

118TH CONGRESS
1ST SESSION

H. R. 5432

To create a short form tax return to simplify the return process for certain taxpayers living abroad, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2023

Mr. BEYER (for himself, Mr. DAVIS of Illinois, Mr. TRONE, Mr. NADLER, and Ms. TITUS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To create a short form tax return to simplify the return process for certain taxpayers living abroad, 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 “Tax Simplification for
5 Americans Abroad Act”.

1 **SEC. 2. SHORT FORM FOR CERTAIN TAXPAYERS LIVING**
2 **ABROAD.**

3 (a) IN GENERAL.—The Secretary of the Treasury (or
4 the Secretary’s delegate) shall make available a form for
5 use by specified individuals to file the return of tax im-
6 posed by chapter 1 of the Internal Revenue Code of 1986.
7 Such form shall replace Internal Revenue Service Forms
8 1040, 2555, 1116, 8938, 5471, 3520, 3520A, 8621, 8858,
9 8865, 926, 708, FinCEN Form 114, and other forms for
10 disclosing income, assets, deductions, and offsets, and
11 shall be as similar to Form 1040–EZ as it existed in 2017,
12 except that the form shall be sufficient to allow an indi-
13 vidual to, with respect to a taxable year—

14 (1) demonstrate that such individual is a quali-
15 fied individual under section 911(d)(1) of the Inter-
16 nal Revenue Code of 1986,

17 (2) declare foreign income described in section
18 911 of such Code,

19 (3) characterize income based on source, includ-
20 ing—

21 (A) wages,

22 (B) self-employment income or business in-
23 come,

24 (C) contract income,

25 (D) foreign government benefits,

26 (E) pension and other retirement income,

1 (F) scholarships and fellowship grants,

2 (G) interest,

3 (H) dividends, and

4 (I) capital gains,

5 (4) claim the standard deduction and, if appli-
6 cable, the child tax credit,

7 (5) declare foreign taxes paid or accrued, and

8 (6) declare United States source income from
9 retirement, pension and Social Security benefits to
10 be treated as sourced from treaty income where tax
11 has been paid upon distribution.

12 (b) SPECIFIED INDIVIDUAL.—

13 (1) IN GENERAL.—For purposes of this section,
14 the term “specified individual” means, with respect
15 to a taxable year, an individual—

16 (A) who is a qualified individual under sec-
17 tion 911(d)(1) of the Internal Revenue Code of
18 1986, and

19 (B) who declares—

20 (i) a gross income of not more than
21 \$400,000, and

22 (ii) a tax liability of \$0.

23 (2) INFLATION ADJUSTMENT.—In the case of
24 any taxable year beginning after 2024, the \$400,000

1 amount in paragraph (1)(B)(i) shall be increased by
2 an amount equal to—

3 (A) such dollar amount, multiplied by

4 (B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) of the Internal
6 Revenue Code of 1986 for the calendar year in
7 which the taxable year begins, determined by
8 substituting “2023” for “2016” in subpara-
9 graph (A)(ii) thereof.

10 (c) EFFECTIVE DATE.—The form required by sub-
11 section (a) shall be made available for taxable years begin-
12 ning one year after the date of the enactment of this Act.

13 **SEC. 3. EXPANSION OF INCOME ALLOWED AS FOREIGN**
14 **EARNED INCOME.**

15 (a) IN GENERAL.—Section 911 of the Internal Rev-
16 enue Code of 1986 is amended—

17 (1) in subsection (b)(1)(B), by striking clause
18 (i) and by redesignating clauses (ii) through (iv) as
19 clause (i) through (iii), respectively,

20 (2) in subsection (b)(1)(A), by striking “attrib-
21 utable to services performed by such individual” and
22 inserting “attributable to services performed by such
23 individual or benefits received by such individual”,

24 (3) in subsection (d)(2), by striking “wages,
25 salaries, or professional fees” and inserting “wages,

1 salaries, professional fees, pensions, scholarships, fel-
2 lowship grants, distributions from retirement funds,
3 or payments received by the taxpayer with respect to
4 disability, unemployment, family medical leave, or
5 childcare”, and

6 (4) in subsection (e)(2), by striking “Except
7 with the consent of the Secretary, any taxpayer who
8 makes such a revocation for any taxable year may
9 not make another election under this section for any
10 subsequent taxable year before the 6th taxable year
11 after the taxable year for which such revocation was
12 made.”

13 (b) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall apply to taxable years beginning after
15 the date of the enactment of this Act.

16 **SEC. 4. INFORMATION RELATING TO SPECIFIED FOREIGN**
17 **FINANCIAL ASSETS.**

18 (a) IN GENERAL.—Section 5314 of title 31, United
19 States Code, is amended—

20 (1) by redesignating subsections (b) and (c) as
21 subsections (d) and (e), respectively; and

22 (2) by inserting after subsection (a) the fol-
23 lowing:

24 “(b) SPECIFIED FOREIGN FINANCIAL ASSETS.—

1 “(1) IN GENERAL.—If a person makes a trans-
2 action that would require reporting under subsection
3 (a), and such transaction involves a specified foreign
4 financial asset, the reporting requirements described
5 in subsection (a) shall—

6 “(A) only apply if the transaction involves
7 an amount that exceeds the aggregate value
8 threshold set forth in section 6038D of the In-
9 ternal Revenue Code of 1986; and

10 “(B) be satisfied by attaching to such per-
11 son’s return of tax for such taxable year the in-
12 formation required under section 6038D of the
13 Internal Revenue Code of 1986.

