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INTERNAL REVENUE CODE
 SUBTITLE A. INCOME TAXES
 CHAPTER 1. NORMAL TAXES AND SURTAXES
 SUBCHAPTER N. TAX BASED ON INCOME FROM SOURCES WITHIN OR WITHOUT THE
 UNITED STATES
 PART III. INCOME FROM SOURCES WITHOUT THE UNITED STATES
 SUBPART B. EARNED INCOME OF CITIZENS OR RESIDENTS OF UNITED STATES

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§ 911. Citizens or residents of the United States living abroad.

(a) Exclusion from gross income. At the election of a qualified individual (made separately with respect to paragraphs (1) and (2)), there shall be excluded from the gross income of such individual, and exempt from taxation under this subtitle [*IRC Sections 1 et seq.*], for any taxable year--

- (1) the foreign earned income of such individual, and
- (2) the housing cost amount of such individual.

(b) Foreign earned income.

(1) Definition. For purposes of this section--

(A) In general. The term "foreign earned income" with respect to any individual means the amount received by such individual from sources within a foreign country or countries which constitute earned income attributable to services performed by such individual during the period described in subparagraph (A) or (B) of subsection (d)(1), whichever is applicable.

(B) Certain amounts not included in foreign earned income. The foreign earned income for an individual shall not include amounts--

- (i) received as a pension or annuity,
- (ii) paid by the United States or an agency thereof to an employee of the United States or an agency thereof,
- (iii) included in gross income by reason of section 402(b) [*IRC Sec. 402(b)*] (relating to taxability of beneficiary of nonexempt trust) or section 403(c) [*IRC Sec. 403(c)*] (relating to taxability of beneficiary under a nonqualified annuity), or
- (iv) received after the close of the taxable year following the taxable year in which the services to which the amounts are attributable are performed.

(2) Limitation on foreign earned income.

(A) In general. The foreign earned income of an individual which may be excluded under subsection (a)(1) for any taxable year shall not exceed the amount of foreign earned income computed on a daily basis at an annual rate equal to the exclusion amount for the calendar year in which such taxable year begins.

(B) Attribution to year in which services are performed. For purposes of applying subparagraph (A), amounts received shall be considered received in the taxable year in which the services to which the amounts are attributable are performed.

(C) Treatment of community income. In applying subparagraph (A) with respect to amounts received from services performed by a husband or wife which are community income under community property laws applicable to such income, the aggregate amount which may be excludable from the gross income of such husband and wife under subsection (a)(1) for any taxable year shall equal the amount which would be so excludable if such amounts did not constitute community income.

(D) Exclusion amount.

(i) In general [**Caution: For taxable years beginning in 2011, see § 3.19 of *Rev. Proc. 2010-40 (26 USCS § 1 note)* for provision that the exclusion amount under this clause is \$ 92,900.**]. The exclusion

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amount for any calendar year is the exclusion amount determined in accordance with the following table (as adjusted by clause (ii)):

For calendar year--	The exclusion amount is--
1998.....	\$ 72,000
1999.....	74,000
2000.....	76,000
2001.....	78,000
2002 and thereafter.....	80,000.

(ii) Inflation adjustment. In the case of any taxable year beginning in a calendar year after 2005, the \$ 80,000 amount in clause (i) shall be increased by an amount equal to the product of--

(I) such dollar amount, and

(II) the cost-of-living adjustment determined under section 1(f)(3) [*IRC Sec. 1(f)(3)*] for the calendar year in which the taxable year begins, determined by substituting '2004' for '1992' in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of \$ 100, such increase shall be rounded to the next lowest multiple of \$ 100.

(c) Housing cost amount. For purposes of this section--

(1) In general. The term "housing cost amount" means an amount equal to the excess of--

(A) the housing expenses of an individual for the taxable year to the extent such expenses do not exceed the amount determined under paragraph (2), over

(B) an amount equal to the product of--

(i) 16 percent of the amount (computed on a daily basis) in effect under subsection (b)(2)(D) for the calendar year in which such taxable year begins, multiplied by

(ii) the number of days of such taxable year within the applicable period described in subparagraph (A) or (B) of subsection (d)(1).

(2) Limitation.

(A) In general. The amount determined under this paragraph is an amount equal to the product of--

(i) 30 percent (adjusted as may be provided under subparagraph (B)) of the amount (computed on a daily basis) in effect under subsection (b)(2)(D) for the calendar year in which the taxable year of the individual begins, multiplied by

(ii) the number of days of such taxable year within the applicable period described in subparagraph (A) or (B) of subsection (d)(1).

(B) Regulations. The Secretary may issue regulations or other guidance providing for the adjustment of the percentage under subparagraph (A)(i) on the basis of geographic differences in housing costs relative to housing costs in the United States.

(3) Housing expenses.

(A) In general. The term "housing expenses" means the reasonable expenses paid or incurred during the taxable year by or on behalf of an individual for housing for the individual (and, if they reside with him, for his spouse and dependents) in a foreign country. The term--

(i) includes expenses attributable to the housing (such as utilities and insurance), but

(ii) does not include interest and taxes of the kind deductible under section 163 or 164 [*IRC Sec. 163 or 164*] or any amount allowable as a deduction under section 216(a) [*IRC Sec. 216(a)*].

Housing expenses shall not be treated as reasonable to the extent such expenses are lavish or extravagant under the circumstances.

(B) Second foreign household.

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(i) In general. Except as provided in clause (ii), only housing expenses incurred with respect to that abode which bears the closest relationship to the tax home of the individual shall be taken into account under paragraph (1).

(ii) Separate household for spouse and dependents. If an individual maintains a separate abode outside the United States for his spouse and dependents and they do not reside with him because of living conditions which are dangerous, unhealthful, or otherwise adverse, then--

(I) the words "if they reside with him" in subparagraph (A) shall be disregarded, and

(II) the housing expenses incurred with respect to such abode shall be taken into account under paragraph (1).

(4) Special rules where housing expenses not provided by employer.

(A) In general. To the extent the housing cost amount of any individual for any taxable year is not attributable to employer provided amounts, such amount shall be treated as a deduction allowable in computing adjusted gross income to the extent of the limitation of subparagraph (B).

(B) Limitation. For purposes of subparagraph (A), the limitation of this subparagraph is the excess of--

(i) the foreign earned income of the individual for the taxable year, over

(ii) the amount of such income excluded from gross income under subsection (a) for the taxable year.

(C) 1-year carryover of housing amounts not allowed by reason of subparagraph (B).

(i) In general. The amount not allowable as a deduction for any taxable year under subparagraph (A) by reason of the limitation of subparagraph (B) shall be treated as a deduction allowable in computing adjusted gross income for the succeeding taxable year (and only for the succeeding taxable year) to the extent of the limitation of clause (ii) for such succeeding taxable year.

