Jones v. Commissioner, 11 T.C. 451 (1948)

To qualify for the foreign earned income exclusion under Section 116 of the Internal Revenue Code, a U.S. citizen must establish bona fide residency in a foreign country, determined by examining their intentions regarding the length and nature of their stay, and the extent to which they have made a home in that foreign country.

Summary

Jones, a U.S. citizen, claimed a tax exemption on income earned in Ireland while working for Lockheed. He argued he was a bona fide resident of Ireland because he intended to live there permanently with his Irish fiancée (later wife). The Tax Court denied the exemption, finding that Jones's stay in Ireland was temporary and contingent upon factors outside his control, such as draft board approval, preventing him from establishing bona fide residency despite his intentions. The court prioritized the objective circumstances of his stay over his subjective intent.

Facts

Jones, a U.S. citizen registered for the draft, worked for Lockheed and was stationed in Ireland in 1943.
He became engaged to an Irish woman in 1942, who conditioned their marriage on his permanent residence in Ireland.
His permission to work abroad was contingent on draft board approval, renewable every six months.
Jones admitted he could not have gone into business and remained in Ireland due to the war.
After Lockheed finished its work in Ireland, Jones returned to the United States.
His wife later immigrated to the U.S. seeking permanent residency.

Procedural History

The Commissioner of Internal Revenue determined that Jones's income earned in Ireland was not exempt from taxation.
Jones petitioned the Tax Court for a redetermination of the deficiency.
The Tax Court upheld the Commissioner's determination.

Issue(s)

Whether Jones was a

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