

**TAXATION  
OF  
AMERICANS  
WORKING  
OVERSEAS**

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**Revenue Aspects of Recent  
Legislative Changes and Proposals**

*FEBRUARY, 1978*

**Department of the Treasury**

TAXATION OF AMERICANS WORKING OVERSEAS

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February 1978

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## TAXATION OF AMERICANS WORKING OVERSEAS

### Revenue Aspects of Recent Legislative Changes and Proposals

#### I. Introduction and Summary

The Tax Reform Act of 1976 made several changes in the tax law which affect Americans working overseas (section 911 of the Internal Revenue Code). The principal changes are: (1) it lowered the exclusion of income earned abroad to \$15,000 from \$20,000 or \$25,000; (2) it taxed other income at the higher rates which would apply if the excluded income were also subject to tax; (3) it disallowed a credit for foreign taxes attributable to the excluded income. In addition to the changes brought about by the Tax Reform Act, the Tax Court ruled that allowances and expenses paid by an employer on behalf of an employee, such as housing, education, and travel expenses, were includable in the employee's gross income. The combination of these changes sharply increased the tax liability of many Americans working overseas, prompting an intensive campaign for legislative relief.

Although the 1976 Tax Reform Act changes were scheduled to take effect retroactively as of 1976, they were delayed until 1977 and are expected to be delayed until 1978. Senator Ribicoff introduced a bill (S.2115) which would replace the present approach of a flat exclusion by special deductions for certain additional costs incurred as a consequence of working abroad.

The impact of the 1976 changes and the Ribicoff proposal are analyzed in this paper, using income tax return data for 1975. The following conclusions can be drawn from the data:

1. Of approximately 150,000 returns filed by Americans abroad, 44 percent were from Canada and Western Europe. The Middle East and African oil producing countries accounted for 10 percent.

2. Taxpayers abroad tend to have substantially higher incomes than domestic taxpayers -- 47 percent had incomes in excess of \$20,000 compared with 14 percent for domestic



taxpayers; 10 percent had incomes in excess of \$50,000 compared to 1 percent of domestic taxpayers. Nearly half of the taxpayers with incomes over \$50,000 lived in Europe.

3. The U.S. tax liability of Americans abroad is estimated to have increased by about \$65 million as a result of the Tax Court decisions, raising the liability under 1975 law from the reported \$185 million to \$250 million. That tax liability would more than double as a result of the 1976 Tax Reform Act changes, increasing from \$250 million to \$569 million. The estimated tax cost of delaying enactment of the 1976 Tax Reform Act for one year (i.e., retaining the effect of the Tax Court decisions but with an exclusion of \$20,000 or \$25,000 off the top) is \$318 million.

4. Taxpayers in the Middle East and African OPEC countries, although only 10 percent of the section 911 taxpayers, would bear more than 20 percent of the tax increase due to the 1976 Tax Reform Act changes. The Ribicoff bill would reduce the additional 1976 liability by \$115 million, with 59 percent of the relief going to taxpayers in the OPEC nations.

5. The "tax expenditure" or revenue cost of the special tax provisions for Americans abroad (compared to no section 911 relief) is \$498 million under 1975 law, \$180 million under the 1976 Tax Reform Act and \$294 million under the Ribicoff proposal. These tax expenditure figures are much larger than previously estimated.

## II. Status of Law, 1975 and 1976

U.S. citizens are generally taxed on their worldwide income and receive a foreign tax credit for foreign taxes paid. However, under section 911 of the Internal Revenue Code, citizens working overseas exclude from income a specified amount of income earned for services performed abroad. In order to qualify for the foreign earned income exemption, the taxpayer must be a bona fide resident of a foreign country for a period which includes a full taxable year, or be physically present in a foreign country for 17 out of 18 consecutive months.

### 1975 Law

Under the 1975 law, the excluded amount was generally \$20,000, which increased to \$25,000 after 3 consecutive years of bona fide foreign residence. The excluded income came "off the top"; that is, total taxable income dropped



down into the lower brackets. Foreign taxes paid on the excluded income could be credited against any U.S. tax due on included foreign income, even though the excluded income had not been subject to double taxation. <sup>1/</sup> However, persons claiming a foreign tax credit could not also claim a standard deduction.

Although allowances and expenses paid by an employer on behalf of an employee, such as housing, education, and travel expenses were includable in the employee's gross income under 1975 law, in actual practice such amounts were often not reported, or in the case of housing, not reported at the full local value. In 1976 the Tax Court considered two cases in which U.S. employees in Tokyo included in income the estimated U.S. cost of comparable housing, but not the additional local cost paid by their employers. The Court held that the full local market value of such housing

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<sup>1/</sup> For example, assume that a single taxpayer had \$40,000 of income after personal exemptions and deductions but before the exclusion, all of it foreign earned income eligible for the section 911 exclusion, and that he had paid \$6,000 of foreign tax on the \$40,000. The U.S. tax on \$40,000 would be \$14,390; \$5,230 on the first \$20,000 of taxable income and \$9,160 on the next \$20,000. Under 1975 rules of section 911, when he took the \$20,000 exclusion he was taxed on the other \$20,000 of foreign earned income as if it were his only income, so he owed U.S. tax of \$5,230, not \$9,160. Moreover, he could claim a foreign tax credit for the full foreign tax of \$6,000, not only for the foreign tax paid on the \$20,000 of income liable to U.S. tax. Consequently, in this example, the result would be no U.S. tax on \$40,000 of foreign earned income and an excess foreign tax credit of \$770 which could be used to offset U.S. tax on other foreign income.



was taxable income to the employee. 2/

1976 Amendments

The Tax Reform Act of 1976 amended section 911 in several important respects. First, it lowered the exclusion to \$15,000, except for employees of charitable organizations for whom it remained at \$20,000. Second, the exclusion was changed to come "off the bottom", so that other income would be taxed at the higher rate brackets which would apply if the excluded income were also subject to tax. Third, the Act disallowed a foreign tax credit for taxes attributable to the excluded income. Fourth, the exclusion was not allowed on income received outside the country in which earned, if one of the purposes of receiving the income outside that country was to avoid taxation. The Act also made the earned income exclusion elective; once the election was made, however, it would be binding for all subsequent years and could be revoked only with the consent of the Internal Revenue Service. Finally, the Act provided that taxpayers claiming a foreign tax credit could also claim the standard deduction; although this provision is not an amendment to section 911, it primarily affects citizens claiming section 911.

These changes were initially enacted to take effect retroactively as of January 1, 1976, but were delayed until

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2/ Philip H. Stephens, T.C. Memo 1976-13 (# 76,013 P-H Memo T.C.)

James H. McDonald, 66 T.C. 223 (1976).

In August 1977, a decision of a Court of Claims trial judge (Faneuil Adams, Jr. vs. U.S., Ct. Cl. Trial Div. No. 141-75, 8/24/77) held that an employee, again in Tokyo, could exclude from gross income the rental value of housing furnished by his employer on the grounds that it met the tests of Internal Revenue Code section 119 as being for the convenience of the employer; but that decision appears to be of limited application. It was held to be a close case, "due in vital respects to business and social mores peculiar to Japan", and the rationale is limited to high corporate executives.



January 1, 1977 by the Tax Reduction and Simplification Act of 1977. In November 1977, the House of Representatives voted another one year delay in the amendments to section 911, postponing their effective date to January 1, 1978. The Treasury supported such a delay to allow time for consideration of future proposed changes. The Senate did not vote on the proposed delay before adjourning for Christmas, but is expected to vote on it early in the 1978 sessions.

### III. Further Legislative Proposals

The clarification of prior law in the 1976 Tax Court decisions and the changes in section 911 under the Tax Reform Act of 1976 sharply reduced the benefit of the foreign earned income exclusion for many Americans working abroad. 3/ The 1976 changes are particularly onerous to high income taxpayers (due to taxing the nonexcluded income at the higher rates) who paid relatively low foreign taxes

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3/ For purposes of illustrating the impact of the 1976 Tax Reform Act, assume the same taxpayer as in footnote 1. In order to compute his U.S. tax liability, the tax on the excluded amount would be subtracted from the tax due on his taxable income including the exclusion. In this example, the U.S. tax on the first \$15,000 of income is \$3,520 and the tax on his entire \$40,000 income is \$14,390. Subtracting the tax on the \$15,000 exclusion from the tax on the total yields \$10,870. Under the 1976 Act, the taxpayer is no longer allowed a foreign tax credit on the excluded amount. The method of doing this has not been finally established, but for purposes of this example, the foreign tax paid is reduced by the percentage equal to:

<u>U.S. tax on excluded income</u>
<u>U.S. tax on worldwide taxable income</u>

In this example, the disallowed foreign taxes would be \$1,470, leaving \$4,530 of creditable foreign taxes. Hence, the individual's tax after the foreign tax credit is \$6,340. As illustrated in footnote 1, this individual would have had an excess foreign tax credit of \$770 under 1975 law. Of the difference, \$3,930 is due to exemption-with-progression, i.e., taking the exclusion "off the bottom"; \$1,710 arises from the reduction in the exclusion from \$20,000 to \$15,000; and \$1,470 is due to the disallowance of a foreign tax credit for foreign tax on the excluded income.



(which are of reduced value as a credit under the 1976 rules). The single group most adversely affected are Americans working in the oil exporting countries of the Middle East, where high incomes reflect high living costs, and the foreign tax credit offers little relief since local income taxes are low.

In an extraordinary volume of mail and meetings, U.S. citizens employed overseas made their complaints against the 1976 changes known to Congress and the Administration, urging that those changes be repealed and proposing other more generous treatment. One proposal, introduced by Senator Ribicoff on September 21, 1977 (S.2115), and approved by the Senate Finance Committee, would allow U.S. citizens working overseas to deduct from foreign earned income certain additional costs incurred as a consequence of working abroad. Specifically, the Ribicoff bill would permit deductions of: (a) the costs for reasonable housing in excess of 20 percent of foreign earned income (net of housing costs and net of the deductions allowable under (b) and (c)); (b) education costs through grade 12, not including travel and room and board; and (c) an excess cost-of-living deduction.

The housing deduction assumes that U.S. housing costs average 16-2/3 percent of income, which is the same as 20 percent of income after housing expense. The cost-of-living deduction is equal to the excess of the foreign cost-of-living index over the U.S. index applied to "spendable income", assuming a salary equivalent to that earned by a GS 12-step 1 civil servant. (Spendable income would vary between single taxpayers and taxpayers with families but everyone would be assumed to earn the same basic salary.) The special deductions are viewed as adjustments to income rather than exemptions and would not involve any denial of foreign tax credits.

The Ribicoff bill would also allow moving expenses to be deducted in full, with no disallowance of the portion attributable to excluded income. And it would give employees of charities and those living in construction camps an artificial housing deduction by allowing them to take the average deduction for the area, even when they



spend less. 4/ It would also broaden the rules for excluding from income meals and lodging, to cover camp-like housing not on the business premises, but taxpayers could not claim both that exclusion and the extra housing deduction.

The Treasury would be charged with publishing tables of local schooling costs and cost-of-living indices, which would serve as ceilings for those deductions. In addition, for employees of multinational companies, the special deductions for housing, education, and cost-of-living would be limited to the lower of the amount spent or the amount reimbursed by the employer. The self-employed could deduct the lower of the amount spent or the average amount deducted in the prior year by taxpayers in the same area, as shown in tables to be published by IRS. Employees in camps and employees of U.S. charities could deduct the lower of the amount spent on allowable education costs and the average deduction shown in the IRS tables; for housing, as described above, they could claim an extra deduction equal to the average for the area if the amount spent was less.

Other legislative proposals are expected to be introduced, but to date the Ribicoff bill (S.2115) is the only bill formally introduced, and is consequently the only alternative to the 1976 Tax Reform Act provisions considered in the following tables. Other proposals are likely to follow the same basic approach of special deductions, although the specific provisions may vary.

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4/ For example, assume two single employees in the Middle East earning a base salary of \$25,000, one living in an apartment furnished by the employer which would cost \$5,000 in the United States but locally costs \$15,000, and the other living in a construction camp where his lodging and meals are valued at \$5,000. The first would report gross income of \$40,000 (\$25,000 plus \$15,000) and deduct the excess local cost of \$10,000 to arrive at \$30,000 of taxable income. The second would report gross income of \$30,000 (\$25,000 plus \$5,000; section 119 must be waived to claim the special deduction) but would also deduct \$10,000, arriving at a taxable income of \$20,000.

IV. General Characteristics of Taxpayers Claiming Section 911

Number of taxpayers (Table 1)

As indicated in Table 1, about 140,000 taxpayers claimed section 911 in 1975, a jump of nearly 40 percent over the number of returns filed for 1972. The total income (adjusted gross income plus exclusion as reported in 1975) reported on these returns increased from \$2.2 to \$3.6 billion, or at average levels per taxpayer from about \$22,000 to \$26,000. <sup>5/</sup> Of the \$3.6 billion, \$2.0 billion was excluded foreign earned income.

