CON-*
18 *TROLLED FOREIGN CORPORATION.*—Any income
19 or gain derived from stock in a foreign corpora-
20 tion but only—

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

1 *year period ending on the date of the loss*
2 *of United States citizenship, more than 50*
3 *percent of—*

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

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

9 “(ii) *to the extent such income or gain*
10 *does not exceed the earnings and profits at-*
11 *tributable to such stock which were earned*
12 *or accumulated before the loss of citizenship*
13 *and during periods that the ownership re-*
14 *quirements of clause (i) are 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 the*
23 *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 property*
12 *acquired in the exchange would be from*
13 *sources outside the United States.*

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

1 *by reason of such agreement shall be recognized*
2 *as of the date of such disposition.*

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

9 “(E) *SECRETARY MAY REQUIRE RECOGNI-*
10 *TION OF GAIN IN CERTAIN CASES.—To the extent*
11 *provided in regulations prescribed by the Sec-*
12 *retary—*

13 “(i) *the removal of appreciated tan-*
14 *gible personal property from the United*
15 *States, and*

16 “(ii) *any other occurrence which (with-*
17 *out recognition of gain) results in a change*
18 *in the source of the income or gain from*
19 *property from sources within the United*
20 *States to sources outside the United States,*
21 *shall be treated as an exchange to which this*
22 *paragraph applies.*

23 “(3) *SUBSTANTIAL DIMINISHING OF RISKS OF*
24 *OWNERSHIP.—For purposes of determining whether*
25 *this section applies to any gain on the sale or ex-*

1 *change of any property, the running of the 10-year*
2 *period described in subsection (a) shall be suspended*
3 *for any period during which the individual's risk of*
4 *loss with respect to the property is substantially di-*
5 *minished by—*

6 *“(A) the holding of a put with respect to*
7 *such property (or similar property),*

8 *“(B) the holding by another person of a*
9 *right to acquire the property, or*

10 *“(C) a short sale or any other transaction.”*

11 *(d) CREDIT FOR FOREIGN TAXES IMPOSED ON UNITED*
12 *STATES SOURCE INCOME.—*

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

22 *(2) Subsection (a) of section 877 of such Code, as*
23 *amended by subsection (a), is amended by inserting*
24 *“(after any reduction in such tax under the last sen-*
25 *tence of such subsection)” after “such subsection”.*

1 (e) *COMPARABLE ESTATE AND GIFT TAX TREAT-*
2 *MENT.—*

3 (1) *ESTATE TAX.—*

4 (A) *IN GENERAL.—Subsection (a) of section*
5 *2107 of such Code is amended to read as follows:*

6 “(a) *TREATMENT OF EXPATRIATES.—*

7 “(1) *RATE OF TAX.—A tax computed in accord-*
8 *ance with the table contained in section 2001 is here-*
9 *by imposed on the transfer of the taxable estate, deter-*
10 *mined as provided in section 2106, of every decedent*
11 *nonresident not a citizen of the United States if,*
12 *within the 10-year period ending with the date of*
13 *death, such decedent lost United States citizenship,*
14 *unless such loss did not have for 1 of its principal*
15 *purposes the avoidance of taxes under this subtitle or*
16 *subtitle A.*

17 “(2) *CERTAIN INDIVIDUALS TREATED AS HAVING*
18 *TAX AVOIDANCE PURPOSE.—*

19 (A) *IN GENERAL.—For purposes of para-*
20 *graph (1), an individual shall be treated as hav-*
21 *ing a principal purpose to avoid such taxes if*
22 *such individual is so treated under section*
23 *877(a)(2).*

1 “(B) *EXCEPTION.*—Subparagraph (A) shall
2 not apply to a decedent meeting the requirements
3 of section 877(c)(1).”