(ii) Limitation. For purposes of clause (i), the limitation of this clause for any taxable year is the excess of--

(I) the limitation of subparagraph (B) for such taxable year, over

(II) amounts treated as a deduction under subparagraph (A) for such taxable year.

(D) Employer provided amounts. For purposes of this paragraph, the term "employer provided amounts" means any amount paid or incurred on behalf of the individual by the individual's employer which is foreign earned income included in the individual's gross income for the taxable year (without regard to this section).

(E) Foreign earned income. For purposes of this paragraph, an individual's foreign earned income for any taxable year shall be determined without regard to the limitation of subparagraph (A) of subsection (b)(2).

(d) Definitions and special rules. For purposes of this section--

(1) Qualified individual. The term "qualified individual" means an individual whose tax home is in a foreign country and who is--

(A) a citizen of the United States and establishes to the satisfaction of the Secretary that he has been a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, or

(B) a citizen or resident of the United States and who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days in such period.

(2) Earned income.

(A) In general. The term "earned income" means wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered.

(B) Taxpayer engaged in trade or business. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, under regulations prescribed by the Secretary, a reasonable allowance as compensation for the personal services rendered by the taxpayer, not in excess of 30 percent of his share of the net profits of such trade or business, shall be considered as earned income.

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(3) Tax home. The term "tax home" means, with respect to any individual, such individual's home for purposes of section 162(a)(2) [*IRC Sec. 162(a)(2)*] (relating to traveling expenses while away from home). An individual shall not be treated as having a tax home in a foreign country for any period for which his abode is within the United States.

(4) Waiver of period of stay in foreign country. Notwithstanding paragraph (1), an individual who--

(A) is a bona fide resident of, or is present in, a foreign country for any period,

(B) leaves such foreign country after August 31, 1978--

(i) during any period during which the Secretary determines, after consultation with the Secretary of State or his delegate, that individuals were required to leave such foreign country because of war, civil unrest, or similar adverse conditions in such foreign country which precluded the normal conduct of business by such individuals, and

(ii) before meeting the requirements of such paragraph (1), and

(C) establishes to the satisfaction of the Secretary that such individual could reasonably have been expected to have met such requirements but for the conditions referred to in clause (i) of subparagraph (B), shall be treated as a qualified individual with respect to the period described in subparagraph (A) during which he was a bona fide resident of, or was present in, the foreign country, and in applying subsections (b)(2)(A), (c)(1)(B)(ii), and (c)(2)(A)(ii) with respect to such individual, only the days within such period shall be taken into account.

(5) Test of bona fide residence. If--

(A) an individual who has earned income from sources within a foreign country submits a statement to the authorities of that country that he is not a resident of that country, and

(B) such individual is held not subject as a resident of that country to the income tax of that country by its authorities with respect to such earnings,

then such individual shall not be considered a bona fide resident of that country for purposes of paragraph (1)(A).

(6) Denial of double benefits. No deduction or exclusion from gross income under this subtitle [*IRC Sections 1 et seq.*] or credit against the tax imposed by this chapter [*IRC Sections 1 et seq.*] (including any credit or deduction for the amount of taxes paid or accrued to a foreign country or possession of the United States) shall be allowed to the extent such deduction, exclusion, or credit is properly allocable to or chargeable against amounts excluded from gross income under subsection (a).

(7) Aggregate benefit cannot exceed foreign earned income. The sum of the amount excluded under subsection (a) and the amount deducted under subsection (c)(4)(A) for the taxable year shall not exceed the individual's foreign earned income for such year.

(8) Limitation on income earned in restricted country.

(A) In general. If travel (or any transaction in connection with such travel) with respect to any foreign country is subject to the regulations described in subparagraph (B) during any period--

(i) the term "foreign earned income" shall not include any income from sources within such country attributable to services performed during such period,

(ii) the term "housing expenses" shall not include any expenses allocable to such period for housing in such country or for housing of the spouse or dependents of the taxpayer in another country while the taxpayer is present in such country, and

(iii) an individual shall not be treated as a bona fide resident of, or as present in, a foreign country for any day during which such individual was present in such country during such period.

(B) Regulations. For purposes of this paragraph, regulations are described in this subparagraph if such regulations--

(i) have been adopted pursuant to the Trading With the Enemy Act (*50 U.S.C. App. 1 et seq.*), or the International Emergency Economic Powers Act (*50 U.S.C. 1701 et seq.*), and

(ii) include provisions generally prohibiting citizens and residents of the United States from engaging in transactions related to travel to, from, or within a foreign country.

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(C) Exception. Subparagraph (A) shall not apply to any individual during any period in which such individual's activities are not in violation of the regulations described in subparagraph (B).

(9) Regulations. The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations providing rules--

(A) for cases where a husband and wife each have earned income from sources outside the United States, and

(B) for married individuals filing separate returns.

(e) Election.

(1) In general. An election under subsection (a) shall apply to the taxable year for which made and to all subsequent taxable years unless revoked under paragraph (2).

(2) Revocation. A taxpayer may revoke an election made under paragraph (1) for any taxable year after the taxable year for which such election was made. Except with the consent of the Secretary, any taxpayer who makes such a revocation for any taxable year may not make another election under this section for any subsequent taxable year before the 6th taxable year after the taxable year for which such revocation was made.

(f) Determination of tax liability.

(1) In general. If, for any taxable year, any amount is excluded from gross income of a taxpayer under subsection (a), then, notwithstanding sections 1 and 55 [*IRC Sections 1 and 55*]--

(A) if such taxpayer has taxable income for such taxable year, the tax imposed by section 1 [*IRC Sec. 1*] for such taxable year shall be equal to the excess (if any) of--

(i) the tax which would be imposed by section 1 [*IRC Sec. 1*] for such taxable year if the taxpayer's taxable income were increased by the amount excluded under subsection (a) for such taxable year, over

(ii) the tax which would be imposed by section 1 [*IRC Sec. 1*] for such taxable year if the taxpayer's taxable income were equal to the amount excluded under subsection (a) for such taxable year, and

(B) if such taxpayer has a taxable excess (as defined in section 55(b)(1)(A)(ii) [*IRC Sec. 55(b)(1)(A)(ii)*]) for such taxable year, the amount determined under the first sentence of section 55(b)(1)(A)(i) [*IRC Sec. 55(b)(1)(A)(i)*] for such taxable year shall be equal to the excess (if any) of--

(i) the amount which would be determined under such sentence for such taxable year (subject to the limitation of section 55(b)(3) [*IRC Sec. 55(b)(3)*]) if the taxpayer's taxable excess (as so defined) were increased by the amount excluded under subsection (a) for such taxable year, over

(ii) the amount which would be determined under such sentence for such taxable year if the taxpayer's taxable excess (as so defined) were equal to the amount excluded under subsection (a) for such taxable year.

(2) Special rules.