For 1977, the estimated number of taxpayers was increased to approximately 150,000 by adjusting for under-compliance, but the estimates do not assume any increase in the number of eligible taxpayers. The number of taxpayers is probably understated for 1977, especially in the Middle East; but in the absence of reliable data on the size, location and income levels of the changes, the 1975 data was used. Consequently, the resulting estimates should be viewed as conservative. About 23 percent of the returns (34,755) were filed by single taxpayers. The other 114,493 returns each claimed an average of 3.2 personal exemptions. Reported income is projected to be about \$4.2 billion in 1977. The increase of \$600 million over income reported in 1975 reflects an assumed increase in income levels from 1975 to 1977. The 1977 exclusion shown in Table 1 is computed under 1975 rules.

Location and income level of taxpayers (Tables 2 and 3)

Table 2 shows the estimated number of returns for 1977 by area and the cumulative percentage by reported income class. About 14 percent of Americans residing abroad were located in Canada and 31 percent in Western Europe. The oil producing countries of the Middle East and Africa together accounted for 10 percent of the total.

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<sup>5/</sup> These figures are amounts actually reported by taxpayers in 1975 and do not include any increases in reported income which would occur if employees had also reported allowances and services paid for by an employer.



Taxpayers claiming section 911 tend to have higher incomes than domestic U.S. residents. Only 14 percent of all U.S. taxpayers had adjusted gross incomes of more than \$20,000, while 47 percent of taxpayers claiming section 911 had adjusted gross incomes plus the foreign earned income exclusion in excess of \$20,000. About one percent of all U.S. taxpayers had incomes above \$50,000 compared to 10 percent of section 911 taxpayers. Nearly half of the section 911 taxpayers with incomes of over \$50,000 were in Europe.

These comparisons should not be taken at full face value because the higher incomes overseas often reflect higher living costs. But the comparisons are far from meaningless. The income figures cited do not include any imputed allowances for housing, education and home leave furnished by the employer. Prior to the Tax Court cases of 1976, these allowances were often not reported as income by the employee or, in the case of housing, the allowance was reported at the estimated U.S. value when that was lower than the local cost. Thus, the reported incomes are net of much of the excess cost of living abroad. A further adjustment may be appropriate for other living costs (consumer goods, local taxes, restaurant meals, etc.). For example, the State Department estimates that an income of \$20,000, net of excess housing and education costs, in Jidda compares to \$17,200 in Washington, and \$50,000 in Jidda compares to \$44,300 in Washington. Thus, for Saudi Arabia the overstatement of incomes is roughly 10 percent. Accurate adjustment of the income statistics for each and every location was beyond the scope of this study. But while the income statistics in these tables are overstated, a cost of living adjustment would not nullify the point that Americans working overseas, as a group, have significantly higher incomes than Americans in general.

Table 3 gives greater country detail. It shows, for example, that the largest concentrations of section 911 taxpayers were in Canada, the United Kingdom and Germany. These countries alone account for 30 percent of all returns claiming section 911. As mentioned earlier, these numbers are based on 1975 data and probably understate the actual number of taxpayers in some areas, but it is unclear whether the relative concentrations have changed.



V. Revenue Effect of Tax Rules Affecting U.S. Citizens Working Abroad

Tax expenditure concept (Table 4)

Table 4 shows the "tax expenditure" or revenue cost of the foreign earned income exclusion under 1975 law, under the changes enacted in 1976 and under the proposal introduced by Senator Ribicoff.

The tax expenditure estimate does not take into account changes in behavior which would occur if section 911 were repealed, such as a reduction in the number of Americans working abroad. It is not possible to do so without more information on which employers would bear the added tax cost, and what alternative employment is available to employees who must bear the cost themselves. What the tax expenditure estimate does purport to measure is the initial impact to which companies and individuals must somehow adjust.

The principal point to be drawn from the table is that section 911 results in a much larger tax expenditure than previously estimated. <sup>6/</sup> As indicated in Table 4, the revised estimate of the revenue cost of the exclusion is

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<sup>6/</sup> Earlier estimates showed a net revenue gain of \$60 million in 1976 if the foreign earned income exclusion were repealed. That estimate was based on a tabulation of returns filed in 1968. It failed to anticipate the large increase in U.S. citizens working abroad and the shift to high-income, low-tax areas like the Middle East, underestimated the increase in taxes as incomes increased to higher brackets, and seriously overestimated foreign tax credits. The revised figures are based on 1975 tax returns with incomes increased to 1977 levels and with adjustments for estimated failure to file and for underreporting of income in kind.

about \$498 million under 1975 law. 7/ The Tax Reform Act of 1976 is estimated to increase revenue by \$318 million, reducing the tax expenditure to \$180 million. Thus, the tax cost of postponing the effective date of the 1976 law by one year is about \$318 million. The Ribicoff proposal is estimated to increase total U.S. tax liabilities by about \$115 million less than the 1976 changes, resulting in a tax expenditure cost of \$294 million.

The various assumptions used in making the estimates are outlined in Appendix A. In general, the bias is to understate the tax expenditure. As mentioned above, the number of taxpayers was assumed not to change from 1975 to 1977. And a crucial variable, the foreign tax credit, is probably overstated. 8/ Even under these assumptions, the

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7/ The estimates in Table 4 assume that taxable income under foreign tax laws is independent of how taxable income is defined under U.S. law, so that the foreign tax paid does not change when U.S. taxable income increases as a consequence of the Tax Court decisions (or when U.S. taxable income is reduced by special deductions under the Ribicoff proposal). If one assumes instead that the additional income reported for U.S. tax purposes after the Tax Court decisions also becomes taxed for the first time by foreign governments, the tax expenditure cost under 1975 law would be \$300 million instead of \$500 million.

8/ The credit figures used in the tables assume that those taxpayers who did not claim any credit in 1975 (63 percent of the total) paid the same amount of foreign tax as those in the same country with the same amount of foreign earned income who did claim a credit. If no foreign tax credit returns were available for that country, taxpayers living there were assumed to have paid the tax indicated by the foreign law for that income. These assumptions overstate the foreign taxes paid. Some of those who failed to claim a credit presumably paid no foreign tax, and for others the foreign tax paid cannot have exceeded their marginal rate of U.S. tax times the standard deduction. (Prior to the 1976 Act a foreign tax credit could be claimed only by those who itemized deductions.)



relatively low foreign tax burden of Americans working abroad is striking. With the exception of Canada (where the foreign tax liability offsets over 80 percent of the U.S. tax before credits) foreign taxes paid were typically about half the U.S. tax on foreign earned income. Special non-statutory arrangements, for example by contract, providing for relief or exemption from foreign tax may be responsible. Some countries do not enforce their tax laws with the same degree of vigilance as the United States, so underpayment of foreign tax liability is one explanation.

#### Changes in tax liability (Table 5)

Table 5 presents summary data on income and tax liabilities of persons claiming section 911 for 1977 under 1975 tax practice, under the 1976 changes, and under the Ribicoff proposal. The figures in column (1) assume the same reporting practices and tax law as in 1975, and those in columns (2) and (3) reflect the impact of the Tax Court decisions and the 1976 Tax Reform Act, respectively. The bottom line of Table 5 shows that tax after credits increased by \$65 million as a result of the Tax Court changes, and an additional \$318 million is attributable to the Tax Reform Act, or a total increase of \$383 million over 1975 reporting practice. 9/

#### Tax liability by income class (Table 6)

As the figures on Table 6 indicate, the total tax liability of Americans abroad would triple as a result of the Tax Court changes and the 1976 Tax Reform Act. Taxpayers who reported incomes in excess of \$50,000 (before the effects of the Tax Court decisions) account for 40 percent of the tax increase due to those combined tax changes and 32 percent of the tax relief under the Ribicoff bill. Those earning less than \$20,000 would pay more tax

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9/ The magnitude of the Tax Reform Act changes is compounded by being added on top of the Tax Court decisions, which here are taken into account as if they had happened first, because they were in effect a clarification of existing law. Had the Tax Reform Act been enacted first, its revenue effect would have been much lower and the effect of the Tax Court decisions correspondingly higher.



under the Ribicoff bill than under the 1976 reforms because their excess expenses would generally be less than the \$15,000 exclusion "off the bottom".

#### Tax liability by area (Table 7)

Table 7 shows the revenue effect of the 1976 changes and the Ribicoff proposal by area. The taxpayers most affected by the 1976 changes are in the oil producing countries of the Middle East and Africa, where living costs and incomes are high, and foreign taxes are low. Taxpayers in Japan and Latin America also experienced somewhat larger than average tax increases. Taxpayers in Canada, the non-OPEC countries of the Middle East and Africa, and Australia and New Zealand (Oceania) were the least affected. For taxpayers in Europe and in Asia outside Japan the tax increases were about proportionate (i.e., the increase in tax was distributed in the same proportion as the number of taxpayers).

#### Effective tax rates (Table 8)

As Table 8 indicates, section 911 as it applied prior to the 1976 Tax Reform Act amendments (but including the effect of the Tax Court changes) reduced the average effective rate of tax by more than half of what it would have been in the absence of any special relief for overseas Americans. The effective rates in Table 8 are shown as a percentage of adjusted gross income, with no exclusion but less the special deductions provided in the Ribicoff bill for excess housing and education costs, a cost-of-living adjustment and liberalized moving expense deduction; this adjusted income figure is taken as the closest approximation to "true" income (given the limitations of the data). The 1976 amendments would sharply increase the average effective tax rate to about 75 percent of what the applicable rate would be if there were no exclusion.

Under both the 1975 law and the 1976 amendments the reduction in tax is much more pronounced at the lower income levels where the exclusion covers most of the income received. Under the Ribicoff bill the average effective rate would be slightly lower than under the 1976 Act and well below the rates which would apply in the absence of any special tax relief for overseas Americans. The increase in tax rates in the \$10,000-\$20,000 group may indicate that the housing allowance imputed to this group is too high.

VI. Tables

Tables 1 through 8 begin on the next page.

VII. Appendices

Area detail

Additional detail for nine major geographic areas is shown in Appendix A.

Data sources and methodology

The sources of data, assumptions and methods of calculation are explained in Appendix B.



Table 1  
Summary Data on Income and Tax of  
Persons Claiming the Foreign Earned Income Exclusion  
1968, 1972, 1975 and Estimated 1977  
(dollar amounts in millions)

	: : 1968 :	: : 1972 :	: : 1975 :	: : 1977 <sup>e/</sup> :
Number of returns	101,295	101,832	139,964	149,248 <sup>2/</sup>
AGI plus exclusion	1,749	2,192	3,581	4,209
Exclusion	1,196	1,382	2,011	2,193
AGI	553	810	1,580	2,016
Tax before credits	n.a.	159	318	454
Foreign tax credit	41	77	163	255
Tax after credits <sup>1/</sup>	n.a.	82	150	185

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<sup>1/</sup> The personal tax credit is also taken into account for 1975 and 1977. Figures reflect the personal income tax law applicable in each year shown.

<sup>2/</sup> Increase over 1975 reflects an adjustment for estimated failure to file rather than an increase in the number of eligible individuals.

<sup>e/</sup> Estimates based on 1975 tax return data adjusted to 1977 income levels. The estimates do not include Tax Court adjustments to income.

Table 2  
Number of Returns as a Cumulative Percent of the Total  
by Size of Adjusting Gross Income Plus Exclusion:  
U.S. Citizens Residing Abroad and in the United States 1/

		Cumulative Percent of Returns by AGI Plus Exclusion <sup>3/</sup>					
		Under	\$10,000	\$20,000	\$30,000	\$40,000	Over
	2/ Number of Returns	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$50,000
<b>Taxpayers Residing Abroad</b>							
Total	149,248	24	53	71	83	90	100
Canada	20,683	29	66	85	92	96	100
Latin America <u>4/</u>	17,955	27	51	66	79	87	100
Western Europe	45,702	23	49	65	77	85	100
Middle East and African OPEC <u>5/</u>	15,534	7	25	57	78	89	100
Japan	5,251	31	60	73	78	85	100
Oceania <u>6/</u>	9,727	26	72	87	94	97	100
Other Middle East and Africa <u>7/</u>	11,348	41	73	87	92	97	100
Other Asia <u>8/</u>	18,442	23	49	69	83	91	100
All Other	4,606	26	55	81	87	94	100
All U.S. taxpayers <u>9/</u>	82,176,778	55	86	96	98	99	100

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1/ All figures are estimates based on 1975 tax return data adjusted to 1977 income levels.

2/ Estimated number of returns for 1977. The increase in the number of returns over 1975 reflects an adjustment for estimated failure to file rather than an increase in the number of eligible individuals.

3/ As reported, not including Tax Court adjustments.

4/ Includes Mexico, Central and South America.

5/ Includes Algeria, Libya, Nigeria, Iran, Kuwait, Qatar, Saudi Arabia, United Arab Emirates, Bahrain, Gabon, Oman, Iraq.

6/ Includes Australia, New Hebrides, New Zealand, Papua New Guinea, Western Samoa, Other Oceania except Caribbean (which is included in "all other" category).

7/ Includes Middle East and African countries not included in footnote 5.

8/ Includes all Asia except Japan.

9/ From data in Statistics of Income: 1975 Individual Income Tax Returns (Preliminary).