4 (B) *CREDIT FOR FOREIGN DEATH TAXES.*—
5 Subsection (c) of section 2107 of such Code is
6 amended by redesignating paragraph (2) as
7 paragraph (3) and by inserting after paragraph
8 (1) the following new paragraph:

9 “(2) *CREDIT FOR FOREIGN DEATH TAXES.*—

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

16 “(B) *LIMITATION ON CREDIT.*—The credit
17 allowed by subparagraph (A) for such taxes paid
18 to a foreign country shall not exceed the lesser
19 of—

20 “(i) the amount which bears the same
21 ratio to the amount of such taxes actually
22 paid to such foreign country in respect of
23 property included in the gross estate as the
24 value of the property included in the gross
25 estate solely by reason of subsection (b)

1 *bears to the value of all property subjected*
2 *to such taxes by such foreign country, or*

3 “(ii) *such property’s proportionate*
4 *share of the excess of—*

5 “(I) *the tax imposed by subsection*
6 *(a), over*

7 “(II) *the tax which would be im-*
8 *posed by section 2101 but for this sec-*
9 *tion.*

10 “(C) *PROPORTIONATE SHARE.—For pur-*
11 *poses of subparagraph (B), a property’s propor-*
12 *tionate share is the percentage which the value of*
13 *the property which is included in the gross estate*
14 *solely by reason of subsection (b) bears to the*
15 *total value of the gross estate.”*

16 “(C) *EXPANSION OF INCLUSION IN GROSS ES-*
17 *TATE OF STOCK OF FOREIGN CORPORATIONS.—*
18 *Paragraph (2) of section 2107(b) of such Code is*
19 *amended by striking “more than 50 percent of”*
20 *and all that follows and inserting “more than 50*
21 *percent of—*

22 “(A) *the total combined voting power of all*
23 *classes of stock entitled to vote of such corpora-*
24 *tion, or*

1 “(B) *the total value of the stock of such cor-*
2 *poration,*”.

3 (2) *GIFT TAX.*—

4 (A) *IN GENERAL.*—*Paragraph (3) of section*
5 *2501(a) of such Code is amended to read as fol-*
6 *lows:*

7 “(3) *EXCEPTION.*—

8 (A) *CERTAIN INDIVIDUALS.*—*Paragraph*
9 *(2) shall not apply in the case of a donor who,*
10 *within the 10-year period ending with the date*
11 *of transfer, lost United States citizenship, unless*
12 *such loss did not have for 1 of its principal pur-*
13 *poses the avoidance of taxes under this subtitle or*
14 *subtitle A.*

15 (B) *CERTAIN INDIVIDUALS TREATED AS*
16 *HAVING TAX AVOIDANCE PURPOSE.*—*For pur-*
17 *poses of subparagraph (A), an individual shall*
18 *be treated as having a principal purpose to*
19 *avoid such taxes if such individual is so treated*
20 *under section 877(a)(2).*

21 (C) *EXCEPTION FOR CERTAIN INDIVID-*
22 *UALS.*—*Subparagraph (B) shall not apply to a*
23 *decendent meeting the requirements of section*
24 *877(c)(1).*

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

8 (f) *COMPARABLE TREATMENT OF LAWFUL PERMA-*
9 *NENT RESIDENTS WHO CEASE TO BE TAXED AS RESI-*
10 *DENTS.*—

11 (1) *IN GENERAL.*—*Section 877 of such Code is*
12 *amended by redesignating subsection (e) as subsection*
13 *(f) and by inserting after subsection (d) the following*
14 *new subsection:*

15 “(e) *COMPARABLE TREATMENT OF LAWFUL PERMA-*
16 *NENT RESIDENTS WHO CEASE TO BE TAXED AS RESI-*
17 *DENTS.*—

18 “(1) *IN GENERAL.*—*Any long-term resident of*
19 *the United States who—*

20 “(A) *ceases to be a lawful permanent resi-*
21 *dent of the United States (within the meaning of*
22 *section 7701(b)(6)), or*

23 “(B) *commences to be treated as a resident*
24 *of a foreign country under the provisions of a*
25 *tax treaty between the United States and the for-*

1 *foreign country and who does not waive the benefits*
2 *of such treaty applicable to residents of the for-*
3 *foreign country,*

4 *shall be treated for purposes of this section and sec-*
5 *tions 2107, 2501, and 6039F in the same manner as*
6 *if such resident were a citizen of the United States*
7 *who lost United States citizenship on the date of such*
8 *cessation or commencement.*