(A) Regular tax. In applying section 1(h) [*IRC Sec. 1(h)*] for purposes of determining the tax under paragraph (1)(A)(i) for any taxable year in which, without regard to this subsection, the taxpayer's net capital gain exceeds taxable income (hereafter in this subparagraph referred to as the capital gain excess)--

(i) the taxpayer's net capital gain (determined without regard to section 1(h)(11) [*IRC Sec. 1(h)(11)*]) shall be reduced (but not below zero) by such capital gain excess,

(ii) the taxpayer's qualified dividend income shall be reduced by so much of such capital gain excess as exceeds the taxpayer's net capital gain (determined without regard to section 1(h)(11) [*IRC Sec. 1(h)(11)*]) and the reduction under clause (i)), and

(iii) adjusted net capital gain, unrecaptured section 1250 gain, and 28-percent rate gain shall each be determined after increasing the amount described in section 1(h)(4)(B) [*IRC Sec. 1(h)(4)(B)*] by such capital gain excess.

(B) Alternative minimum tax. In applying section 55(b)(3) [*IRC Sec. 55(b)(3)*] for purposes of determining the tax under paragraph (1)(B)(i) for any taxable year in which, without regard to this subsection, the taxpayer's net capital gain exceeds the taxable excess (as defined in section 55(b)(1)(A)(ii) [*IRC Sec. 55(b)(1)(A)(ii)*]--

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(i) the rules of subparagraph (A) shall apply, except that such subparagraph shall be applied by substituting "the taxable excess (as defined in section 55(b)(1)(A)(ii) [IRC Sec. 55(b)(1)(A)(ii)]" for "taxable income", and

(ii) the reference in section 55(b)(3)(B) [IRC Sec. 55(b)(3)(B)] to the excess described in section 1(h)(1)(B) [IRC Sec. 1(h)(1)(B)] shall be treated as a reference to such excess as determined under the rules of subparagraph (A) for purposes of determining the tax under paragraph (1)(A)(i).

(C) Definitions. Terms used in this paragraph which are also used in section 1(h) [IRC Sec. 1(h)] shall have the respective meanings given such terms by section 1(h) [IRC Sec. 1(h)], except that in applying subparagraph (B) the adjustments under part VI of subchapter A [IRC Sections 55 et seq.] shall be taken into account.

(g) Cross references. For administrative and penal provisions relating to the exclusions provided for in this section, see sections 6001, 6011, 6012(c) [IRC Sections 6001, 6011, 6012(c)], and the other provisions of subtitle F [IRC Sections 6001 et seq.].

HISTORY:

(Aug. 16, 1954, ch 736, 68A Stat. 289; Sept. 2, 1958, P.L. 85-866, Title I, § 72(b), 72 Stat. 1660; Oct. 16, 1962, P.L. 87-834, § 11(a), 76 Stat. 1003; Feb. 26, 1964, P.L. 88-272, Title II, § 237(a), 78 Stat. 128; Nov. 13, 1966, P.L. 89-809, Title I, § 105(e)(3), 80 Stat. 1567; Oct. 4, 1976, P.L. 94-455, Title X, § 1011(a), (b), Title XIX, §§ 1901(a)(115), 1906(b)(13)(A), 90 Stat. 1610, 1784, 1834; May 23, 1977, P.L. 95-30, Title I, § 102(b)(12), 91 Stat. 138; Nov. 6, 1978, P.L. 95-600, Title IV, § 401(b)(4), Title VII, §§ 701(u)(10)(A), 703(e), 92 Stat. 2867, 2917, 2939; Nov. 8, 1992, P.L. 95-615, Title II, § 202(a)-(e), (g)(1) [202(a)-(f)(1)], 92 Stat. 3098-3100; April 1, 1980, P.L. 96-222, Title I, §§ 107(a)(3)(B), 108(a)(1)(A), (C), (D), 94 Stat. 223, 224; Dec. 24, 1980, P.L. 96-595, § 4(a)-(c)(1), 94 Stat. 3466, 3467; Aug. 13, 1981, P.L. 97-34, Title I, § 111(a), 95 Stat. 190; Jan. 12, 1983, P.L. 97-448, Title I, § 101(c), 96 Stat. 2366; July 18, 1984, P.L. 98-369, Div A, Title I, § 17, 98 Stat. 505; Oct. 22, 1986, P.L. 99-514, Title XII, § 1233(a), (b), 100 Stat. 2564; Aug. 5, 1997, P.L. 105-34, Title XI, § 1172(a), 111 Stat. 988; May 17, 2006, P.L. 109-222, Title V, § 515(a)-(c), 120 Stat. 367; Dec. 29, 2007, P.L. 110-172, § 4(c), 121 Stat. 2476.)

HISTORY; ANCILLARY LAWS AND DIRECTIVES**Amendments:**

In 2007, P.L. 110-172, Sec. 4(c) (effective as if included in P.L. 109-222 and applicable to taxable years beginning after 12/31/2006, as provided by Sec. 4(d) of P.L. 110-172, which appears as a note to Code Sec. 355), substituted subsec. (f) for one which read:

"(f) Determination of tax liability on nonexcluded amounts. For purposes of this chapter, if any amount is excluded from the gross income of a taxpayer under subsection (a) for any taxable year, then, notwithstanding section 1 or 55--

"(1) the tax imposed by section 1 on the taxpayer for such taxable year shall be equal to the excess (if any) of--

"(A) the tax which would be imposed by section 1 for the taxable year if the taxpayer's taxable income were increased by the amount excluded under subsection (a) for the taxable year, over

"(B) the tax which would be imposed by section 1 for the taxable year if the taxpayer's taxable income were equal to the amount excluded under subsection (a) for the taxable year, and

"(2) the tentative minimum tax under section 55 for such taxable year shall be equal to the excess (if any) of--

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"(A) the amount which would be such tentative minimum tax for the taxable year if the taxpayer's taxable excess were increased by the amount excluded under subsection (a) for the taxable year, over

"(B) the amount which would be such tentative minimum tax for the taxable year if the taxpayer's taxable excess were equal to the amount excluded under subsection (a) for the taxable year.

"For purposes of this subsection, the amount excluded under subsection (a) shall be reduced by the aggregate amount of any deductions or exclusions disallowed under subsection (d)(6) with respect to such excluded amount."

In 2006, P.L. 109-222, Sec. 515(a)-(c) (applicable to taxable years beginning after 12/31/2005, as provided by Sec. 515(d) of P.L. 109-222, which appears as a note to this section), amended subsec. (b)(2)(D)(ii) by substituting "2005" for "2007" in the introductory matter, and substituting "2004" for "2006" in subcl. (II); amended subsec. (c) by inserting "to the extent such expenses do not exceed the amount determined under paragraph (2)" in para. (1)(A), substituting cl. (i) of para. (1)(B) for one which read: "(i) 16 percent of the salary (computed on a daily basis) of an employee of the United States who is compensated at a rate equal to the annual rate paid for step 1 of grade GS-14, multiplied by", redesignating paras. (2) and (3) as paras. (3) and (4), respectively, and inserting new para. (2); amended subsec. (d) by substituting ", (c)(1)(B)(ii), and (c)(2)(A)(ii)" for "and (c)(1)(B)(ii)" in para. (4), and substituting "subsection (c)(4)" for "subsection (c)(3)" in para. (7); redesignating subsec. (f) as subsec. (g); and inserting new subsec. (g).