Table 3

Number of Returns Claiming  
the Foreign Earned Income Exclusion  
By Country, 1977 1/

Country	: Number of : : Returns :	Percent of the Total
All Countries	149,248	100.0
Canada	20,683	13.9
Mexico	3,260	2.2
Costa Rica	587	0.4
El Salvador	238	0.2
Guatemala	526	0.4
Honduras	462	0.3
Nicaragua	230	0.2
Panama	440	0.3
Dominican Republic	377	0.3
Haiti	393	0.3
Jamaica, Turks and Caicos	350	0.2
Trinidad and Tobago	422	0.3
Argentina	450	0.3
Bolivia	344	0.2
Brazil	4,625	3.1
Chile	475	0.3
Colombia	1,286	0.9
Ecuador	702	0.5
Peru	1,618	1.1
Uruguay	162	0.1
Venezuela	2,392	1.6
Bahamas	1,297	0.9
Bermuda	174	0.1
Greenland	155	0.1
Netherlands Antilles	450	0.3
Leeward Islands	585	0.4
Belgium	2,420	1.6
Denmark	283	0.2
France	3,990	2.7
Ireland	451	0.3

Table 3 (continued)

Country	: Number of : Returns	: Percent of : the Total
Italy	2,623	1.8
Luxembourg	312	0.2
Netherlands	1,422	0.1
United Kingdom	12,464	8.4
West Germany	11,076	7.4
Austria	811	0.5
Greece	1,266	0.8
Malta	115	0.1
Monaco	189	0.1
Norway	1,037	0.7
Portugal	154	0.1
Spain	2,331	1.6
Sweden	636	0.4
Switzerland	3,464	2.3
Turkey	658	0.4
U.S.S.R.	117	0.1
Algeria	546	0.4
Egypt	494	0.3
Libya	981	0.7
Morocco	116	0.1
Tunisia	121	0.1
Ethiopia	564	0.4
Kenya	973	0.7
Malagasy Republic	189	0.1
Tanzania	270	0.2
Angola	161	0.1
British West Africa	198	0.1
Cameroon	197	0.1
Central African Republic	126	0.1
Ghana	366	0.2
Ivory Coast	124	0.1
Liberia	492	0.3
Nigeria	1,158	0.8
Sierra Leone	159	0.1



Table 3 (continued)

Country	: Number of : Returns	: Percent of : the Total
Zaire	993	0.7
Malawi	120	0.1
Zimbabwe	318	0.2
South Africa	1,148	0.8
Zambia	496	0.3
Bahrain	237	0.2
Iran	6,433	4.3
Israel	2,303	1.5
Kuwait	212	0.1
Lebanon	508	0.3
Saudi Arabia	5,133	3.4
United Arab Emirates	683	0.5
Afghanistan	151	0.1
Bangladesh	205	0.1
India	724	0.5
Indonesia	3,096	2.1
Laos	109	0.1
Malaysia	836	0.6
Pakistan	337	0.2
Philippines	2,283	1.5
Singapore	3,148	2.1
South Vietnam	1,579	1.1
Thailand	1,611	1.1
China	1,201	0.8
Hong Kong	1,771	1.2
Japan	5,251	3.5
Okinawa and Rrukkyu	224	0.2
South Korea	938	0.6
Australia	5,957	4.0
New Zealand	736	0.5
Papua New Guinea	580	0.4
Other Oceania	2,454	1.6
All other countries	1,736	1.2

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1/ Estimates based on the number of returns filed in 1975  
adjusted for estimated failure to file but not for any  
increase in the number of eligible taxpayers.

Table 4  
Effect of Various Tax Rules on  
Tax Expenditure Cost of Section 911 1/  
(\$ millions)

	:	Tax Expenditure
1975 practice		\$563
1975 law (as clarified by Tax Court rulings)		498
1976 law amendments		180
Ribicoff proposal		294
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1/ Revenue cost compared to no section 911. All figures are estimates based on 1975 tax return data adjusted to 1977 income levels. All tax liabilities are calculated on the basis of the exemptions, deductions and rates applicable to 1977 income. The references to 1975 and 1976 are to changes in section 911 only.



Table 5  
Summary Data on Income and Tax of Persons Claiming the  
Foreign Earned Income Exclusion Under Various Tax Rules 1/  
(dollar amounts in millions)

	: 1975 : : Practice : : (1) :	: 1975 : : Law <u>2/</u> : : (2) :	: 1976 Law : : (3) :	: Ribicoff Bill : : (4) :
Number of Returns <sup>3/</sup>	149,248	149,248	149,248	149,248
AGI plus exclusion	\$4,209	\$5,015	\$5,015	\$5,015
Exclusion	2,193	2,528	1,788	--
Special deductions	--	--	--	1,132 <u>5/</u>
AGI	2,016	2,487	3,227	3,890
Tax before credits	454	589	1,034	1,001
Foreign tax credit	255	323	444	525
Tax after credits <sup>4/</sup>	185	251	569	454

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- 1/ All figures are estimates based on 1975 tax return data adjusted to 1977 income levels. Tax liabilities reflect 1977 tax rates.
- 2/ Includes the effect of the Tax Court decisions.
- 3/ Reflects adjustment for estimated failure to file rather than an increase in the number of eligible individuals over 1975.
- 4/ The personal tax credit is also taken into account.
- 5/ Comprised of: excess housing \$535 million (including extra deduction for construction camps of \$66 million); cost of living \$356 million; education \$153 million; and additional moving expenses \$112 million. The aggregate of the deductions for housing, education and cost of living exceeds by \$24 million the usable amount, which is limited to foreign earned income.

Table 6  
Revenue Impact by Income Class of Various Tax Rules  
Affecting the Foreign Earned Income Exclusion <sup>1/</sup>  
(dollar amounts in millions)

	: All	:	:	:	:	:	:
	: Income	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Classes	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
Number of Returns <sup>2/</sup>	149,248	36,463	42,527	27,466	16,862	10,454	15,476
Tax after credits, 1975 payments	185	*	6	14	18	20	126
Revenue effect of Tax Court decisions <sup>3/</sup>	65	*	2	14	12	12	26
Tax after credits, 1975 law	251	1	8	28	30	32	151
Revenue effect of Tax Reform Act of 1976: Increase from 1975 law	383	*	15	65	80	70	153
Revenue effect of Ribicoff bill (S.2115): Change from 1976 tax	-115	1	7	-26	-36	-23	-37
Increase from 1975 law	204	1	20	26	31	34	91
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<sup>1/</sup> All figures are estimates based on 1975 data adjusted to 1977 income levels. Income classes are defined by income as reported, not including Tax Court adjustments to income.

<sup>2/</sup> Adjusted for estimated non-compliance.

<sup>3/</sup> Includes an imputed value of excess housing costs, education costs and home leave expenses.

\* Less than \$500,000.



Table 7  
Revenue Impact by Area of Various Tax Rules Affecting the  
Foreign Earned Income Exclusion <sup>1/</sup>  
(dollar amounts in millions)

	: Number of :		: Increase in Tax :				:Change in Tax cf.
	: Returns :		: Total 1976 Tax Increase :				: Ribicoff Bill
	: Percent :	: Due to :	: Due to :	: Percent :	: (S.2115)		
	: Total :	: of total :	: Tax Court:	: 1976 Act:	: Total :	: of Total :	
Total, All Areas	149,248	100	65	318	383	100	-115
Western Europe	45,702	31	10	117	127	33	-33
Canada	20,683	14	*	3	3	1	1
Asia other than Japan	18,442	12	6	37	42	11	2
Latin America	17,955	12	11	47	58	15	-17
Middle East, African OPEC	15,534	10	32	72	103	27	-68
Other Middle East, Africa	11,348	8	2	12	14	4	3
Oceania	9,727	6	1	8	9	2	5
Japan	5,251	4	3	17	20	5	-10
All other areas	4,606	3	1	5	6	2	2

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<sup>1/</sup> Tax liability computed under 1977 tax tables.

\* Less than \$500,000.

Table 8  
Effective Tax Rates by Income Class Under Various Tax Rules  
Affecting the Foreign Earned Income Exclusion <sup>1/</sup>  
(dollar amounts in millions)

	: All	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Income	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
	: Classes						
If no Section 911							
Income <sup>3/</sup>	3,952	141	636	736	653	519	1,266
Tax before credits <sup>4/</sup>	1,382	44	162	222	230	192	533
Tax as a percent of income	35.0	31.2	25.5	30.2	35.2	37.0	42.1
1975 Law <sup>2/</sup>							
Income <sup>3/</sup>	3,952	141	636	736	653	519	1,266
Tax before credits <sup>4/</sup>	589	1	11	56	86	87	348
Tax as a percent of income	14.9	1.0	1.7	7.6	13.2	16.8	27.5
1976 Liability							
Income <sup>3/</sup>	3,952	141	636	736	653	519	1,266
Tax before credits <sup>4/</sup>	1,033	10	60	146	178	158	481
Tax as a percent of income	26.1	7.1	9.4	19.8	27.3	30.4	38.0
Ribicoff Proposal							
Income <sup>3/</sup>	3,952	141	636	736	653	519	1,266
Tax before credits <sup>4/</sup>	1,001	8	89	137	156	146	465
Tax as a percent of income	25.3	5.7	14.0	18.6	23.9	28.1	36.7

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<sup>1/</sup> Income classes are defined by income as reported, not including Tax Court adjustments to income.

<sup>2/</sup> Including the effect of the Tax Court decisions.

<sup>3/</sup> Income is adjusted gross income as defined by the Ribicoff proposal, i.e., it includes Tax Court adjustments to income but is net of excess housing costs, education, cost of living and a special housing deduction for construction camps.

<sup>4/</sup> Where the foreign tax is equal to or less than the U.S. tax this represents the total U.S. plus foreign liability. However, where the foreign tax exceeds the allowable foreign tax credit the total tax could be higher than shown.



VII. APPENDIX A: REVENUE IMPACT BY AREA AND INCOME  
CLASS OF VARIOUS TAX RULES AFFECTING THE FOREIGN  
EARNED INCOME EXCLUSION

	<u>Page</u>
Western Europe	26
Canada	30
Asia other than Japan	34
Latin America	38
Middle East, African OPEC countries	42
Other Middle East, Africa	46
Oceania	50
Japan	54
All other areas	58

Please refer to notes to Table 2, page 16 for identification  
of countries in each area.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: Western Europe 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <u>2/</u>	1,498,806	69,829	191,135	204,512	222,870	192,389	618,072
Number of returns <u>3/</u>	45,702	10,350	11,692	7,239	5,576	3,782	7,063
Exclusion	659,555	58,685	151,571	121,436	106,855	74,935	146,075
AGI	839,251	11,144	39,564	83,076	116,015	117,454	471,998
Foreign earned income	1,221,693	58,991	154,713	166,000	193,180	165,337	483,472
Taxable income	645,003	1,994	15,371	48,397	85,073	96,497	397,672
Number of returns	27,805	1,235	3,349	6,800	5,576	3,782	7,063
Tax before credits	207,153	309	2,685	9,222	18,403	24,419	152,115
Foreign tax credit	121,988	5	23	3,175	11,808	17,468	89,510
Number of returns	20,905	35	242	4,808	5,230	3,608	6,982
Tax after credits	80,310	99	2,139	4,886	5,579	6,253	61,293
Number of returns	17,411	343	2,518	2,926	2,992	2,563	5,859

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Western Europe 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <u>2/</u>	1,713,866	103,093	249,119	243,453	256,041	211,651	650,510
Number of returns <u>3/</u>	45,702	10,350	11,692	7,239	5,576	3,782	7,063
Exclusion	767,813	90,831	197,012	135,005	114,630	78,647	151,689
AGI	946,053	12,262	52,108	108,448	141,411	133,004	498,821
Foreign earned income	1,436,753	92,255	212,698	204,941	226,351	184,599	515,909
Taxable income	740,391	2,031	18,484	72,867	110,468	112,047	424,495
Number of returns	29,982	1,274	5,048	7,239	5,576	3,782	7,063
Tax before credits	238,273	314	3,160	14,031	25,274	30,061	165,434
Foreign tax credit	143,197	5	23	6,390	18,240	22,285	96,254
Number of returns	20,905	35	242	4,808	5,230	3,608	6,982
Tax after credits	89,956	160	2,360	6,332	6,017	7,077	68,009
Number of returns	20,553	553	3,581	4,360	3,107	2,774	6,178

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Western Europe 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	1,713,866	103,093	249,119	243,453	256,041	211,651	650,510
Number of returns <u>3/</u>	45,702	10,350	11,692	7,239	5,576	3,782	7,063
Exclusion	571,168	72,016	146,508	101,868	83,964	56,689	110,124
AGI	1,142,699	31,078	102,611	141,584	172,077	154,962	540,386
Foreign earned income	1,436,753	92,225	212,698	204,940	226,351	184,599	515,909
Taxable income	917,511	14,654	55,655	106,003	141,134	134,005	466,061
Number of returns	36,672	3,295	9,717	7,239	5,576	3,782	7,063
Tax before credits	382,995	2,791	14,458	34,434	52,951	54,580	223,781
Foreign tax credit	169,175	2,026	7,495	13,176	25,670	25,745	95,063
Number of returns	29,366	1,742	6,628	5,840	5,127	3,503	6,526
Tax after credits	207,277	253	5,268	19,949	26,265	28,137	127,405
Number of returns	29,715	692	5,939	7,009	5,461	3,729	6,885

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: Western Europe <sup>1/</sup>  
(dollar amounts in thousands)

	: All :	:	:	:	:	:	:
	: Income :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <sup>2/</sup>	1,713,866	103,093	249,119	243,453	256,041	211,651	650,510
Number of returns <sup>3/</sup>	45,702	10,350	11,692	7,239	5,576	3,782	7,063
Special deductions, total <sup>4/</sup>	352,743	75,369	100,569	57,766	43,618	26,347	49,073
Housing	126,115	46,514	38,906	21,367	12,924	4,552	1,852
Education	56,029	3,154	8,654	8,116	10,779	7,990	17,336
Cost of living	152,643	30,110	47,032	24,096	15,733	11,035	24,636
Moving expenses	34,277	7,763	8,769	5,429	4,182	2,837	5,297
AGI	1,361,123	27,724	148,550	185,686	212,423	185,303	601,437
Foreign earned income	1,436,753	92,255	212,698	204,941	226,351	184,599	515,909
Taxable income	1,130,468	8,004	99,423	150,104	181,480	164,346	527,111
Number of returns	39,385	4,152	11,573	7,239	5,576	3,782	7,063
Tax before credits	379,671	1,261	19,298	35,167	51,063	53,097	219,784
Foreign tax credit	198,785	220	10,620	19,048	31,535	30,329	107,034
Number of returns	33,797	1,264	9,792	6,605	5,404	3,712	7,020
Tax after credits	174,588	469	6,603	14,811	18,512	22,071	112,122
Number of returns	29,493	1,819	6,622	6,219	4,612	3,528	6,693

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<sup>1/</sup> Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

<sup>2/</sup> Less deficit.

