



BDO Seidman, LLP
Accountants and Consultants

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Expatriate Tax Alert

Subject:

Individual Expatriate Tax Provisions Modified by Senate to Cover Military Personnel Tax Relief

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On December 12, 2007 the Senate amended and passed bill H.R. 3997 that would cut tax and ease some tax filing requirements for military personnel. The revenue gap would be partly covered by imposing taxes on certain expatriating individuals.

Specifically, this bill would require immediate taxation of mark-to-market gains on property for individuals renouncing their U.S. citizenship.

The rest of the revenue gap would be covered by increasing the minimum penalty for failure to file an individual tax return. The penalty for a delay in filing an individual tax return beyond 60 days of the deadline would be the lesser of \$225 or 100 % of the tax required per the tax return. Currently the minimum failure to file penalty is the smaller of \$100 or 100% of the tax on the return.

The House of Representatives must now pass the legislation and then send to President Bush for signature into law. This bill is expected to pass without controversy.

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