

Part III

Administrative, Procedural, and Miscellaneous

26 CFR §1.911-2: Qualified individuals.
(Also: Part I, §§911; 1.911-2.)

Rev. Proc. 2018-23

SECTION 1. PURPOSE

.01 This revenue procedure provides information to any individual who failed to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country precluded the individual from meeting those requirements.

.02 The Internal Revenue Service previously has listed countries for which the eligibility requirements of section 911(d)(1) of the Code are waived under section 911(d)(4) because of adverse conditions in those countries. See Rev. Proc. 2017-26, 2017-13, I.R.B. 1036.

SECTION 2. BACKGROUND

.01 Sections 911(a) of the Code allows a "qualified individual," as defined in

section 911(d)(1), to exclude from gross income the individual's foreign earned income and the housing cost amount.

.02 Section 911(d)(1) of the Code defines the term “qualified individual” as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a *bona fide* resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

.03 Section 911(d)(4) of the Code provides an exception to the eligibility requirements of section 911(d)(1). An individual will be treated as a qualified individual with respect to a period in which the individual was a *bona fide* resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

SECTION 3. APPLICATION

.01 For 2016, in addition to the determination with respect to South Sudan described in Rev. Proc. 2017-26, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions

precluded the normal conduct of business in the following country beginning on the specified date:

<i>Country</i>	<i>Date of Departure On or After</i>
Turkey	October 29, 2016

Accordingly, for purposes of section 911 of the Code, an individual who left Turkey on or after October 29, 2016, will be treated as a qualified individual with respect to the period during which that individual was present in, or was a *bona fide* resident of, Turkey if the individual establishes a reasonable expectation that he or she would have met the requirements of section 911(d) but for those conditions.

.02 To qualify for relief under section 911(d)(4) of the Code, an individual must have established residency, or have been physically present, in the foreign country on or before the date that the Secretary of the Treasury determines that individuals were required to leave the foreign country. Accordingly, individuals who were first physically present or established residency in Turkey after October 29, 2016, are not eligible to qualify for the exception provided in section 911(d)(4) of the Code for taxable year 2016.

.03 For 2017, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that no country has experienced war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. Therefore, no country is listed in this revenue procedure for section 911 purposes for tax year 2017.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Previously issued revenue procedures under section 911(d)(4) remain in full force and effect. However, Rev. Proc. 2017-26, 2017-13, I.R.B. 1036, is supplemented.

SECTION 5. INQUIRIES

A taxpayer who needs assistance on how to claim this exclusion, or on how to file an amended return, should consult the section under the heading **Foreign Earned Income Exclusion** at <https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-aliens-abroad> ; consult the section under the heading **How to Get Tax Help** at the same web address; or contact a local IRS office.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Kate Y. Hwa on (202) 317-6934 (not a toll free call).