<sup>3/</sup> Adjusted for estimated non-compliance.

<sup>4/</sup> The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: Canada 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <u>2/</u>	444,739	39,107	134,833	109,457	54,564	34,478	72,301
Number of returns <u>3/</u>	20,683	5,999	7,743	3,991	1,397	698	855
Exclusion	298,767	33,850	119,961	78,716	30,224	16,245	19,770
AGI	145,973	5,256	14,872	30,741	24,339	18,233	52,531
Foreign earned income	390,014	34,333	122,422	100,770	46,787	30,041	55,662
Taxable income	92,852	1,084	4,679	12,796	16,569	12,521	45,202
Number of returns	8,544	492	1,186	3,916	1,397	698	855
Tax before credits	26,232	170	804	2,247	3,320	2,796	16,896
Foreign tax credit	15,724	0	9	1,058	1,964	2,149	10,544
Number of returns	5,088	0	75	2,202	1,293	698	820
Tax after credits	9,217	99	626	687	1,098	513	6,194
Number of returns	4,908	343	773	2,023	662	428	679
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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Canada 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	475,026	48,796	146,862	116,475	55,726	34,661	72,506
Number of returns <u>3/</u>	20,683	5,999	7,743	3,991	1,397	698	855
Exclusion	318,968	43,447	129,644	79,464	30,357	16,263	19,793
AGI	156,058	5,349	17,219	37,011	25,369	18,398	52,712
Foreign earned income	420,300	44,022	134,452	107,786	47,949	30,223	55,867
Taxable income	99,515	1,084	4,690	18,073	17,598	12,686	45,383
Number of returns	8,544	492	1,186	3,916	1,397	698	855
Tax before credits	27,456	170	806	3,114	3,545	2,840	16,981
Foreign tax credit	16,524	0	9	1,537	2,170	2,191	10,616
Number of returns	5,088	0	75	2,202	1,293	698	820
Tax after credits	9,471	99	626	907	1,117	516	6,207
Number of returns	4,908	343	773	2,023	662	428	679

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Canada 1/  
(dollar amounts in thousands)

	: All	:	:	:	:	:	:
	: Income	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Classes	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
AGI plus exclusion <u>2/</u>	475,025	48,796	146,862	116,475	55,726	34,661	72,506
Number of returns <u>3/</u>	20,683	5,999	7,743	3,991	1,397	698	855
Exclusion	141,226	16,585	47,903	35,812	16,877	10,297	13,752
AGI	333,800	32,212	98,960	80,663	38,849	24,364	58,754
Foreign earned income	420,300	44,022	134,452	107,786	47,949	30,223	55,867
Taxable income	251,015	17,520	70,654	61,686	31,078	18,652	51,424
Number of returns	17,108	3,820	6,347	3,991	1,397	698	855
Tax before credits	76,623	3,174	15,648	16,577	10,136	6,834	24,253
Foreign tax credit	60,628	2,393	13,593	14,756	8,377	6,189	15,321
Number of returns	14,444	2,854	5,110	3,746	1,294	628	812
Tax after credits	12,970	139	949	1,092	1,502	512	8,775
Number of returns	2,706	343	888	389	278	174	634

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: Canada 1/  
(dollar amounts in thousands)

	: All : Income : : Classes :	: Under : \$10,000 : : \$10,000 :	: \$10,000 : : \$20,000 : : \$20,000 :	: \$20,000 : : \$30,000 : : \$30,000 :	: \$30,000 : : \$40,000 : : \$40,000 :	: \$40,000 : : \$50,000 : : \$50,000 :	: Over : \$50,000 : : \$50,000 :
AGI plus exclusion <u>2/</u>	475,025	48,796	146,862	116,475	55,726	34,661	72,506
Number of returns <u>3/</u>	20,683	5,999	7,743	3,991	1,397	698	855
Special deductions, total <u>4/</u>	75,894	28,482	26,441	14,149	3,618	1,444	1,761
Housing	35,933	18,332	10,872	5,986	741	0	2
Education	0	0	0	0	0	0	0
Cost of living	26,143	7,311	9,779	5,187	1,829	920	1,117
Moving expenses	15,512	4,499	5,807	2,993	1,048	524	641
AGI	399,132	20,313	120,421	102,326	52,108	33,217	70,745
Foreign earned income	420,300	44,022	134,452	107,786	47,949	30,223	55,867
Taxable income	316,218	7,829	89,782	83,349	44,337	27,506	63,416
Number of returns	17,414	2,730	7,743	3,991	1,397	698	855
Tax before credits	85,484	1,298	18,070	19,250	12,152	8,386	26,328
Foreign tax credit	68,846	1,766	15,467	17,213	10,249	7,417	17,735
Number of returns	16,678	2,064	7,709	3,955	1,397	698	855
Tax after credits	13,738	82	1,207	1,309	1,647	836	8,657
Number of returns	5,957	378	1,981	1,503	810	533	752

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

4/ The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: Asia  
(dollar amounts in thousands)

1/

	: All	:	:	:	:	:	:
	: Income	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Classes	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
AGI plus exclusion 2/ Number of returns 3/	510,121 18,442	27,702 4,235	81,855 4,855	103,376 3,740	100,109 2,553	71,846 1,414	125,233 1,645
Exclusion	270,370	25,362	63,750	65,410	49,257	29,346	37,245
AGI	239,751	2,340	18,105	37,966	50,852	42,500	87,988
Foreign earned income	438,938	26,139	68,339	84,621	79,566	63,409	116,864
Taxable income	180,560	667	8,036	19,898	37,836	34,936	79,187
Number of returns	10,467	351	1,434	3,070	2,553	1,414	1,645
Tax before credits	49,938	111	1,510	3,764	8,272	8,723	27,558
Foreign tax credit	30,888	0	211	1,118	4,213	6,072	19,274
Number of returns	7,859	0	349	2,210	2,276	1,379	1,645
Tax after credits	17,201	62	1,071	2,111	3,586	2,391	7,980
Number of returns	6,360	144	1,012	1,393	1,539	967	1,305

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Asia  
(dollar amounts in thousands)

1/

	: All : Income : Classes	: Under : \$10,000	: \$10,000 : \$20,000	: \$20,000 : \$30,000	: \$30,000 : \$40,000	: \$40,000 : \$50,000	: Over : \$50,000
AGI plus exclusion <u>2/</u> Number of returns <u>3/</u>	611,400 18,442	45,072 4,235	107,698 4,855	126,293 3,740	115,936 2,553	80,580 1,414	135,820 1,645
Exclusion	315,368	41,993	81,407	70,974	52,217	30,894	37,883
AGI	296,031	3,078	26,291	55,319	63,720	49,685	97,937
Foreign earned income	540,216	43,508	94,182	107,538	95,393	72,143	127,451
Taxable income Number of returns	230,140 12,087	667 351	10,867 2,384	36,645 3,740	50,703 2,553	42,121 1,414	89,136 1,645
Tax before credits	65,046	111	1,957	7,156	11,857	11,322	32,644
Foreign tax credit Number of returns	40,073 7,859	0 0	211 349	3,234 2,210	7,060 2,276	7,851 1,379	21,717 1,645
Tax after credits Number of returns	22,815 8,587	62 144	1,359 1,800	3,235 2,521	4,325 1,648	3,211 1,078	10,623 1,396

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Asia 1/  
(dollar amounts in thousands)

	: All	:	:	:	:	:	:
	: Income	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Classes	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
AGI plus exclusion <u>2/</u>	611,400	45,072	107,698	126,293	115,936	80,580	135,820
Number of returns <u>3/</u>	18,442	4,235	4,855	3,740	2,553	1,414	1,645
Exclusion	232,150	34,544	60,941	51,246	37,425	21,487	26,507
AGI	379,249	10,527	46,757	75,048	78,512	59,093	109,313
Foreign earned income	540,216	43,508	94,182	107,538	95,393	72,143	127,451
Taxable income	304,671	4,273	26,489	56,373	65,496	51,529	100,511
Number of returns	14,098	1,025	3,721	3,740	2,553	1,414	1,645
Tax before credits	119,277	804	7,102	18,305	24,592	21,230	47,243
Foreign tax credit	57,155	541	3,337	8,659	10,877	9,926	23,815
Number of returns	11,670	595	2,667	3,182	2,277	1,310	1,639
Tax after credits	59,576	91	3,114	8,960	13,242	11,045	23,124
Number of returns	11,051	286	2,723	3,078	2,272	1,269	1,423

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Office of Tax Analysis

January 28, 1978

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2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: Asia 1/  
(dollar amounts in thousands)

	: All : Income : Classes	: Under : \$10,000	: \$10,000 : \$20,000	: \$20,000 : \$30,000	: \$30,000 : \$40,000	: \$40,000 : \$50,000	: Over : \$50,000
AGI plus exclusion 2/ Number of returns 3/	611,400 18,442	45,072 4,235	107,698 4,855	126,293 3,740	115,936 2,553	80,580 1,414	135,820 1,645
Special deductions, total 4/	83,671	19,111	21,300	17,532	11,382	6,523	7,824
Housing	23,269	9,812	7,683	4,447	1,236	91	0
Education	24,666	2,884	4,599	5,435	4,965	2,885	3,899
Cost of living	21,973	3,307	5,377	4,845	3,267	2,486	2,692
Moving expenses	13,832	3,176	3,641	2,805	1,915	1,061	1,234
AGI	527,728	25,961	86,398	108,762	104,554	74,057	127,996
Foreign earned income	540,216	43,508	94,182	107,538	95,393	72,143	127,452
Taxable income	443,068	11,699	64,057	90,087	91,538	66,493	119,194
Number of returns	17,530	3,323	4,855	3,740	2,553	1,414	1,645
Tax before credits	135,509	1,971	13,259	22,220	27,101	22,394	48,564
Foreign tax credit	71,287	915	6,877	12,454	13,440	11,829	25,771
Number of returns	15,765	2,154	4,574	3,563	2,450	1,379	1,645
Tax after credits	61,171	513	5,504	9,080	13,188	10,305	22,581
Number of returns	13,062	1,203	3,454	3,184	2,369	1,299	1,553

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

4/ The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: Latin America 1/  
(dollar amounts in thousands)

	: All :	:	:	:	:	:	:
	: Income :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	535,694	32,998	70,193	73,285	94,574	70,542	194,102
Number of returns <u>3/</u>	17,955	4,778	4,373	2,629	2,372	1,390	2,413
Exclusion	272,279	30,653	60,942	48,176	48,053	31,184	53,271
AGI	263,415	2,345	9,251	25,108	46,521	39,358	140,832
Foreign earned income	459,721	30,902	61,861	63,238	86,987	63,299	153,435
Taxable income	208,071	201	2,332	13,419	35,184	31,588	125,349
Number of returns	9,180	144	782	2,079	2,372	1,390	2,413
Tax before credits	63,883	32	380	2,669	7,497	7,581	45,722
Foreign tax credit	35,937	0	6	1,032	5,549	5,538	23,811
Number of returns	7,677	0	35	1,605	2,302	1,390	2,345
Tax after credits	26,327	17	266	1,288	1,511	1,784	21,462
Number of returns	5,615	70	460	770	1,086	1,049	2,180

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Latin America 1/  
(dollar amounts in thousands)

	: All : Income : Classes	: Under : \$10,000	: \$10,000 : \$20,000	: \$20,000 : \$30,000	: \$30,000 : \$40,000	: \$40,000 : \$50,000	: Over : \$50,000
AGI plus exclusion <u>2/</u>	645,777	52,729	96,062	89,495	114,147	80,908	212,438
Number of returns <u>3/</u>	17,953	4,778	4,373	2,629	2,372	1,390	2,413
Exclusion	315,324	48,945	78,344	50,643	51,318	31,335	54,739
AGI	330,453	3,783	17,717	38,852	62,830	49,573	157,699
Foreign earned income	569,805	50,633	87,730	79,448	106,560	73,664	171,770
Taxable income	267,066	387	4,630	26,539	51,492	41,802	142,216
Number of returns	10,489	223	1,501	2,590	2,372	1,390	2,413
Tax before credits	84,443	62	746	5,381	12,648	11,527	54,079
Foreign tax credit	44,991	0	6	2,492	8,428	7,435	26,630
Number of returns	7,677	0	35	1,605	2,302	1,390	2,345
Tax after credits	37,635	37	510	2,413	3,782	3,833	27,059
Number of returns	7,964	109	1,010	1,723	1,627	1,178	2,317

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

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2/ Less deficit.