9 “(2) *LONG-TERM RESIDENT.*—*For purposes of*
10 *this subsection, the term ‘long-term resident’ means*
11 *any individual (other than a citizen of the United*
12 *States) who is a lawful permanent resident of the*
13 *United States in at least 8 taxable years during the*
14 *period of 15 taxable years ending with the taxable*
15 *year during which the event described in subpara-*
16 *graph (A) or (B) of paragraph (1) occurs. For pur-*
17 *poses of the preceding sentence, an individual shall*
18 *not be treated as a lawful permanent resident for any*
19 *taxable year if such individual is treated as a resi-*
20 *dent of a foreign country for the taxable year under*
21 *the provisions of a tax treaty between the United*
22 *States and the foreign country and does not waive the*
23 *benefits of such treaty applicable to residents of the*
24 *foreign country.*

25 “(3) *SPECIAL RULES.*—

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

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

15 “(4) *AUTHORITY TO EXEMPT INDIVIDUALS.*—
16 *This subsection shall not apply to an individual who*
17 *is described in a category of individuals prescribed by*
18 *regulation by the Secretary.*

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

1 (2) *CONFORMING AMENDMENTS.*—

2 (A) *Section 2107 of such Code is amended*
3 *by striking subsection (d), by redesignating sub-*
4 *section (e) as subsection (d), and by inserting*
5 *after subsection (d) (as so redesignated) the fol-*
6 *lowing new subsection:*

7 “(e) *CROSS REFERENCE.*—

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

8 (B) *Paragraph (3) of section 2501(a) of*
9 *such Code (as amended by subsection (e)) is*
10 *amended by adding at the end the following new*
11 *subparagraph:*

12 “(E) *CROSS REFERENCE.*—

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

13 (g) *EFFECTIVE DATE.*—

14 (1) *IN GENERAL.*—*The amendments made by*
15 *this section shall apply to—*

16 (A) *individuals losing United States citi-*
17 *zenship (within the meaning of section 877 of the*
18 *Internal Revenue Code of 1986) on or after Feb-*
19 *ruary 6, 1995, and*

20 (B) *long-term residents of the United States*
21 *with respect to whom an event described in sub-*

1 paragraph (A) or (B) of section 877(e)(1) of such
2 Code occurs on or after June 13, 1995.

3 (2) *SPECIAL RULE.*—

4 (A) *IN GENERAL.*—In the case of an indi-
5 vidual who performed an act of expatriation
6 specified in paragraph (1), (2), (3), or (4) of sec-
7 tion 349(a) of the Immigration and Nationality
8 Act (8 U.S.C. 1481(a)(1)–(4)) before February 6,
9 1995, but who did not, on or before such date,
10 furnish to the United States Department of State
11 a signed statement of voluntary relinquishment
12 of United States nationality confirming the per-
13 formance of such act, the amendments made by
14 this section shall apply to such individual except
15 that—

16 (i) the 10-year period described in sec-
17 tion 877(a) of such Code shall not expire be-
18 fore the end of the 10-year period beginning
19 on the date such statement is so furnished,
20 and

21 (ii) the 1-year period referred to in sec-
22 tion 877(c) of such Code, as amended by
23 this section, shall not expire before the date
24 which is 1 year after the date of the enact-
25 ment of this Act.

1 (B) *EXCEPTION.*—Subparagraph (A) shall
2 not apply if the individual establishes to the sat-
3 isfaction of the Secretary of the Treasury that
4 such loss of United States citizenship occurred
5 before February 6, 1994.

6 **SEC. 3. INFORMATION ON INDIVIDUALS LOSING UNITED**
7 **STATES CITIZENSHIP.**

8 (a) *IN GENERAL.*—Subpart A of part III of subchapter
9 A of chapter 61 of the Internal Revenue Code of 1986 is
10 amended by inserting after section 6039E the following new
11 section:

12 **“SEC. 6039F. INFORMATION ON INDIVIDUALS LOSING**
13 **UNITED STATES CITIZENSHIP.**

14 “(a) *IN GENERAL.*—Notwithstanding any other provi-
15 sion of law, any individual who loses United States citizen-
16 ship (within the meaning of section 877(a)) shall provide
17 a statement which includes the information described in
18 subsection (b). Such statement shall be—

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

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

23 “(b) *INFORMATION TO BE PROVIDED.*—Information
24 required under subsection (a) shall include—

25 “(1) the taxpayer’s TIN,

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

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

5 “(4) the foreign country of which such individual
6 is a citizen,

7 “(5) in the case of an individual having a net
8 worth of at least the dollar amount applicable under
9 section 877(a)(2)(B), information detailing the assets
10 and liabilities of such individual, and

11 “(6) such other information as the Secretary
12 may prescribe.