In 1997, P.L. 105-34, Sec. 1172(a) (applicable to taxable years beginning after 12/31/97, as provided by Sec. 1172(b), which appears as a note to this section), amended subsec. (b)(2) by substituting "equal to the exclusion amount for the calendar year in which such taxable year begins" for "of \$ 70,000" in subpara. (A), and adding subpara. (D).

In 1986, P.L. 99-514, Sec. 1233(a), amended subpara. (b)(2)(A) . . . Sec. 1233(b), redesignated para. (d)(8) as (d)(9), and added new para. (d)(8), effective for tax. yrs. begin. after 12/31/86.

Prior to amendment, subpara. (b)(2)(A) read as follows:

"(A) In general. The foreign earned income of an individual which may be excluded under subsection (a)(1) for any taxable year shall not exceed the amount of foreign earned income computed on a daily basis at the annual rate set forth in the following table for each day of the taxable year within the applicable period described in subparagraph (A) or (B) of subsection (d)(1):

"In the case of taxable years beginning in:	The annual rate is:
1983, 1984, 1985, 1986, or 1987	\$ 80,000
1988	85,000
1989	90,000
1990 and thereafter	95,000."

In 1984, P.L. 98-369, Sec. 17, amended the table contained in subpara. (b)(2)(A), effective for tax. yrs. end. after 12/31/83.

Prior to amendment, the table in subpara. (b)(2)(A) read as follows:

"In the case of taxable years beginning in:	The annual rate is:
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1982	\$ 75,000
1983	80,000
1984	85,000
1985	90,000
1986 and thereafter	95,000."

In 1983, P.L. 97-448, Sec. 101(c)(1), redesignated para. (d)(7) as para. (d)(8) and added new para. (d)(7) . . . Sec. 101(c)(2), substituted "subsection (a)" for "subsection (a)(1)" in clause (c)(3)(B)(ii), effective for tax. yrs. begin. after 12/31/81.

In 1981, P.L. 97-34, Sec. 111(a), amended Code Sec. 911, effective for tax. yrs. begin. after 12/31/81.

Prior to amendment, Code Sec. 911 read as follows:

"Sec. 911. Income earned by individuals in certain camps or from charitable services.

"(a) General rule.

"In the case of an individual described in section 913(a) who, because of his employment, resides in a camp located in a hardship area, or who performs qualified charitable services in a lesser developed country, the following items shall not be included in gross income and shall be exempt from taxation under this subtitle:

"(1) Bona fide resident of foreign country. If such individual is described in section 913(a)(1), amounts received from sources within a foreign country or countries (except amounts paid by the United States or any agency thereof) which constitute earned income attributable to services performed during the period of bona fide residence. The amount excluded under this paragraph for any taxable year shall be computed by applying the special rules contained in subsection (c).

"(2) Presence in foreign country for 17 months. If such individual is described in section 913(a)(2), amounts received from sources within a foreign country or countries (except amounts paid by the United States or any agency thereof) which constitute earned income attributable to services performed during the 18-month period. The amount excluded under this paragraph for any taxable year shall be computed by applying the special rules contained in subsection (c).

An individual shall not be allowed as a deduction from his gross income any deduction or as a credit against the tax imposed by this chapter any credit for the amount of taxes paid or accrued to a foreign country or possession of the United States, to the extent that such deduction or credit is properly allocable to or chargeable against amounts excluded from gross income under this subsection, other than the deduction allowed by section 217 (relating to moving expenses).

"(b) Definition of earned income.

"For purposes of this section, the term "earned income" means wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, under regulations prescribed by the Secretary, a reasonable allowance as compensation for the personal services rendered by the taxpayer, not in excess of 30 percent of his share of the net profits of such trade or business, shall be considered as earned income.

"(c) Special rules.

"For purposes of computing the amount excludable under subsection (a), the following rules shall apply:

"(1) Limitations on amount of exclusion.

"(A) Dollar limitations--

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"(i) Camp residents. In the case of an individual who resides in a camp located in a hardship area, the amount excluded from the gross income of the individual under subsection (a) for any taxable year shall not exceed an amount which shall be computed on a daily basis at an annual rate of \$ 20,000 for days during which he resides in a camp.

"(ii) Employees of charitable organizations. If any individual performs qualified charitable services in a lesser developed country during any taxable year, the amount of the earned income attributable to such services excluded from the gross income of the individual under subsection (a) for the taxable year shall not exceed an amount which shall be computed on a daily basis at an annual rate of \$ 20,000.

"(iii) Special rule. If any individual performs qualified charitable services in a lesser developed country and performs other services while residing in a camp located in a hardship area during any taxable year, the amount of the earned income attributable to such other services excluded from the gross income of the individual under subsection (a) for the taxable year shall not (after the application of clause (i) with respect to such earned income) exceed \$ 20,000 reduced by the amount of the earned income attributable to qualified charitable services excluded from gross income under subsection (a) for the taxable year.

"(B) Camp. For purposes of this section, an individual shall not be considered to reside in a camp because of his employment unless the camp constitutes substandard lodging which is--

"(i) provided by or on behalf of the employer for the convenience of the employer because the place at which such individual renders services is in a remote area where satisfactory housing is not available on the open market,

"(ii) located, as near as practicable, in the vicinity of the place at which such individual renders services, and

"(iii) furnished in a common area (or enclave) which is not available to the public and which normally accommodates 10 or more employees.

"(C) Hardship area. For purposes of this section, the term "hardship area" has the same meaning as in section 913(h).

"(D) Qualified charitable services. For purposes of this subsection, the term "qualified charitable services" means services performed by an employee for an employer which--

"(i) meets the requirements of section 501(c)(3), and

"(ii) is not a private foundation (within the meaning of section 509(a)).

"(E) Lesser developed country. The term "lesser developed country" means any foreign country other than--

"(i) a country listed in the first sentence of section 502(b) of the Trade Act of 1974 (*19 U.S.C. 2462*), or

"(ii) a country designated by the President as not being a lesser developed country.

"(2) Attribution to year in which services are performed. For purposes of applying paragraph (1), amounts received shall be considered received in the taxable year in which the services to which the amounts are attributable are performed.

"(3) Treatment of community income. In applying paragraph (1) with respect to amounts received for services performed by a husband or wife which are community income under community property laws applicable to such income, the aggregate amount excludable under subsection (a) from the gross income of such husband and wife shall equal the amount which would be excludable if such amounts did not constitute such community income.