3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Latin America<sup>1/</sup>  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <sup>2/</sup>	645,777	52,729	96,062	89,495	114,147	80,908	212,438
Number of returns <sup>3/</sup>	17,955	4,778	4,373	2,629	2,372	1,390	2,413
Exclusion	232,702	37,308	61,829	36,187	35,249	22,742	39,386
AGI	413,075	15,420	34,232	53,307	78,899	58,165	173,051
Foreign earned income	569,805	50,633	87,730	79,448	106,560	73,664	171,770
Taxable income	337,940	6,123	15,311	40,981	67,561	50,395	157,568
Number of returns	13,337	1,254	3,279	2,629	2,372	1,390	2,413
Tax before credits	141,776	1,091	4,277	13,566	26,228	21,129	75,482
Foreign tax credit	54,718	812	1,826	5,583	11,499	9,284	25,715
Number of returns	11,773	911	2,514	2,421	2,302	1,355	2,270
Tax after credits	84,658	72	1,886	7,501	14,292	11,586	49,322
Number of returns	10,586	148	2,250	2,327	2,162	1,313	2,386

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Office of Tax Analysis

January 28, 1978

<sup>1/</sup> Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

<sup>2/</sup> Less deficit.

<sup>3/</sup> Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: Latin America <sup>1/</sup>  
(dollar amounts in thousands)

	: All : : Income : : Classes :	: Under : : \$10,000 : : \$10,000 :	: \$10,000 : : \$20,000 : : \$20,000 :	: \$20,000 : : \$30,000 : : \$30,000 :	: \$30,000 : : \$40,000 : : \$40,000 :	: \$40,000 : : \$50,000 : : \$50,000 :	: Over : : \$50,000 : : \$50,000 :
AGI plus exclusion <sup>2/</sup> Number of returns <sup>3/</sup>	647,777 17,955	52,729 4,778	96,062 4,373	89,495 2,629	114,147 2,372	80,908 1,390	212,438 2,413
Special deductions, total <sup>4/</sup>	132,517	32,658	29,194	18,648	21,498	11,078	19,441
Housing	75,589	22,587	16,487	10,518	12,318	5,605	8,074
Education	25,510	4,160	4,926	2,961	4,626	2,929	5,908
Cost of living	19,173	3,549	4,501	3,197	2,775	1,502	3,649
Moving expenses	13,466	3,584	3,280	1,972	1,779	1,043	1,810
AGI	513,260	20,070	66,868	70,846	92,650	69,829	192,997
Foreign earned income	569,805	50,633	87,730	79,448	106,560	73,664	171,771
Taxable income	429,960	5,167	45,388	58,520	81,312	62,059	177,514
Number of returns	15,509	2,332	4,373	2,629	2,372	1,390	2,413
Tax before credits	140,288	803	8,832	14,078	23,428	20,243	72,903
Foreign tax credit	69,639	355	5,758	8,482	14,534	11,432	29,078
Number of returns	14,235	1,538	3,962	2,594	2,372	1,390	2,379
Tax after credits	67,902	78	2,284	5,113	8,458	8,551	43,417
Number of returns	11,078	501	2,586	2,136	2,087	1,377	2,391
Office of the Secretary of the Treasury Office of Tax Analysis							January 28, 1978

<sup>1/</sup> Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

<sup>2/</sup> Less deficit.

<sup>3/</sup> Adjusted for estimated non-compliance.

<sup>4/</sup> The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: Middle East and African  
(dollar amounts in thousands) OPEC 1/

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <u>2/</u>	544,843	7,721	49,978	140,209	126,342	86,964	133,628
Number of returns <u>3/</u>	15,534	1,045	2,856	4,908	3,198	1,749	1,778
Exclusion	281,620	6,405	40,433	88,154	68,176	37,396	41,057
AGI	263,223	1,316	9,545	52,056	58,166	49,569	92,571
Foreign earned income	483,449	6,841	45,184	124,239	114,304	74,345	118,536
Taxable income	196,319	246	3,503	28,383	42,835	39,418	81,934
Number of returns	12,344	138	847	4,634	3,198	1,749	1,778
Tax before credits	51,803	38	601	5,205	8,789	9,414	27,755
Foreign tax credit	20,849	0	121	1,205	4,157	2,986	12,380
Number of returns	6,159	0	278	1,941	2,016	897	1,027
Tax after credits	28,782	21	352	3,205	4,051	6,105	15,048
Number of returns	8,558	69	560	2,787	1,991	1,580	1,571

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Middle East and African OPEC 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	751,335	13,710	76,206	206,757	181,119	115,825	157,718
Number of returns <u>3/</u>	15,534	1,045	2,856	4,908	3,198	1,749	1,778
Exclusion	318,042	12,118	54,256	99,329	70,499	39,235	42,605
AGI	433,293	1,592	21,950	107,428	110,621	76,590	115,113
Foreign earned income	689,941	12,830	71,412	190,787	169,081	103,205	142,626
Taxable income	360,343	246	10,382	83,510	95,289	66,439	104,476
Number of returns	14,113	138	2,342	4,908	3,198	1,749	1,778
Tax before credits	104,356	38	1,754	18,151	25,590	19,830	38,993
Foreign tax credit	41,532	0	121	5,725	13,151	6,249	16,286
Number of returns	6,159	0	278	1,941	2,016	897	1,027
Tax after credits	60,283	21	1,231	11,535	11,858	13,257	22,381
Number of returns	11,412	69	1,920	3,753	2,382	1,627	1,661

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Office of Tax Analysis

January 28, 1978

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2/ Less deficit.

3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Middle East and African OPEC 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <u>2/</u>	751,335	13,710	76,206	206,757	181,119	115,825	157,718
Number of returns <u>3/</u>	15,534	1,045	2,856	4,908	3,198	1,749	1,778
Exclusion	234,755	10,616	41,231	72,487	50,968	28,714	30,739
AGI	516,581	3,094	34,975	134,270	130,151	87,110	126,980
Foreign earned income	689,942	12,831	71,411	190,787	169,082	103,205	142,626
Taxable income	442,278	1,032	22,771	110,352	114,820	76,960	116,343
Number of returns	14,747	258	2,856	4,908	3,198	1,749	1,778
Tax before credits	184,818	225	6,921	40,346	47,754	33,453	56,120
Foreign tax credit	50,330	140	1,963	10,135	13,613	7,219	17,259
Number of returns	8,253	120	1,538	2,551	2,085	932	1,027
Tax after credits	131,805	43	4,439	29,319	33,560	25,910	38,534
Number of returns	14,038	109	2,777	4,672	3,129	1,644	1,707

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: OPEC 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <u>2/</u>	751,335	13,710	76,206	206,757	181,119	115,825	157,718
Number of returns <u>3/</u>	15,534	1,045	2,856	4,908	3,198	1,749	1,778
Special deductions, total <u>4/</u>	297,682	16,923	44,317	94,860	72,183	37,238	32,163
Housing	144,780	7,598	18,486	46,738	41,404	17,836	12,718
Education	20,604	494	2,234	6,035	4,471	3,763	3,608
Cost of living	54,193	3,576	9,237	17,410	10,228	6,845	6,897
Moving expenses	11,651	784	2,142	3,681	2,399	1,312	1,334
Construction Camps	66,454	4,471	12,218	20,996	13,681	7,482	7,606
AGI	459,458	5,647	32,583	112,320	108,961	78,586	125,556
Foreign earned income	689,941	12,830	71,412	190,787	169,081	103,205	142,626
Taxable income	386,791	503	20,902	88,402	93,630	68,436	114,919
Number of returns	14,491	282	2,576	4,908	3,198	1,749	1,778
Tax before credits	114,878	82	4,060	20,107	25,118	20,760	44,751
Foreign tax credit	48,113	46	1,899	8,560	13,182	6,645	17,781
Number of returns	8,047	126	1,374	2,518	2,069	932	1,028
Tax after credits	64,172	*	1,725	10,656	11,355	13,792	26,642
Number of returns	10,854	22	1,456	3,562	2,489	1,636	1,690

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

4/ The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

\* Less than \$500 thousand.

Other Middle East  
and Africa 1/

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad:  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	210,685	30,131	58,871	46,193	21,656	23,737	30,097
Number of returns <u>3/</u>	11,348	4,651	3,645	1,634	557	468	393
Exclusion	135,777	26,820	47,936	31,419	11,725	9,351	8,526
AGI	74,908	3,311	10,935	14,773	9,931	14,387	21,571
Foreign earned income	184,005	26,844	48,514	41,434	19,215	20,949	27,050
Taxable income	49,377	271	3,959	6,270	7,294	12,140	19,443
Number of returns	3,648	180	775	1,275	557	468	393
Tax before credits	13,588	47	726	1,138	1,503	3,174	7,000
Foreign tax credit	7,754	0	1	405	866	2,237	4,245
Number of returns	2,321	0	69	939	453	468	392
Tax after credits	5,221	29	605	515	536	852	2,683
Number of returns	2,223	69	593	503	344	389	325

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Other Middle East & Africa 1/  
(dollar amounts in thousands)

	: All : Income : Classes	: Under : \$10,000	: \$10,000 : \$20,000	: \$20,000 : \$30,000	: \$30,000 : \$40,000	: \$40,000 : \$50,000	: Over : \$50,000
AGI plus exclusion <u>2/</u> Number of returns <u>3/</u>	255,015 11,348	43,816 4,651	73,326 3,645	53,863 1,634	25,222 557	26,392 468	32,396 393
Exclusion	162,712	40,425	59,078	32,721	12,204	9,569	8,714
AGI	92,303	3,391	14,248	21,141	13,018	16,823	23,681
Foreign earned income	228,336	40,528	62,969	49,104	22,780	23,604	29,349
Taxable income Number of returns	64,080 4,395	271 180	5,089 1,163	12,209 1,634	10,381 557	14,577 468	21,553 393
Tax before credits	17,702	47	904	2,235	2,348	4,101	8,068
Foreign tax credit Number of returns	9,441 2,321	0 0	1 69	907 939	1,372 453	2,696 468	4,464 392
Tax after credits Number of returns	7,501 3,410	29 69	711 942	1,034 1,271	874 344	1,319 430	3,533 354

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Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

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3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Other Middle East and Africa 1/  
(dollar amounts in thousands)

	: All	:	:	:	:	:	:
	: Income	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Classes	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
AGI plus exclusion <u>2/</u>	255,015	43,816	73,326	53,863	25,222	26,392	32,396
Number of returns <u>3/</u>	11,348	4,651	3,645	1,634	557	468	393
Exclusion	124,794	33,342	47,950	22,636	7,580	7,100	6,186
AGI	130,221	10,474	25,376	31,227	17,642	19,292	26,209
Foreign earned income	228,336	40,529	62,969	49,104	22,780	23,604	29,349
Taxable income	93,864	3,394	12,043	22,295	15,004	17,046	24,087
Number of returns	6,295	1,173	2,070	1,634	557	468	393
Tax before credits	35,072	607	3,216	6,924	5,551	7,244	11,531
Foreign tax credit	14,368	406	1,183	2,785	2,798	2,604	4,593
Number of returns	4,627	595	1,300	1,420	487	433	392
Tax after credits	19,635	41	1,676	3,845	2,652	4,555	6,866
Number of returns	3,904	69	1,365	1,292	379	433	366

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January 28, 1978

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2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: Other Middle East & Africa 1/  
(dollar amounts in thousands)

	: All	:	:	:	:	:	:
	: Income	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Classes	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
AGI plus exclusion <u>2/</u>	255,015	43,816	73,326	53,863	25,222	26,392	32,396
Number of returns <u>3/</u>	11,348	4,651	3,645	1,634	557	468	393
Special deductions, total <u>4/</u>	54,910	21,511	17,532	8,793	3,316	1,851	1,908
Housing	6,931	4,257	1,827	319	528	0	0
Education	12,523	3,394	4,166	2,374	950	858	781
Cost of living	27,828	11,203	8,857	4,875	1,420	642	832
Moving expenses	8,511	3,488	2,734	1,226	418	351	295
AGI	200,104	22,306	55,793	45,069	21,906	24,542	30,488
Foreign earned income	228,336	40,529	62,969	49,104	22,780	23,604	29,349
Taxable income	152,760	8,155	38,544	36,138	19,269	22,295	28,360
Number of returns	9,373	2,676	3,645	1,634	557	468	393
Tax before credits	42,643	1,342	7,662	8,444	5,644	7,782	11,770
Foreign tax credit	17,892	496	2,679	3,534	2,909	3,295	4,979
Number of returns	6,659	1,180	2,642	1,490	487	468	392
Tax after credits	23,121	428	4,323	4,615	2,634	4,402	6,719
Number of returns	7,042	1,329	3,014	1,445	447	433	374
Office of the Secretary of the Treasury							January 28, 1978
Office of Tax Analysis							