13 “(c) ACTS DESCRIBED.—For purposes of this section,
14 the acts referred to in this subsection are—

15 “(1) the individual’s renunciation of his United
16 States nationality before a diplomatic or consular of-
17 ficer of the United States pursuant to paragraph (5)
18 of section 349(a) of the Immigration and Nationality
19 Act (8 U.S.C. 1481(a)(5)),

20 “(2) the individual’s furnishing to the United
21 States Department of State a signed statement of vol-
22 untary relinquishment of United States nationality
23 confirming the performance of an act of expatriation
24 specified in paragraph (1), (2), (3), or (4) of section

1 349(a) of the Immigration and Nationality Act (8
2 U.S.C. 1481(a)(1)–(4)),

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

6 “(4) the cancellation by a court of the United
7 States of a naturalized citizen’s certificate of natu-
8 ralization.

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

15 “(1) 5 percent of the tax required to be paid
16 under section 877 for the taxable year ending during
17 such year, or

18 “(2) \$1,000,
19 unless it is shown that such failure is due to reasonable
20 cause and not to willful neglect.

21 “(e) *INFORMATION TO BE PROVIDED TO SEC-*
22 *RETARY.*—Notwithstanding any other provision of law—

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

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

2 “(B) the name (and any other identifying
3 information) of any individual refusing to com-
4 ply with the provisions of subsection (a),

5 “(2) the Secretary of State shall provide to the
6 Secretary a copy of each certificate as to the loss of
7 American nationality under section 358 of the Immi-
8 gration and Nationality Act which is approved by the
9 Secretary of State, and

10 “(3) the Federal agency primarily responsible for
11 administering the immigration laws shall provide to
12 the Secretary the name of each lawful permanent resi-
13 dent of the United States (within the meaning of sec-
14 tion 7701(b)(6)) whose status as such has been re-
15 voked or has been administratively or judicially de-
16 termined to have been abandoned.

17 Notwithstanding any other provision of law, not later than
18 30 days after the close of each calendar quarter, the Sec-
19 retary shall publish in the Federal Register the name of
20 each individual losing United States citizenship (within the
21 meaning of section 877(a)) with respect to whom the Sec-
22 retary receives information under the preceding sentence
23 during such quarter.

24 “(f) REPORTING BY LONG-TERM LAWFUL PERMANENT
25 RESIDENTS WHO CEASE TO BE TAXED AS RESIDENTS.—

1 *In lieu of applying the last sentence of subsection (a), any*
2 *individual who is required to provide a statement under*
3 *this section by reason of section 877(e)(1) shall provide such*
4 *statement with the return of tax imposed by chapter 1 for*
5 *the taxable year during which the event described in such*
6 *section occurs.*

7 “(g) *EXEMPTION.*—*The Secretary may by regulations*
8 *exempt any class of individuals from the requirements of*
9 *this section if he determines that applying this section to*
10 *such individuals is not necessary to carry out the purposes*
11 *of this section.*”

12 “(b) *CLERICAL AMENDMENT.*—*The table of sections for*
13 *such subpart A is amended by inserting after the item relat-*
14 *ing to section 6039E the following new item:*

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

15 “(c) *EFFECTIVE DATE.*—*The amendments made by this*
16 *section shall apply to—*

17 (1) *individuals losing United States citizenship*
18 *(within the meaning of section 877 of the Internal*
19 *Revenue Code of 1986) after the date of the enactment*
20 *of this Act, and*

21 (2) *long-term residents of the United States with*
22 *respect to whom an event described in subparagraph*
23 *(A) or (B) of section 877(e)(1) of such Code occurs*
24 *after such date.*

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

3 *Not later than 90 days after the date of the enactment*
4 *of this Act, the Secretary of the Treasury shall prepare and*
5 *submit to the Committee on Ways and Means of the House*
6 *of Representatives and the Committee on Finance of the*
7 *Senate a report—*

8 *(1) describing the compliance with subtitle A of*
9 *the Internal Revenue Code of 1986 by citizens and*
10 *lawful permanent residents of the United States*
11 *(within the meaning of section 7701(b)(6) of such*
12 *Code) residing outside the United States, and*

13 *(2) recommending measures to improve such*
14 *compliance (including improved coordination between*
15 *executive branch agencies).*

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