"(4) Requirement as to time of receipt. No amount received after the close of the taxable year following the taxable year in which the services to which the amounts are attributable are performed may be excluded under subsection (a).

"(5) Certain amounts not excludable. No amount--

"(A) received as a pension or annuity, or

"(B) included in gross income by reason of section 402(b) (relating to taxability of beneficiary of non-exempt trust), section 403(c) (relating to taxability of beneficiary under a non-qualified annuity), or section

403(d) (relating to taxability of beneficiary under certain forfeitable contracts purchased by exempt organizations),

may be excluded under subsection (a).

"(6) Test of bona fide residence. A statement by an individual who has earned income from sources within a foreign country to the authorities of that country that he is not a resident of that country, if he is held not subject as a resident of that country to the income tax of that country by its authorities with respect to such earnings, shall be conclusive evidence with respect to such earnings that he is not a bona fide resident of that country for purposes of subsection (a)(1).

"(7) Business premises of the employer. In the case of an individual residing in a camp who elects the exclusion provided in this section for a taxable year, the camp shall be considered to be part of the business premises of the employer for purposes of section 119 for such taxable year.

"(d) Section not to apply.

"An individual entitled to the benefits of this section for a taxable year may elect, in such manner and at such time as shall be prescribed by the Secretary, not to have the provisions of this section apply for the taxable year.

"(e) Cross reference.

"(1) For administrative and penal provisions relating to the exclusion provided for in this section, see sections 6001, 6011, 6012(c), and the other provisions of subtitle F.

"(2) For elections as to treatment of income subject to foreign community property laws, see section 981.

In 1980, P.L. 96-595, Sec. 4(a), added "or who performs qualified charitable services in a lesser developed country," after "hardship area" in subsec. (a) . . . Sec. 4(b)(1), amended subpara. (c)(1)(A) . . . Sec. 4(b)(2), added subparas. (c)(1)(D) and (c)(1)(E), effective for tax. yrs. begin. after 12/31/78.

Prior to amendment, subpara. (c)(1)(A) read as follows:

"(A) In General. The amount excluded from the gross income of an individual under subsection (a) for any taxable year shall not exceed an amount which shall be computed on a daily basis at an annual rate of \$ 20,000 for days during which he resides in a camp."

--P.L. 96-222, Sec. 107(a)(3)(B), repealed Sec. 703(e) of P.L. 95-600 [see below].

Prior to repeal, Sec. 703(e) of P.L. 95-600 read as follows:

"(e) Amendment of section 911. Subsection (c) of section 911 is amended by redesignating paragraph (8) as paragraph (7)."

--P.L. 96-222, Sec. 108(a)(1)(C), substituted "a foreign country or" for "qualified foreign" in para. (a)(2) . . . Sec. 108(a)(1)(D), added "any deduction" after "his gross income" and substituted "deduction allowed by section 217" for "deductions allowed by sections 217" in the sentence at the end of subsec. (a), effective for tax. yrs. begin after 12/31/77.

In 1978, P.L. 95-615, Sec. 4(a), submitted "December 31, 1977" for "December 31, 1976" in Sec. 1011(d) of P.L. 94-455 [the effective date for amendments made by Sec. 1011 of P.L. 94-455, see below, as amended by Sec. 302 of P.L. 95-30, see below].

--P.L. 95-615, Sec. 202(a), amended subsec. (a) . . . Sec. 202(b), amended para. (c)(1) . . . Sec. 202(c), added para. (c)(7) . . . Sec. 202(d)(1), amended subsec. (d) and repealed subsec. (e) . . . Sec. 202(d)(2), redesignated subsec. (f) as subsec. (d) . . . Sec. 202(e), repealed para. (c)(8) . . . Sec. 202(f)(1), amended the heading of Code Sec. 911, effective for tax. yrs. begin. after 12/31/77.

Prior to amendment, subsec. (a) read as follows:

"(a) General rule.

The following items shall not be included in gross income and shall be exempt from taxation under this subtitle:

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"(1) Bona fide resident of foreign country. In the case of an individual citizen of the United States who establishes to the satisfaction of the Secretary that he has been a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof) which constitute earned income attributable to services performed during such uninterrupted period. The amount excluded under this paragraph for any taxable year shall be computed by applying the special rules contained in subsection (c).

"(2) Presence in foreign country for 17 months. In the case of an individual citizen of the United States who during any period of 18 consecutive months is present in a foreign country or countries during at least 510 full days in such period, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof) which constitute earned income attributable to services performed during such 18-month period. The amount excluded under this paragraph for any taxable year shall be computed by applying the special rules contained in subsection (c).

An individual shall not be allowed as a deduction from his gross income any deductions (other than those allowed by section 151, relating to personal exemptions), to the extent that such deductions are properly allocable to or chargeable against amounts excluded from gross income under this subsection. For purposes of this title, the amount of the income, war profits, and excess profits taxes paid or accrued by any individual to a foreign country or possession of the United States for any taxable year shall be reduced by an amount determined by multiplying the amount of such taxes by a fraction--

"(A) the numerator of which is the tax determined under subsection (d)(1)(B), and

"(B) the denominator of which is the sum of the amount referred to in subparagraph (A), plus the limitation imposed for the taxable year by section 904(a)."

Prior to amendment, para. (c)(1) read as follows:

"(1) Limitations on amount of exclusion.

"(A) In general. Except as provided in subparagraphs (B) and (C), the amount excluded from the gross income of an individual under subsection (a) for any taxable year shall not exceed an amount which shall be computed on a daily basis at an annual rate of \$ 15,000.

"(B) Employees of charitable organizations. If any individual performs qualified charitable services during any taxable year, the amount of the earned income attributable to such services excluded from the gross income of the individual under subsection (a) for the taxable year shall not exceed an amount which shall be computed on a daily basis at an annual rate of \$ 20,000.

"(C) Special rule. If any individual performs qualified charitable services and other services during any taxable year, the amount of the earned income attributable to such other services excluded from the gross income of the individual under subsection (a) for the taxable year shall not (after the application of subparagraph (A) with respect to such earned income) exceed \$ 15,000 reduced by the amount of the earned income attributable to qualified charitable services excluded from gross income under subsection (a) for the taxable year.

"(D) Qualified charitable services. For purposes of this subsection, the term "qualified charitable services" means services performed by an employee for an employer created or organized in the United States, or under the law of the United States, any State, or the District of Columbia, which meets the requirements of section 501(c)(3)."

Prior to amendment, subsec. (d) read as follows:

"(d) Amount excluded under subsection (a) included in computation of tax.

"(1) Computation of tax. If for any taxable year an individual has earned income which is excluded from gross income under subsection (a), the tax imposed by section 1 shall be the excess of--

"(A) the tax imposed by section 1 (whichever is applicable) on the amount of net taxable income, over

"(B) the tax imposed by section 1 on the sum of--

"(i) the amount of net excluded earned income, and

"(ii) the zero bracket amount.