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

4/ The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: Oceania  
(dollar amounts in thousands)

1/

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	196,355	20,079	74,896	39,893	24,958	15,025	21,504
Number of returns <u>3/</u>	9,727	2,571	4,506	1,436	640	300	274
Exclusion	136,013	17,574	66,436	26,527	12,633	6,865	5,978
AGI	60,342	2,505	8,460	13,366	12,325	8,160	15,526
Foreign earned income	171,732	17,574	67,771	34,322	20,493	12,407	19,165
Taxable income	39,379	407	2,609	7,025	8,752	6,713	13,874
Number of returns	3,480	317	592	1,357	640	300	274
Tax before credits	10,405	62	445	1,367	1,883	1,684	4,964
Foreign tax credit	4,974	0	22	177	459	851	3,465
Number of returns	1,416	0	35	576	283	261	261
Tax after credits	4,847	24	326	964	1,308	777	1,448
Number of returns	2,196	139	521	692	461	177	206

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Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Oceania  
(dollar amounts in thousands)

1/

	: All : Income : Classes	: Under : \$10,000	: \$10,000 : \$20,000	: \$20,000 : \$30,000	: \$30,000 : \$40,000	: \$40,000 : \$50,000	: Over : \$50,000
AGI plus exclusion 2/ Number of returns 3/	236,768 9,727	30,458 2,571	93,975 4,506	45,467 1,436	27,869 640	16,415 300	22,584 274
Exclusion	161,655	27,953	80,112	27,229	13,077	7,153	6,130
AGI	75,113	2,505	13,863	18,238	14,792	9,261	16,454
Foreign earned income	212,146	27,953	86,850	39,896	23,404	13,797	20,245
Taxable income Number of returns	50,175 4,467	407 317	4,056 1,500	11,878 1,436	11,219 640	7,814 300	14,802 274
Tax before credits	12,898	62	658	2,257	2,476	2,023	5,420
Foreign tax credit Number of returns	6,430 1,416	0 0	22 35	648 576	868 283	1,172 261	3,720 261
Tax after credits Number of returns	5,726 3,029	24 139	413 1,033	1,352 1,004	1,492 461	796 177	1,650 215

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Oceania  
(dollar amounts in thousands)

1/

	: All : : Income : : Classes :	: Under : : \$10,000 : : \$10,000 :	: \$10,000 : : \$20,000 : : \$20,000 :	: \$20,000 : : \$30,000 : : \$30,000 :	: \$30,000 : : \$40,000 : : \$40,000 :	: \$40,000 : : \$50,000 : : \$50,000 :	: Over : : \$50,000 : : \$50,000 :
AGI plus exclusion <u>2/</u> Number of returns <u>3/</u>	236,768 9,727	30,458 2,571	93,975 4,506	45,467 1,436	27,869 640	16,415 300	22,584 274
Exclusion	122,996	21,035	61,616	20,642	9,850	5,382	4,471
AGI	113,772	9,423	32,359	24,825	18,019	11,033	18,113
Foreign earned income	212,146	27,953	86,849	39,896	23,404	13,797	20,245
Taxable income Number of returns	80,198 7,281	4,868 912	16,372 3,719	18,465 1,436	14,446 640	9,586 300	16,461 274
Tax before credits	28,140	881	4,428	5,947	5,193	3,919	7,771
Foreign tax credit Number of returns	12,777 4,335	678 595	2,550 2,235	2,448 734	1,694 283	1,823 227	3,583 261
Tax after credits Number of returns	14,091 4,753	48 139	1,241 2,018	3,240 1,396	3,383 640	2,041 294	4,137 266

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Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: Oceania 1/  
(dollar amounts in thousands)

	: All :	:	:	:	:	:	:
	: Income :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	236,768	30,458	93,975	45,467	27,869	16,415	22,584
Number of returns <u>3/</u>	9,727	2,571	4,506	1,436	640	300	274
Special deductions, total <u>4/</u>	41,017	15,011	16,716	4,738	2,055	1,330	1,166
Housing	18,952	8,506	7,630	2,083	637	95	0
Education	3,979	731	1,096	378	530	654	590
Cost of living	10,841	3,882	4,611	1,214	408	357	370
Moving expenses	7,295	1,928	3,380	1,077	480	225	206
AGI	195,751	15,447	77,258	40,729	25,814	15,085	21,418
Foreign earned income	212,146	27,953	86,849	39,896	23,404	13,797	20,245
Taxable income	157,470	7,290	60,167	34,368	22,241	13,637	19,766
Number of returns	9,177	2,021	4,506	1,436	640	300	274
Tax before credits	41,255	1,243	12,706	8,489	6,313	4,440	8,064
Foreign tax credit	20,142	751	6,919	3,795	2,242	2,417	4,018
Number of returns	6,121	1,405	3,106	804	283	261	262
Tax after credits	19,483	160	4,969	4,436	3,955	1,968	3,994
Number of returns	4,841	435	2,402	959	495	282	268

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

4/ The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: Japan  
(dollar amounts in thousands)

1/

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion 2/ Number of returns 3/	152,066 5,251	12,034 1,652	23,088 1,514	20,634 697	11,235 278	17,150 340	67,925 770
Exclusion	70,161	10,498	17,424	14,367	5,126	5,787	16,958
AGI	81,906	1,535	5,663	6,267	6,110	11,363	50,967
Foreign earned income	127,525	10,582	17,496	19,455	9,945	12,790	57,257
Taxable income	65,798	487	2,522	3,191	4,962	9,439	45,198
Number of returns	2,690	185	454	663	278	340	770
Tax before credits	21,859	86	456	529	1,129	2,441	17,217
Foreign tax credit	12,786	0	1	345	761	1,338	10,341
Number of returns	1,941	0	34	588	244	305	770
Tax after credits	8,604	61	380	69	318	1,042	6,734
Number of returns	1,712	110	351	104	208	241	698

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2/ Less deficit.

3/ Adjusted for estimated non-compliance.

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1



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: Japan  
(dollar amounts in thousands)

1/

	: All : Income : : Classes :	: Under : \$10,000 : : \$10,000 :	: \$10,000 : \$20,000 : : \$20,000 :	: \$20,000 : \$30,000 : : \$30,000 :	: \$30,000 : \$40,000 : : \$40,000 :	: \$40,000 : \$50,000 : : \$50,000 :	: Over : \$50,000 : : \$50,000 :
AGI plus exclusion 2/ Number of returns 3/	197,646 5,251	21,152 1,652	39,148 1,514	28,784 697	14,169 278	20,683 340	73,710 770
Exclusion	92,169	19,347	27,998	14,432	6,032	6,802	17,559
AGI	105,477	1,805	11,151	14,353	8,137	13,881	56,150
Foreign earned income	173,105	19,700	33,557	27,605	12,879	16,323	63,041
Taxable income Number of returns	85,965 3,232	565 224	4,807 923	11,267 697	6,990 278	11,957 340	50,381 770
Tax before credits	28,344	97	855	2,367	1,746	3,420	19,859
Foreign tax credit Number of returns	15,698 1,941	0 0	1 34	1,790 588	1,282 244	1,773 305	10,853 770
Tax after credits Number of returns	12,065 2,522	65 149	684 770	451 327	414 208	1,586 316	8,865 752

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad: Japan 1/  
(dollar amounts in thousands)

	: All	:	:	:	:	:	:
	: Income	: Under	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: Over
	: Classes	: \$10,000	: \$20,000	: \$30,000	: \$40,000	: \$50,000	: \$50,000
AGI plus exclusion 2/ Number of returns 3/	197,646 5,251	21,152 1,652	39,148 1,514	28,784 697	14,169 278	20,683 340	73,710 770
Exclusion	73,991	18,799	22,234	10,573	4,379	5,126	12,880
AGI	123,655	2,353	16,914	18,211	9,790	15,556	60,830
Foreign earned income	173,105	19,700	33,557	27,605	12,879	16,323	63,041
Taxable income Number of returns	102,764 3,823	565 224	9,739 1,514	15,125 697	8,642 278	13,632 340	55,060 770
Tax before credits	44,218	133	2,941	5,460	3,500	5,700	26,483
Foreign tax credit Number of returns	14,655 3,241	0 0	557 1,263	1,765 697	1,149 244	1,516 306	9,668 731
Tax after credits Number of returns	28,868 3,739	98 149	2,102 1,514	3,569 697	2,302 278	4,123 340	16,674 761

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: Japan 1/  
(dollar amounts in thousands)

	: All : : Income : : Classes :	: Under : : \$10,000 : : \$10,000 :	: \$10,000 : : \$20,000 : : \$20,000 :	: \$20,000 : : \$30,000 : : \$30,000 :	: \$30,000 : : \$40,000 : : \$40,000 :	: \$40,000 : : \$50,000 : : \$50,000 :	: Over : : \$50,000 : : \$50,000 :
AGI plus exclusion <u>2/</u>	197,646	21,152	39,148	28,784	14,169	20,683	73,710
Number of returns <u>3/</u>	5,251	1,652	1,514	697	278	340	770
Special deductions, total <u>4/</u>	69,869	19,833	22,591	11,031	3,895	4,632	7,887
Housing	31,948	12,628	10,248	5,241	1,687	1,542	601
Education	5,510	394	1,820	745	303	598	1,649
Cost of living	33,132	9,950	9,570	4,520	1,796	2,237	5,059
Moving expenses	3,938	1,239	1,136	523	209	255	578
AGI	127,777	1,319	16,557	17,754	10,274	16,050	65,823
Foreign earned income	173,105	19,700	33,556	27,605	12,879	16,323	63,041
Taxable income	107,831	476	9,382	14,668	9,126	14,126	60,054
Number of returns	3,828	229	1,514	697	278	340	770
Tax before credits	36,860	80	1,678	3,366	2,595	4,412	24,730
Foreign tax credit	17,754	0	927	2,465	1,397	1,850	11,116
Number of returns	3,317	0	1,266	697	244	340	770
Tax after credits	18,636	48	470	775	1,148	2,500	13,694
Number of returns	2,801	75	688	697	243	340	758
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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

4/ The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

The Revenue Impact by Income Class of 1975 Tax Practice on U.S. Citizens Residing Abroad: All other countries 1/  
(dollar amounts in thousands)

	: All : Income : Classes	: Under : \$10,000	: \$10,000 : \$20,000	: \$20,000 : \$30,000	: \$30,000 : \$40,000	: \$40,000 : \$50,000	: Over : \$50,000
AGI plus exclusion <u>2/</u> Number of returns <u>3/</u>	115,626 4,606	8,431 1,182	23,469 1,343	33,446 1,192	11,736 291	15,432 313	23,114 285
Exclusion	68,424	7,647	19,427	21,093	6,501	7,623	6,134
AGI	47,202	785	4,042	12,353	5,234	7,809	16,980
Foreign earned income	98,921	8,226	19,791	27,722	10,273	14,326	18,584
Taxable income Number of returns	32,724 2,387	60 74	1,693 351	6,710 1,073	3,792 291	5,393 313	15,076 285
Tax before credits	9,268	9	299	1,246	807	1,213	5,693
Foreign tax credit Number of returns	4,295 1,452	0 0	0 0	365 625	487 256	697 313	2,746 258
Tax after credits Number of returns	4,558 1,456	2 34	241 282	696 606	268 140	457 179	2,894 215

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1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of 1975 Tax Law on U.S. Citizens Residing Abroad: All Other Countries 1/  
(dollar amounts in thousands)

	: All : Income : : Classes :	: Under : \$10,000 :	: \$10,000 : \$20,000 :	: \$20,000 : \$30,000 :	: \$30,000 : \$40,000 :	: \$40,000 : \$50,000 :	: Over : \$50,000 :
AGI plus exclusion 2/ Number of returns <u>3/</u>	128,545 4,606	11,396 1,182	27,141 1,343	37,113 1,192	12,411 291	16,458 313	24,026 285
Exclusion	75,673	10,428	22,092	22,667	6,660	7,630	6,195
AGI	52,872	968	5,049	14,446	5,751	8,827	17,831
Foreign earned income	111,839	11,191	23,463	31,390	10,948	15,352	19,496
Taxable income Number of returns	37,247 2,625	60 74	1,887 470	8,653 1,192	4,308 291	6,411 313	15,927 285
Tax before credits	10,543	9	332	1,595	941	1,551	6,115
Foreign tax credit Number of returns	4,995 1,412	0 0	0 0	490 585	617 256	848 313	3,040 258
Tax after credits Number of returns	5,092 1,780	2 34	262 322	889 884	272 140	644 185	3,022 215

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

All other  
countries 1/

The Revenue Impact by Income Class of 1976 Tax Reform Act on U.S. Citizens Residing Abroad:  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :						
AGI plus exclusion <u>2/</u>	128,545	11,396	27,141	37,113	12,411	16,458	24,026
Number of returns <u>3/</u>	4,606	1,182	1,343	1,192	291	313	285
Exclusion	54,677	8,329	17,415	15,161	4,897	4,687	4,187
AGI	73,867	3,066	9,726	21,952	7,513	11,771	19,839
Foreign earned income	111,839	11,191	23,463	31,390	10,948	15,352	19,496
Taxable income	55,798	1,317	4,962	16,159	6,071	9,355	17,935
Number of returns	3,381	313	987	1,192	291	313	285
Tax before credits	20,829	222	1,328	4,896	2,301	3,592	8,490
Foreign tax credit	10,532	165	571	2,592	1,463	1,642	4,099
Number of returns	2,214	239	393	790	256	313	223
Tax after credits	9,700	6	590	2,088	786	1,892	4,338
Number of returns	2,183	34	598	884	215	260	192

Office of the Secretary of the Treasury  
Office of Tax Analysis

January 28, 1978

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.



