12 T.C. 1059 (1949)

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A taxpayer’s mere assertion of intent to remain in a foreign country is insufficient to establish bona fide residency for the purpose of excluding income earned abroad from U.S. taxation under Section 116 of the Internal Revenue Code.

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Summary

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William B. Cruise, employed by the American Red Cross in London during WWII, sought to exclude his salary from U.S. income tax, claiming bona fide foreign residency. The Tax Court ruled against Cruise, holding that his actions did not sufficiently demonstrate an intent to establish permanent residency in England. The court emphasized that Cruise’s employment was temporary, tied to the war’s duration, and his ties to the U.S. remained strong. His self-serving declaration of intent to stay in England after the war was deemed unconvincing given the lack of corroborating actions.

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Facts

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Cruise, a New Jersey resident and former vice principal, was hired by the American Red Cross in September 1942 for an indefinite period,

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