"(2) Definitions. For purposes of this subsection--

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"(A) the term "net taxable income" means an amount equal to the sum of the amount of taxable income for the taxable year plus the amount of net excluded earned income of such individual for such taxable year; and

"(B) the term "net excluded earned income" means the excess of the amount of earned income excluded under subsection (a) for the taxable year over the amount of the deductions disallowed with respect to such excluded earned income for such taxable year under subsection (a)."

Prior to repeal, subsec. (e) read as follows:

"(e) Section not to apply.

"(1) In general. An individual entitled to the benefits of this section for a taxable year may elect, in such manner and at such time as shall be prescribed by the Secretary, not to have the provisions of this section apply.

"(2) Effect of election. An election under paragraph (1) shall apply to the taxable year for which made and to all subsequent taxable years. Such election may not be revoked except with the consent of the Secretary."

Prior to repeal, para. (c)(8) read as follows:

"(8) Business premises of the employer. In the case of an individual residing in a camp who elects the exclusion provided in this section for a taxable year, the camp shall be considered to be part of the business premises of the employer for purposes of section 119 for such taxable year."

--P.L. 95-600, Sec. 401(b)(4)(A), substituted "section 1" for "section 1 or section 1201" each place it appeared in para. (d)(1) . . . Sec. 401(b)(4)(B), deleted "(whichever is applicable)" each place it appears in para. (d)(1), effective for tax. yrs. begin. after 12/31/78.

--P.L. 95-600, Sec. 701(u)(10)(A), amended the sentence at the end of subsec. (a), applicable as provided by Sec. 701(u)(10)(B) of such Act, which appears as a note to this section.

Prior to amendment, the sentence at the end of subsec. (a) read as follows:

"An individual shall not be allowed as a deduction from his gross income any deductions (other than those allowed by section 151, relating to personal exemptions), or as a credit against the tax imposed by this chapter any credit for the amount of taxes paid or accrued to a foreign country or possession of the United States, to the extent that such deductions or credit is properly allocable to or chargeable against amounts excluded from gross income under this subsection."

--P.L. 95-600, Sec. 703(e), redesignated para. (c)(8) as para. (c)(7), effective 10/4/76, [Sec. 703(e) was repealed by Sec. 107(a)(3)(B) of P.L. 96-222, see above].

In 1977, P.L. 95-30, Sec. 102(b)(12), amended subpara. (d)(1)(B), effective for tax. yrs. begin. after 12/31/76.

Prior to amendment, subpara. (d)(1)(B) read as follows:

"(B) the tax imposed by section 1 or section 1201 (whichever is applicable) on the amount of net excluded earned income."

--P.L. 95-30, Sec. 302, substituted "December 31, 1976" for "December 31, 1975" in Sec. 1011(d) of P.L. 94-455 [the effective date for amendments made by Sec. 1011 of P.L. 94-455, see below].

In 1976, P.L. 94-455, Sec. 1011(a), amended para. (c)(1) . . . Sec. 1011(b)(1), amended the sentence at the end of subsec. (a) . . . Sec. 1011(b)(2), added para. (c)(8) . . . Sec. 1011(b)(3), redesignated subsec. (d) as subsec. (f), added new subsec. (d) and added subsec. (e), effective [as amended by Sec. 302 of P.L. 95-30, and Sec. 4(a) of P.L. 95-615 see above] for tax. yrs. begin. after 12/31/77.

Prior to amendment, para. (c)(1) read as follows:

"(1) Limitations on amount of exclusion. The amount excluded from the gross income of an individual under subsection (a) for any taxable year shall not exceed an amount which shall be computed on a daily basis at an annual rate of--

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"(A) except as provided in subparagraph (B), \$ 20,000 in the case of an individual who qualifies under subsection (a), or

"(B) \$ 25,000 in the case of an individual who qualifies under subsection (a)(1), but only with respect to that portion of such taxable year occurring after such individual has been a bona fide resident of a foreign country or countries for an uninterrupted period of 3 consecutive years."

Prior to amendment, the sentence at the end of subsec. (a) read as follows:

"An individual shall not be allowed, as a deduction from his gross income, any deductions (other than those allowed by section 151, relating to personal exemptions) properly allocable to or chargeable against amounts excluded from gross income under this subsection."

--P.L. 94-455, Sec. 1901(a)(115), deleted para. (c)(7) . . . Sec. 1906(b)(13)(A), substituted "Secretary" for "Secretary or his delegate" each place it appeared in Code Sec. 911, effective for tax. yrs. begin. after 12/31/76.

Prior to amendment, para. (c)(7) read as follows:

"(7) Certain noncash remuneration. If an individual who qualifies under subsection (a)(1) receives compensation from sources without the United States (except from the United States or any agency thereof) in the form of the right to use property or facilities, the limitation under paragraph (1) applicable with respect to such individual--

"(A) for a taxable year ending in 1963, shall be increased by an amount equal to the amount of such compensation so received during such taxable year;

"(B) for a taxable year ending in 1964, shall be increased by an amount equal to two-thirds of such compensation so received during such taxable year; and

"(C) for a taxable year ending in 1965, shall be increased by an amount equal to one-third of such compensation so received during such taxable year."

In 1964, P.L. 88-272, Sec. 237(a), substituted "\$ 25,000" for "\$ 35,000" in subpara. (c)(1)(B), effective for tax. yrs. begin. after 12/31/64.

In 1962, P.L. 87-834, Sec. 11(a), amended Code Sec. 911, effective as provided in Sec. 11(c)(1) of this Act, which appears as a note to this section.

Prior to amendment, Code Sec. 911 read as follows:

"(a) *General Rule.*

"The following items shall not be included in gross income and shall be exempt from taxation under this subtitle:

"(1) Bona fide resident of foreign country. In the case of an individual citizen of the United States, who establishes to the satisfaction of the Secretary or his delegate that he has been a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof) if such amounts constitute earned income (as defined in subsection (b)) attributable to such period; but such individual shall not be allowed as a deduction from his gross income any deductions (other than those allowed by section 151, relating to personal exemptions) properly allocable to or chargeable against amounts excluded from gross income under this paragraph.

"(2) Presence in foreign country for 17 months. In the case of an individual citizen of the United States, who during any period of 18 consecutive months is present in a foreign country or countries during at least 510 full days in such period, amounts received from sources without the United States (except amounts paid by the United States or an agency thereof) if such amounts constitute earned income (as defined in subsection (b)) attributable to such period; but such individual shall not be allowed as a deduction from his gross income any deductions (other than those allowed by section 151, relating to personal exemptions) properly allocable to or chargeable against amounts excluded from gross income under this paragraph. If the 18-month period

includes the entire taxable year, the amount excluded under this paragraph for such taxable year shall not exceed \$ 20,000. If the 18-month period does not include the entire taxable year, the amount excluded under this paragraph for such taxable year shall not exceed an amount which bears the same ratio to \$ 20,000 as the number of days in the part of the taxable year within the 18-month period bears to the total number of days in such year.