The Revenue Impact by Income Class of the Ribicoff Bill (S.2115) on U.S. Citizens Residing Abroad: All Other Countries 1/  
(dollar amounts in thousands)

	: All :	: Under :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: Over :
	: Income :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
	: Classes :	: \$10,000 :	: \$20,000 :	: \$30,000 :	: \$40,000 :	: \$50,000 :	: \$50,000 :
AGI plus exclusion <u>2/</u>	128,545	11,396	27,141	37,113	12,411	16,458	24,026
Number of returns <u>3/</u>	4,606	1,182	1,343	1,192	291	313	285
Special deductions, total <u>4/</u>	23,335	6,380	7,356	5,429	1,285	1,295	1,590
Housing	5,188	2,521	1,723	943	1	0	0
Education	4,371	644	895	1,292	321	601	618
Cost of living	10,441	2,373	3,807	2,299	744	459	759
Moving expenses	3,454	886	1,007	894	218	235	214
AGI	105,210	5,016	19,785	31,685	11,126	15,163	22,436
Foreign earned income	111,839	11,191	23,461	31,390	10,948	15,352	19,496
Taxable income	84,999	1,702	14,444	25,891	9,684	12,747	20,531
Number of returns	4,008	584	1,343	1,192	291	313	285
Tax before credits	24,597	275	2,918	6,112	2,805	4,008	8,479
Foreign tax credit	12,580	103	1,258	3,005	2,000	1,997	4,218
Number of returns	2,580	274	621	858	256	313	258
Tax after credits	11,304	82	1,417	2,892	753	1,952	4,208
Number of returns	2,904	198	1,066	923	215	260	242
Office of the Secretary of the Treasury							January 28, 1978
Office of Tax Analysis							

1/ Estimates are based on 1975 data projected to 1977 levels. Income classes are defined as reported income plus exclusion based on 1975 tax practice. Tax liabilities based on 1977 rates.

2/ Less deficit.

3/ Adjusted for estimated non-compliance.

4/ The total may be lower than the sum of itemized deductions because the total usable housing, education and cost of living deductions are limited to foreign earned income.

## APPENDIX B

### Definitions, Data Sources, and the Tax Calculator

#### I. Introduction

The estimates presented in the tables were derived using a tax calculator model which provides estimates of U.S. tax revenues by country and income class from the taxation of Americans working abroad under various tax rules affecting the foreign earned income exclusion. The basic sources of the data used are tabulations of tax returns filed for 1975 by U.S. taxpayers claiming section 911. A special study was made based on a sample of Forms 2555 with selected data from the accompanying Forms 1040. Another tabulation was made of foreign tax credits claimed on Forms 1116 by persons also filing a Form 2555. Separate calculations were done for single and non-single taxpayers for 71 countries representing 95 percent of the taxpayers, with the remaining 5 percent divided among four hypothetical areas based roughly on local living costs and taxes. Other data sources, definitions of variables and assumptions used in deriving the estimates are discussed below.

#### II. Definitions, Data Sources and Assumptions

In order to facilitate a clear explanation of the tax calculator, the discussion of definitions, data sources, and assumptions is divided into four sections; the first corresponds to the reporting practice under the 1975 rules for section 911, the year for which the returns were filed; the second to the 1975 rules as clarified by the Tax Court decisions; the third to the 1976 legislative changes in section 911; and the last section to the Ribicoff Bill (S.2115) as introduced on September 21, 1977. The equations used in the calculator are presented in the second section.

##### 1. Variable definitions, data sources and assumptions

(a) 1975 reporting practice. The 1975 data were adjusted to more accurately reflect 1977 income levels and the number of eligible filers. Rather than construct a



fictitious file of additional U.S. citizens claiming section 911 in 1977, the estimates assume no change in the number or location of these taxpayers since 1975. However, an adjustment was made for estimated failure to file; 15 percent (about one out of seven) of the eligible taxpayers having no U.S. income tax after foreign tax credits were assumed not to file a return. Income levels were assumed to increase by the same percentage as per-capita personal income in the United States from 1975 to 1977 (14.1 percent, based on per-capita personal income figures for 1975 and 1976 in Survey of Current Business, May 1977, and a preliminary estimate for 1977 supplied by the Bureau of Economic Analysis). Adjusted gross income (AGI), deductions, taxable income, tax before credits, the foreign tax credit and U.S. tax after credits were then recomputed based on the adjusted data. The U.S. tax was computed throughout on the basis of 1977 tax tables.

2. 1975 tax law. The income reported in 1975 was assumed to include any foreign service premiums, cost-of-living allowances and the U.S. equivalent of employer-furnished housing. It was assumed to exclude employer paid housing costs in excess of the U.S. base, education allowances, and home leave travel. Estimates of housing costs in various locations were supplied by the State Department. Higher figures were substituted for some areas on the basis of current publications and information from taxpayers. Education costs were estimated on the basis of figures supplied by the State Department. Home leave travel estimates were based on economy air fares as of August 1977. These three items -- housing, education and home leave -- were added back to income as the estimated effect of the Tax Court decisions of 1976.

Excess housing costs, including utilities and taxes, were assumed to be the excess of local housing costs over 20 percent of foreign earned income less all housing expense and less education costs and home leave travel. This amount was added to the reported incomes of all taxpayers with incomes above \$10,000 and to the incomes of half of the taxpayers with incomes of less than \$10,000. The arbitrary reduction by 50 percent in the under \$10,000 income class reflects the likelihood that housing allowances are less common in this group. For other income classes the estimate tends to overstate the extent to which housing values were underreported. It assumes that in cases where housing costs are significantly higher than in the United States, a housing allowance or furnished housing is the rule rather



than the exception. This is probably a fair assumption for most employees of multinationals, educational and charitable organizations, and international institutions, but not for employees of local foreign companies or the self-employed. However, data were not available on the latter two groups.

Education expenses were attributed to half of all dependents over two persons; e.g., if a return claimed six dependents, they were assumed to represent two parents, two school children whose school costs were furnished by the employer and two others (school children whose schooling costs were not subsidized, pre-school or college age children, or other dependents). In particular cases this will over or understate the case, but on average it was assumed to be a fair approximation of the effect of taxing education costs.

Home leave travel was estimated as a minimum of one annual round trip to Washington, D.C. for each tax return. For tax returns with more than one personal exemption it was assumed (for lack of a better assumption) that one-half the number of exemptions took an annual round trip to Washington.

On the basis of adjusted reported income, i.e., reported income plus the Tax Court additions to income (housing, education and home leave), the exclusion, taxable income, tax before credits, foreign tax credit and tax after credits were recomputed. All of the above quantities, with the exception of the foreign tax credit, are straightforward calculations. As a result of the increase in reported incomes due to the Tax Court changes, the allowable foreign tax credit would also increase, but data on total foreign taxes paid were not available for each return. Estimates of foreign taxes paid were based on the effective rates drawn from the Form 1116 of those section 911 taxpayers who claimed a foreign tax credit in 1975. Only about 37 percent of the taxpayers claiming 911 in 1975 claimed a foreign tax credit, but they lived in 38 countries 1/ which accounted

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1/ These countries are Canada, Argentina, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico, Panama, Peru, France, Greece, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, West Germany, South Africa, Hong Kong, Indonesia, Iran, Israel, Japan, Lebanon, the Philippines, Singapore, Thailand, Australia, Venezuela, the Bahamas, Austria, Belgium, and Denmark.



for 78 percent of all taxpayers claiming section 911. It was assumed that all section 911 taxpayers in those countries paid the same tax on the same taxable income. For additional countries, 2/ accounting for another 12 percent of section 911 taxpayers, the effective foreign tax rates were derived from a publication of the Price Waterhouse accounting firm. 3/ All other countries, accounting for the remaining 10 percent of section 911 taxpayers, were grouped into four hypothetical composite areas based roughly on the level of living costs, as reflected in indices prepared by the State Department, and the estimated ratio of foreign income tax to the U.S. tax.

The data used to calculate effective foreign tax rates, including the figures taken directly from Form 1116, tend to overstate foreign taxes paid when applied to all taxpayers. Taxpayers who did not claim a foreign tax credit in 1975 presumably paid an amount of foreign tax less than the U.S. tax on the standard deduction. Conversely, for individuals who claimed a foreign tax credit in 1975, the credit was more valuable than the standard deduction, so it is fair to conclude that they paid higher foreign taxes on average than all section 911 taxpayers taken together. A comparison of foreign taxes paid as reported on Form 1116 and the foreign tax tables calculated by Price Waterhouse indicated that the latter figures further overstate the actual foreign taxes

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2/ These countries are Bahrain, Bermuda, Bolivia, Chile, Costa Rica, Egypt, Ethiopia, Honduras, India, Iraq, Jordan, Kenya, Kuwait, Libya, Netherlands Antilles, New Zealand, Nigeria, Oman, Papua New Guinea, Portugal, Qatar, Saudi Arabia, Taiwan, Trinidad and Tobago, United Arab Emirates and Zaire.

3/ Price Waterhouse Information Guide, Individual Taxes in 80 Countries, New York, January 1977.

paid by section 911 taxpayers. <sup>4/</sup> Thus, the foreign tax credit figures used in this paper have a general bias toward overstatement.

3. 1976 Tax Reform Act. The individual's tax liability was calculated two ways; first, it was assumed that the taxpayer elected the exclusion (not exceeding \$15,000) and second, it was assumed that the taxpayer elected not to take the exclusion. Tax after credits under these alternatives were compared and taxpayers were assumed to choose the alternative which minimized their tax liability. If the taxpayer elected the exclusion, his tax before credits was the difference between his tax on taxable income including the exclusion and his tax on the exclusion. No foreign tax credit was allowed on foreign taxes attributable to excluded income. The method used was to reduce foreign taxes available for credit by the ratio of the U.S. tax on net excluded income to U.S. tax on total income (including the excluded amount). The remaining amount of foreign tax could be credited against U.S. tax subject to the ordinary limitations.

4. Ribicoff proposal. The Ribicoff proposal allows deductions for excess housing costs, education expenses, moving costs, and a cost of living differential.

The excess housing cost was calculated as discussed above (p.63). In addition, the Ribicoff bill provided special treatment for construction camp housing. Individuals living in such camps could either exclude the full value of their meals and lodging or claim the average excess housing cost deducted by persons in the same area, as indicated on tables to be published by the IRS from each year's returns. Only fragmentary information could be obtained on the number of affected persons. It was assumed that 7,000 persons would be eligible, that they live in the high cost areas of the Middle East and North Africa, and that the U.S. value

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<sup>4/</sup> The calculations that go into those tables accurately reflect the local laws, and take into account statutory concessions to employees who are foreign nationals. There are several possible explanations why the foreign taxes paid by section 911 are often lower, e.g., contractual or other administrative relief from foreign tax, higher deductions than assumed, more untaxed income in kind, and evasion of foreign tax.



of their meals and lodging is \$5,000 a year. Since the estimated average housing deduction in that area was \$9,300, the construction camp workers were assumed to choose to include in income the actual value of their meals and lodging and claim the average excess housing deduction.

According to the printed bill, deductible education expenses were limited to tuition, books and fees. The State Department composite figure for "away from post" school costs, net of travel, but including room and board (\$4,950 for 1977-78) was assumed to represent 50 percent room and board, and the other half was considered an allowable education expense deduction.

To estimate the deduction for moving expenses, one fourth of the taxpayers were assumed to move each year and the additional deduction was estimated to amount to \$3,000, based on the assumption that two out of the three moves were to a foreign location, that the average moving expense was \$6,000 and that 75 percent of the cost was attributable to excluded income.

The cost of living deduction was estimated from the State Department local indices, excluding housing and education costs. <sup>5/</sup> Based on a salary of \$21,400 (approximately a grade GS-12-1), spendable income (excluding income for housing and education) was assumed to be about \$10,000 for single taxpayers and \$12,000 for non-single taxpayers. The excess of the foreign cost of living over the U.S. cost (based on the State Department indices) times the spendable income was allowed as a cost of living deduction.

