To amend the Internal Revenue Code of 1986 to provide an exception from certain reporting requirements with respect to the foreign accounts of individuals who live abroad.

SECTION 1. EXCEPTION TO CERTAIN REPORTING REQUIREMENTS APPLICABLE TO FOREIGN FINANCIAL INSTITUTIONS WITH RESPECT TO CERTAIN INDIVIDUALS WHO LIVE ABROAD.

(a) IN GENERAL.—Section 1471(d)(1) of the Internal Revenue Code of 1986 is amended by redesignating
subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

“(C) Exception for certain individuals who live abroad.—

“(i) In general.—Unless the foreign financial institution elects to not have this subparagraph apply, such term shall not include any depository account maintained by such financial institution if each holder of such account is—

“(I) a natural person, and

“(II) a qualified individual with respect to a foreign country in which such foreign financial institution is licensed to conduct business.

“(ii) Qualified individual.—For purposes of this subparagraph, an individual is a qualified individual with respect to any foreign country if such individual would be a qualified individual under section 911(d) if the only foreign country taken into account under such section were such foreign country.”.

(b) Effective Date.—
(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) MODIFICATION OF AGREEMENTS.—At the request of any foreign financial institution, the Secretary of the Treasury (or the Secretary’s delegate) shall, as promptly as is practicable, modify any agreement which is in effect between the Secretary and such foreign financial institution under section 1471 of the Internal Revenue Code of 1986 to take into account the amendments made by this section.

SEC. 2. EXCEPTION FOR CERTAIN INDIVIDUALS WHO LIVE ABROAD TO CERTAIN REPORTING REQUIREMENTS APPLICABLE TO INDIVIDUALS WITH FOREIGN FINANCIAL ASSETS.

(a) IN GENERAL.—Section 6038D of the Internal Revenue Code of 1986 is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

“(h) EXCEPTION FOR CERTAIN FINANCIAL ACCOUNTS OF INDIVIDUALS LIVING ABROAD.—

“(1) IN GENERAL.—In the case of a qualified individual with respect to any foreign country, subsection (a) shall not apply to such individual for any taxable year if such individual would not be required
to provide any information under such subsection for
such taxable year if the qualified foreign accounts in
which such individual holds an interest were not
taken into account as specified foreign financial as-
sets for purposes of this section.

“(2) QUALIFIED FOREIGN ACCOUNT.—For pur-
poses of this subsection, the term ‘qualified foreign
account’ means, with respect to any qualified indi-
vidual, any account described in subsection (b)(1)
which is maintained by a financial institution which
is licensed to conduct business in the foreign country
with respect to which such individual is a qualified
individual.

“(3) QUALIFIED INDIVIDUAL.—For purposes of
this subsection, an individual is a qualified indi-
vidual with respect to any foreign country if such in-
dividual would be a qualified individual under sec-
section 911(d) if the only foreign country taken into ac-
count under such section were such foreign coun-
try.”.

(b) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
the date of the enactment of this Act.