"(b) Definition of earned income. For purposes of this section, the term "earned income" means wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, under regulations prescribed by the Secretary or his delegate, a reasonable allowance as compensation for the personal services rendered by the taxpayer, not in excess of 30 percent of his share of the net profits of such trade or business, shall be considered as earned income.

"(c) Cross references. For administrative and penal provisions relating to the exclusion provided for in this section, see sections 6001, 6011, 6012(c), and the other provisions of subtitle F."

In 1958, P.L. 85-866, Sec. 72(b), added subsec. (c), effective for tax. yrs. begin. after 12/31/57.

Other provisions:

Application of Oct. 16, 1962 amendment. Act Oct. 16, 1962, P.L. 87-834, § 11(c)(1), 76 Stat. 1005, provides:

"The amendment made by subsection (a) [amending this section] shall apply to taxable years ending after September 4, 1962, but only with respect to amounts--

"(A) received after March 12, 1962, which are attributable to services performed after December 31, 1962, or

"(B) received after December 31, 1962, which are attributable to services performed on or before December 31, 1962, unless on March 12, 1962, there existed a right (whether forfeitable or nonforfeitable) to receive such amounts."

Application of amendment made by § 701(u)(10)(A) of Act Nov. 6, 1978. Act Nov. 6, 1978, P.L. 95-600, Title VII, § 701(u)(10)(B), 92 Stat. 2917; April 1, 1980, P.L. 96-222, Title I, § 107(a)(1)(B), 94 Stat. 222, provides: "The amendment made by subparagraph (A) [amending this section] shall apply to taxable years beginning in calendar year 1978 but only in the case of taxpayers who make an election under section 209(c) of the Foreign Earned Income Act of 1978 [§ 209(c) of P.L. 95-615 (note to this section)]."

Individuals for whom unused zero bracket amount computation is provided for taxable years beginning in 1977. Act Nov. 8, 1978, P.L. 95-615, § 4, 92 Stat. 3097, provides: "If for any taxable year beginning in 1977--

"(1) an individual is entitled to the benefits of *section 911 of the Internal Revenue Code of 1954* [1986], and

"(2) such individual chooses to take to any extent the benefits of section 901 of such Code, then such individual shall be treated for such taxable year as an individual for whom an unused zero bracket amount computation is provided by section 63(e) of such Code."

Reports to congressional committees; information from Federal agencies. Act Nov. 8, 1978, P.L. 95-615, Title II, § 208, 92 Stat. 3108; Aug. 13, 1981, P.L. 97-34, Title I, § 114, 95 Stat. 195; Nov. 5, 1990, P.L. 101-508, Title XI, § 11833, 104 Stat. 1388-560, provides:

"(a) General rule. As soon as practicable after December 31, 1993, and as soon as practicable after the close of each fifth calendar year thereafter, the Secretary of the Treasury shall transmit a report to the

Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate on the operation and effects of *sections 911 and 912 of the Internal Revenue Code of 1954* [1986].

"(b) Information from Federal agencies. Each agency of the Federal Government which pays allowances excludable from gross income under section 912 of such Code shall keep such record and furnish to the Secretary of the Treasury such information as he determines to be necessary to carry out his responsibility under subsection (a)."

Application of Nov. 8, 1978 amendments; election of prior law. Act Nov. 8, 1978, P.L. 95-615, Title II, § 209, 92 Stat. 3108, provides:

"(a) General rule. Except as provided in subsections (b) and (c), the amendments made by this title [for full classification, consult USCS Tables volumes] shall apply to taxable years beginning after December 31, 1977.

"(b) Wage withholding. The amendment made by section 207(a) [amending 26 USCS § 3401] shall apply to remuneration paid after the date of the enactment of this Act.

"(c) Election of prior law.

(1) A taxpayer may elect not to have the amendments made by this title apply with respect to any taxable year beginning after December 31, 1977, and before January 1, 1979.

"(2) An election under this subsection shall be filed with a taxpayer's timely filed return for the first taxable year beginning after December 31, 1977."

Treatment of certain persons in Panama. Act Oct. 22, 1986, P.L. 99-514, Title XII, Subtitle D, § 1232(a), 100 Stat. 2563, provides: "Nothing in the Panama Canal Treaty (or in any agreement implementing such Treaty) shall be construed as exempting (in whole or in part) any citizen or resident of the United States from any tax under the Internal Revenue Code of 1954 or 1986. The preceding sentence shall apply to all taxable years whether beginning before, on, or after the date of the enactment of this Act (or in the case of any tax not imposed with respect to a taxable year, to taxable events after the date of enactment of this Act.)"

Effective date of Aug. 5, 1997 amendment. Act Aug. 5, 1997, P.L. 105-34, Title XI, Subtitle H, § 1172(b), 111 Stat. 988, provides: "The amendment made by this section [amending subsec. (b)(2) of this section] shall apply to taxable years beginning after December 31, 1997."

Application of May 17, 2006 amendments. Act May 17, 2006, P.L. 109-222, Title V, § 515(d), 120 Stat. 368, provides: "The amendments made by this section [amending subsecs. (b)-(d) of this section, redesignating subsec. (f) as subsec. (g), and inserting new subsec. (g)] shall apply to taxable years beginning after December 31, 2005."

NOTES:

Code of Federal Regulations:

Internal Revenue Service, Department of the Treasury--Income taxes, 26 CFR 1.1 et seq.

This section is referred to in 26 CFR 1.1(i)-1T, 1.25A-1, 1.37-3, 1.72-8, 1.105-11, 1.132-8T, 1.217-2, 1.221-1, 1.221-2, 1.280G-1, 1.401-10, 1.401(a)(26)-6, 1.403(b)-2, 1.409A-1, 1.409A-3, 1.410(b)-1, 1.410(b)-6, 1.414(g)-1T, 1.415(c)-2, 1.469-2T, 1.469-5T, 1.702-1, 1.861-8T, 1.861-9T, 1.865-1, 1.865-2, 1.871-2, 1.879-1, 1.893-1, 1.901-1T, 1.911-1 through 1.911-8, 1.935-1, 1.937-1, 1.988-4, 1.1348-3, 1.1402(a)-2, 1.1402(a)-11, 1.6012-1, 1.6041-3, 1.6091-3, 20.2056A-2, 20.2056A-9, 31.3401(a)(8)(A)-1, 31.3402(f)(2)-1, 31.6091-1, 54.4980B-3, 301.7701(b)-1.

Related Statutes & Rules:

Exclusions from gross income, generally, *IRC Sections 101* et seq.

Exemption for certain allowances, *IRC Sec. 912*.