### III. The Tax Calculator

All the quantities discussed below are at 1977 income levels. The 1977 levels were obtained by increasing the 1975 data by 14.1 percent (the increase in per-capita personal income between 1975 and 1977). To adjust for failure to file, an additional 15 percent blow-up was

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<sup>5/</sup> U.S. Department of State, "Indexes of Living Costs Abroad and Quarters Allowances", published quarterly by the Bureau of Labor Statistics.

applied to incomes and the number of returns where tax after credits was zero. Definitions of the acronyms used in the following equations are given on pages 76-78.

1. 1975 Tax Practice

Adjusted gross income is

$$AGI = RI + EX \quad (1)$$

and taxable income

$$TI = AGI - EXEMP - D \quad (2)$$

where personal exemptions are

$$EXEMP = (NOEXEMP)\$750 \quad (3)$$

and personal deductions are

$$D = ID \text{ (if applicable) or} \quad (4)$$

$$D = \$2,300 \text{ for single taxpayers} \quad (5)$$

or

$$D = \$3,200 \text{ for non-single taxpayers.} \quad (6)$$

Tax before credits is

$$TBC = USRATE (TI) \quad (7)$$

and tax after credits is

$$TAC = TBC - PC - FTC \quad (8)$$

where the general tax credit is the greater of

$$PC = \$35 (NOEXEMP) \text{ or} \quad (9)$$

$$PC = .02 (TI), \text{ up to } \$180.$$

The foreign tax credit is

$$FTC = LIMIT \quad (10)$$



subject to

$$FTC < FORTAX \text{ and} \quad (11)$$

$$FTC \leq TBC \quad (12)$$

where the foreign tax credit limitation is approximated by

$$LIMIT = \frac{FEI-EX}{AGI} (TBC) \quad (13)$$

and foreign taxes paid are

$$FORTAX = FORRATE (FEI) \quad (14)$$

## 2. 1975 Tax Law

Excess housing was defined as

$$HOUS = ACHOUS - .1667 (RI - UNEARN - CLADJ) \quad (15)$$

where unearned income is

$$UNEARN = DIV + INT + GAIN + GAIN D \quad (16)$$

and the cost of living adjustment is

$$CLADJ = p(COL) \quad (17)$$

where  $p$  adjusts the cost of living (COL) to foreign earned income class. In order to construct COL, income subject to the cost of living index was assumed to be \$10,000 for single individuals and \$12,000 for non-single individuals. Therefore, cost of living was calculated as

$$COL = \text{INDEX } (\$10,000) \text{ for single individuals} \quad (18)$$

and

$$COL = \text{INDEX } (\$12,000) \text{ for non-single taxpayers.} \quad (19)$$

Education expenses were defined as

$$ED = KIDS (EDCOST) \quad (20)$$

where the number of school age children were assumed to be

$$KIDS = 1/2 (NOEXEMP - 2) \quad (21)$$

and half the children were assumed to be in grade school and half in high school for the purpose of calculating EDCOST.

Home leave was assumed to be

$$HL = 1/2 (NOEXEMP)(AIRFARE). \quad (22)$$

The additions to income as a result of the Tax Court decisions were calculated as

$$TCADD = HOUS + ED + HL \quad (23)$$

The exclusion was recalculated as

$$TCEX = EX + TCADD \quad (24)$$

$$\text{subject to } TCEX \leq \$20,000 \text{ or } \$25,000. \quad (25)$$

Adjusted reported income is

$$TCRI = AGI + EX + TCADD$$

and adjusted gross income is

$$TCAGI = TCRI - TCEX \quad (26)$$

Taxable income is

$$TCTI = TCAGI - EXEMP - D \quad (27)$$

where EXEMP is defined by equation (3) and D by equations (4) thru (6)

Tax before credits is



$$TCTBC = USRATE (TCTI) \quad (28)$$

and Tax after Credits as

$$TCTAC = TCTBC - PC - FTC \quad (29)$$

where PC is defined by equation (9)

The foreign tax credit was calculated as

$$TCFTC = TCLIMIT \quad (30)$$

subject to

$$TCFTC < FORTAX \text{ and} \quad (31)$$

$$TCFTC \leq TCTBC \quad (32)$$

where the foreign tax credit limitation was approximated by

$$TCLIMIT = \frac{(FEI + TCADD - TCEX)(TCTBC)}{TCRI - TCEX} \quad (33)$$

and FORTAX is defined as in equation (14).

### 3. 1976 Tax Reform Act

The exclusion is

$$TRAEX = \$15,000 \text{ (or } TCEX, \text{ if } TCEX \leq \$15,000) \quad (34)$$

and adjusted gross income

$$TRAAGI = TCRI - TRAEX \quad (35)$$

Taxable income including the exclusion is

$$TRATI = TCRI - EXEMP - D \quad (36)$$

where EXEMP is defined in equation (3)  
and D by equations (4) through (6)

The tax on the exclusion is

$$TAXEX = USRATE (TRAEX) \quad (36)$$

and the tax on taxable income including the exclusion is

$$\text{TAXTI} = \text{USRATE} (\text{TRATI}) \quad (37)$$

Tax before credits is

$$\text{TRATBC} = \text{TAXTI} - \text{TAXEX} \text{ and} \quad (38)$$

Tax after credits is

$$\text{TRATAC} = \text{TRATBC} - \text{PC} - \text{TRAFTC} \quad (39)$$

where PC is defined by equation (9),  
and TRAFTC is the foreign tax credit.

The foreign tax credit limitation is

$$\text{TRALIM} = \frac{\text{FEI} + \text{TCADD} - \text{TRAEX}}{\text{TCRI} - \text{TRAEX}} (\text{TRATBC}) \quad (40)$$

and

$$\text{TRAFCT} = \text{TRALIM} \quad (41)$$

subject to

$$\text{TRAFTC} \leq \text{AFORTAX} \quad (41)$$

where  $\text{AFORTAX} = \text{FORTAX} (1 - \text{TAXEX}/\text{TAXTI})$

and

$$\text{TRAFTC} \leq \text{TRATBC} \quad (42)$$

Since taxpayers had the option of electing not to take the exclusion, the alternative foreign tax credit limitation was calculated as

$$\text{TRALIMO} = \frac{\text{FEI} + \text{TCADD}}{\text{TCRI}} (\text{TAXTI}) \quad (43)$$

and the foreign tax credit

$$\text{TRAFTCO} = \text{TRALIMO} \quad (44)$$

subject to

$$\text{TRAFTCO} \leq \text{FORTAX} \text{ and} \quad (45)$$

$$\text{TRAFTCO} \leq \text{TAXTI} \quad (46)$$



Tax after credits is

$$\text{TRATACO} = \text{TAXTI} - \text{PC} - \text{TRAFTCO} \quad (47)$$

where PC is defined by equation (9).  
Tax after credits calculated by  
equations (39) and (47) are compared,  
and the taxpayer is assumed to elect the  
option which minimizes his tax after credits.

#### 4. The Ribicoff Proposal

Excess housing is

$$\text{RHOUS} - \text{ACHOUS} - .1667 (\text{RI} + \text{HL} - \text{COL} - \text{UNERN}). \quad (48)$$

Workers in construction camps (assumed to be  
approximately 46 percent of taxpayers in the Middle East)  
were given a choice of taking the average excess housing  
deduction (RHOUS) in the area or the U.S. value of their  
local housing (assumed to be \$5,000), whichever is greater.

Education costs excluding airfare and room and board  
are

$$\text{RED} = 1/2 (\text{EDBASE}). \quad (49)$$

Moving expenses were assumed to be about \$6,000 and  
one in every 4 taxpayers was assumed to move a year, two  
out of three moves were to a foreign location and 75  
percent of the cost was attributable to excluded income,  
so that

$$\text{MOVE} = 750. \quad (50)$$

Adjusted gross income is

$$\text{RAGI} = \text{TCRI} - \text{RHOUS} - \text{RED} - \text{MOVE} - \text{COL} \quad (51)$$

and taxable income is

$$\text{RTI} = \text{RAGI} - \text{EXEMP} - \text{D} \quad (52)$$

where EXEMP is defined in equation (3) and D by  
equations (4) to (6).

Tax before credits is

$$RTBC = USTAX (RTI) \quad (53)$$

and tax after credits

$$RTAC = RTBC - PC - RFTC \quad (54)$$

where PC is defined in equation (9).

The foreign tax credit limitation is approximated by

$$RLIM = \frac{FEI + TCADD - RDED}{TCRI - RDED} (RTBC) \quad (55)$$

where

$$RDED = RHOUS + RED + MOVE + COL. \quad (56)$$

The foreign tax credit equals

$$RFTC = RLIM \quad (57)$$

subject to

$$RFTC < FORTAX \quad (58)$$

$$RFTC \leq RTBC. \quad (59)$$

## 5. Tax Expenditure

Assuming that section 911 is repealed, adjusted gross income is

$$EAGI = TCRI \quad (60)$$

and taxable income is

$$ETI = EAGI - EXEMP - D \quad (61)$$

where EXEMP is defined in equation (3)  
and D by equations (4) to (6).

Tax before credits is

$$ETBC = USRATE (ETI) \quad (62)$$

and tax after credits is



$$ETAC = ETBC - PC - EFTC \quad (63)$$

where PC is defined by equation (9).

The foreign tax credit limitation is

$$ELIM = \frac{FEI + TCADD}{TCRI}(ETBC) \quad (64)$$

and the foreign tax credit is

$$EFTC = ELIM \quad (65)$$

subject to

$$EFTC \leq FORTAX \text{ and} \quad (66)$$

$$EFTC \leq ETBC \quad (67)$$

Tax expenditures are calculated as follows:

(a) for the 1975 law

$$TE75 = ETAC - TCTAC \quad (68)$$

(b) for the 1976 Tax Reform Act

$$TE76 = ETAC - TRATAC \quad (69)$$

and

(c) for the Ribicoff Proposal

$$TERIB = ETAC - RTAC \quad (70)$$

## Definitions

### 1975 Tax Practice:

AGI	Adjusted gross income
RI	Reported income = adjusted gross income plus the exclusion
EX	Exclusion
TI	Taxable income
EXEMP	Personal exemptions
D	Personal deductions, which may be itemized (ID) or standard
TBC	Tax before credits
USRATE	U.S. tax rate
TI	Taxable income
TAC	Tax after credits
PC	General tax credit
FTC	Foreign tax credit
NOEXEMP	Number of exemptions
LIMIT	Foreign tax credit limitation
FORTAX	Foreign taxes paid
FORRATE	Foreign tax rate
FEI	Foreign earned income
EXEMP	Deduction for personal exemptions

### 1975 Tax Law:

HOUS	Excess housing
ACHOUS	Actual housing (State Department estimates)
UNERN	Unearned income
CLADJ	Cost of living adjustment (based on State Department indices)
DIV	Dividends included in AGI
INT	Interest income
GAIN	Net capital gains
GAIND	50% of capital gain distributions
COL	Cost of living in a given country
INDEX	Cost of living index for a given country (State Department data)
ED	Total education expense
KIDS	Number of school age children



Definitions (continued)

1975 Tax Law (continued):

EDCOST	Education cost including tuition and fees, room and board and travel (State Department data)
TCADD	Additions to income due to the Tax Court decisions
HL	Home leave travel expense
AIRFARE	Cost of economy air ticket
TCEX	Exclusion
TCRI	Reported income including the Tax Court changes
TCAGI	Adjusted gross income
TCTI	Taxable income
TCTBC	Tax before credits
TCTAC	Tax after credits
TCFTC	Foreign tax credit
TCLIMIT	Foreign tax credit limitation

1976 Tax Reform Act:

TRAEX	Exclusion under the Act
TRAAGI	Adjusted gross income
TRATI	Taxable income including the exclusion
TAXEX	U.S. tax on the exclusion
TAXTI	U.S. tax on taxable income (including exclusion)
TRATBC	Tax before credits
TRATAC	Tax after credits
TRALIM	Foreign tax credit limitation
TRAFTC	Foreign tax credit
AFORTAX	Foreign taxes available for a credit
TRALIMO	Foreign tax credit limitation -- option for no exclusion
TRAFTCO	Foreign tax credit -- option for no exclusion
TRATACO	Tax after credits -- option for no exclusion

Ribicoff Proposal:

RHOUS	Excess housing deduction
RED	Education Expense Deduction (Tuition, books and fees)

Definitions (continued)

Ribicoff Proposal (continued):

EDBASE	Education expenses including room and board, books and fees but not travel (State Department data)
MOVE	Moving expense deduction
RAGI	Adjusted gross income
RTI	Taxable income
RTBC	Tax before credits
RTAC	Tax after credits
RLIM	Foreign tax credit limitation
RDED	Total deductions for excess housing costs, cost of living, education and moving expenses
RFTC	Foreign tax credit

Tax Expenditure:

EAGI	Adjusted gross income
ETI	Taxable income
ETBC	Tax before credits
ETAC	Tax after credits
ELIM	Foreign tax credit limitation
EFTC	Foreign tax credit
TE75	Tax expenditure, 1975 law
TE76	Tax expenditure, 1976 Tax Reform Act
TERIB	Tax expenditure, Ribicoff Proposal



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