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ACCJ Urges U.S. Congress to Adopt Residence-Based Taxation to Make American Companies and Citizens Abroad More Competitive

To increase the competitiveness of American firms operating abroad and to improve the positions of our members who are U.S. citizens or U.S. permanent residents by eliminating burdensome requirements and unfair costs, the American Chamber of Commerce in Japan (ACCJ) recommends that the United States review and adopt residence-based taxation (RBT), where taxation would be based on the residence (in this case Japan) rather than the citizenship (U.S.) of the taxpayer. Americans in Japan and elsewhere outside the United States would be taxed on the same basis as non-resident aliens, primarily through a system of taxes on passive U.S. sources of income (dividends, rents, pensions, etc.) and capital gains taxes on U.S. real estate; income earned in the United States would require filing a 1040NR. Americans abroad would remain subject to U.S. estate taxes on U.S. situs assets, including real estate and securities. A detailed RBT system would provide extensive and comprehensive anti-abuse measures together with a precise transition roadmap.

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About ACCJ

The American Chamber of Commerce in Japan (ACCJ) was established in 1948 by representatives of 40 American companies. Over its nearly 70-year history, the ACCJ has positioned itself as one of the most influential business organizations in Japan. The ACCJ has approximately 3,500 members who together represent over 1,000 globally minded companies with offices in Tokyo, Nagoya, and Osaka. Working closely with the U.S. and Japanese governments, business organizations and others, the ACCJ engages in activities that advance its mission of further developing commerce between the U.S. and Japan, promoting the interests of U.S. companies and members, and improving the international business environment in Japan. The ACCJ's more than 60 committees represent a variety of industries and make policy recommendations through advocacy tools such as viewpoints, public comments, and white papers.