This section is referred to in 22 USCS § 3310; IRC Sections 1, 23, 24, 25A, 25B, 32, 59, 66, 72, 79, 86, 105, 135, 137, 219, 221, 222, 403, 410, 414, 415, 469, 505, 530, 865, 879, 937, 988, 1400C, 1402, 3401, 4980B, 6012, 6091, 7701; 29 USCS § 1322; 42 USCS §§ 411, 604.

Research Guide:

Am Jur:

- 27 Am Jur 2d, *Employment Relationship* § 132.
- 60A Am Jur 2d, *Pensions and Retirement Funds* § 185.
- 70A Am Jur 2d, *Social Security and Medicare* § 580.

Forms:

- 1 Rabkin & Johnson, *Current Legal Forms*, § 1.49, Partnerships.
- 11 Rabkin & Johnson, *Current Legal Forms*, § 9.20, Irrevocable Trusts.
- 14C Am Jur Legal Forms 2d, *Pension and Retirement Plans* §§ 200:8, 11, 95, 103, 104.

Immigration:

- 7 Immigration Law and Procedure (rev. ed.), ch 91, *Survey of Nationality and Citizenship* § 91.05.
- 8 Immigration Law and Procedure (rev. ed.), ch 105, *Taxation* §§ 105.02, 105.07.

Federal Taxation:

- 2A Rabkin & Johnson, *Federal, Income, Gift and Estate Taxation* (Matthew Bender), ch 7, *Aliens and Foreign Income* §§ 7.10, 7.12-7.15, 7.18.
- 2A Rabkin & Johnson, *Federal, Income, Gift and Estate Taxation* (Matthew Bender), ch 8, *Foreign Corporations and Foreign Trade* § 8.23.
- 3B Rabkin & Johnson, *Federal, Income, Gift and Estate Taxation* (Matthew Bender), ch 50, *Personal Residences* § 50.03.
- 3B Rabkin & Johnson, *Federal, Income, Gift and Estate Taxation* (Matthew Bender), ch 50D, *Limitations on Losses From Real Estate* § 50D.01.
- 2 *Federal Income Taxation of Retirement Plans* (Matthew Bender), ch 14, *Statutory Standards for Deferral Under IRC Section 409A* § 14.02.
- 2 *Federal Income Taxation of Retirement Plans* (Matthew Bender), ch 18, *Section 403(b) Tax-Sheltered Annuities and Custodial Accounts* § 18.03.
- 1 Rhoades & Langer, *U.S. International Taxation & Tax Treaties*, ch 2, *U.S. Citizens Abroad--IRC Section 911* §§ 2.01-2.06.
- 1 Rhoades & Langer, *U.S. International Taxation & Tax Treaties*, ch 3, *Controlled Foreign Corporations (CFCs): Operations* § 3.02.
- 1 Rhoades & Langer, *U.S. International Taxation & Tax Treaties*, ch 7, *Investment Companies* § 7.02.
- 1 Rhoades & Langer, *U.S. International Taxation & Tax Treaties*, ch 8, *U.S. Possessions* §§ 8.01-8.04.
- 2 Rhoades & Langer, *U.S. International Taxation & Tax Treaties*, ch 23, *Residency* §§ 23.01, 23.07, 23.15.
- 2 Rhoades & Langer, *U.S. International Taxation & Tax Treaties*, ch 24, *Classification of Entities* § 24.02.

2 Rhoades & Langer, U.S. International Taxation & Tax Treaties, ch 25, Rules on the Source of Income §§ 25.06, 25.09.

2 Rhoades & Langer, U.S. International Taxation & Tax Treaties, ch 26, Passive Income Rules § 26.01.

2 Rhoades & Langer, U.S. International Taxation & Tax Treaties, ch 28, Taxation of U.S. Business Income § 28.05.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Council of Europe/OECD Multilateral, CYPR § 1.07.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Commonwealth of Independent States/CIS/Former USSR, COMM § 1.10.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Australia, AUSL §§ 1.23, 1.27.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, China, CHIN § 1.23.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Belgium, BELG § 1.24.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Canada, CANA § 1.25.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Denmark, DENM § 3.16.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Austria, AUST § 3.18.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, ch 55, Personal Services Income of Independent Contractors, Employees, Entertainers and Athletes § 55.04.

3 Rhoades & Langer, U.S. International Taxation & Tax Treaties, ch 58, Nondiscrimination § 58.04.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Iceland, ICEL § 1.07.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Greece, GREC § 1.16.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Hungary, HUNG § 1.21.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Finland, FINL § 1.24.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Germany, GERM §§ 1.24, 1.34.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Indonesia, INDO § 1.24.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Italy, ITAL § 1.24.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Egypt, EGPT § 1.26.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, India, INDI § 1.26.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Israel, ISRL § 1.27.

4 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Ireland, IREL § 3.21.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Korea, KORE § 1.07.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Pakistan, PAKS § 1.17.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Poland, POLN § 1.21.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Morocco, MORC § 1.22.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Romania, ROMN § 1.22.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, New Zealand, NEWZ § 1.23.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Philippines, PHIL § 1.24.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Jamaica, JAMA § 1.25.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Norway, NORW § 1.25.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Malta, MALT § 3.00.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Netherlands Antilles, NETS § 3.00.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Japan, JAPN § 3.07.

5 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Luxembourg, LUXM § 3.20.

6 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Trinidad and Tobago, TRIN § 1.06.

6 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Tunisia, TUNS § 1.24.

6 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Spain, SPAN § 1.25.

6 Rhoades & Langer, U.S. International Taxation & Tax Treaties, United Kingdom, UNIK §§ 3.04, 3.24.

6 Rhoades & Langer, U.S. International Taxation & Tax Treaties, Switzerland, SWTZ § 3.18.

Annotations:

What constitutes "earned income" within meaning of § 911 of *Internal Revenue Code of 1954* (IRC Sec. 911) exempting from federal income tax "earned income" of United States citizens who are bona fide residents of foreign country or who are present in foreign country for specified period of time. *17 ALR Fed 412*.

Validity, construction, and application of provision in IRC Sec. 911(a)(1) and (2) that "amounts paid by the United States or any agency thereof" are entitled to federal income tax exemption. *43 ALR Fed 539*.

State Income Tax Treatment of Partnerships and Partners. *2 ALR6th 1*.

Texts:

2-XIV Benedict on Admiralty, Principles of Admiralty Law, U.S. Federal Taxation of International Shipping Operations § 202.

Law Review Articles:

Patton. United States Individual Income Tax Policy As It Applies to Americans Resident Overseas. *1975 Duke L J 691*.

Emerging Issues Analysis*Taxation of U.S. Citizens Working in a Foreign Country*

Taxpayers must report all income from wherever it is earned. However, taxpayers who are working abroad are subject to double taxation. The income they earn in a foreign country is subject to taxation in that country, as well as on their U. S. tax returns. To mitigate this double tax burden, individuals with foreign earned income may exclude a certain amount of this income from their U. S. gross income.

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