14 “(2) SPECIFIED FOREIGN FINANCIAL ASSET.—
15 For purposes of this section, the term ‘specified for-
16 eign financial asset’ has the meaning given the term
17 in section 6038D(b) of the 2211 Internal Revenue
18 Code of 1986.’”.

19 (b) INFORMATION WITH RESPECT TO SPECIFIED
20 FOREIGN FINANCIAL ASSETS.—Section 6038D of the In-
21 ternal Revenue Code of 1986 is amended—

22 (1) in subsection (b)—

23 (A) by striking “For purposes of this sec-
24 tion,” and inserting “Except as provided in
25 paragraph (2), for purposes of this section,”,

1 (B) in paragraph (2), by redesignating
2 subparagraphs (A), (B), and (C) as clauses (i),
3 (ii), and (iii), respectively,

4 (C) by redesignating paragraphs (1) and
5 (2) as subparagraphs (A) and (B), respectively,

6 (D) by striking “For purposes” and insert-
7 ing:

8 “(1) IN GENERAL.—For purposes”, and

9 (E) by adding at the end the following new
10 paragraph:

11 “(2) CERTAIN ACCOUNTS EXEMPT FROM FINAN-
12 CIAL REPORTING.—An account is exempt from the
13 reporting requirement under subsection (a) if it is
14 an account—

15 “(A) the maximum balance of which does
16 not exceed \$600 for the entire duration of the
17 taxable year,

18 “(B) the usage of which is limited to a sin-
19 gle merchant, or

20 “(C) the type of which is listed as an ex-
21 empt account in Annex II of the Foreign Ac-
22 count Tax Compliance Act Intergovernmental
23 Agreement in effect between the United States
24 and the country in which such account is
25 held.”,

1 (2) by redesignating subsections (f), (g), and
2 (h) as subsections (g), (h), and (i), respectively, and

3 (3) by inserting after subsection (e) the fol-
4 lowing new subsection:

5 “(f) INFLATION ADJUSTMENT.—

6 “(1) IN GENERAL.—In the case of any taxable
7 year after 2024, the \$50,000 amounts in subsection
8 (a) and subsection (e) shall be increased by an
9 amount equal to—

10 “(A) such dollar amount, multiplied by

11 “(B) the cost-of-living adjustment deter-
12 mined under section 1(f)(3) for the calendar
13 year in which the taxable year begins, deter-
14 mined by substituting ‘calendar year 2023’ for
15 ‘calendar year 2016’ in subparagraph (A)(ii)
16 thereof.

17 “(2) ROUNDING.—If any dollar amount in-
18 creased under paragraph (1) is not a multiple of
19 \$100, such dollar amount shall be rounded to the
20 nearest multiple of \$100.”.

21 (c) FURNISHMENT OF INFORMATION BY FOREIGN
22 FINANCIAL INSTITUTIONS TO OWNERS OF SPECIFIED
23 FOREIGN FINANCIAL ASSETS.—Section 1471(c) of such
24 Code is amended by adding at the end the following new
25 paragraph:

1 “(4) REQUIREMENT TO PROVIDE INFORMATION
2 TO ACCOUNT HOLDERS.—If a foreign financial insti-
3 tution submits a report under this section, such in-
4 stitution shall provide account holders with a copy of
5 such report within 15 days of such submission.”.

6 (d) DISCLOSURE OF SPECIFIED FOREIGN FINANCIAL
7 ASSETS TO THE FINANCIAL CRIMES ENFORCEMENT NET-
8 WORK.—Section 6103(l) of such Code is amended by add-
9 ing at the end the following new paragraph:

10 “(23) DISCLOSURE OF SPECIFIED FOREIGN FI-
11 NANCIAL ASSETS TO THE FINANCIAL CRIMES EN-
12 FORCEMENT NETWORK.—The Secretary may, upon
13 written request, furnish to the proper officers and
14 employees of the Financial Crimes Enforcement
15 Network such return information with respect to
16 specified foreign financial assets as is attached to
17 tax returns pursuant to section 6038D, but only to
18 the extent necessary in investigating suspected
19 money laundering or the financing of terrorism.”.

20 (e) EFFECTIVE DATE.—

21 (1) The amendments made by subsection (a)
22 shall apply to reports filed with respect to calendar
23 years beginning after the date of the enactment of
24 this Act.

1 (2) The amendments made by subsections (b),
2 (c), and (d) shall apply to returns filed with respect
3 to taxable years beginning after the date of the en-
4 actment of this Act.

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