Jones v. Commissioner, 17 T.C. 121 (1951)

To qualify for a tax exemption as a bona fide resident of a foreign country, a taxpayer must demonstrate an intention to establish a home and take on the obligations of residency in that country, not merely be a transient or sojourner for a specific purpose and definite period.

Summary

The petitioner, an American citizen, sought a tax exemption claiming bona fide residency in Afghanistan. He worked there for a U.S. company for a defined period, residing in company barracks and eating at the company mess. The Tax Court denied the exemption, holding that the petitioner was merely a temporary sojourner, not a bona fide resident, because he did not demonstrate an intent to establish a home or assume the obligations of residency in Afghanistan. This case highlights the distinction between temporary presence and genuine residency for tax purposes.

Facts

The petitioner worked in Afghanistan from late 1946 to late 1949. His employment contract specified his employer would pay any taxes arising in Afghanistan. He resided in company barracks and ate at the company mess. Upon cessation of his employment in Afghanistan, he sought other employment abroad, not necessarily in Afghanistan. The tax years in question were his first and only full years away from the United States. He paid no taxes to Afghanistan.

Procedural History

The Commissioner of Internal Revenue assessed deficiencies in the petitioner’s income tax for the years in question. The petitioner challenged this assessment in the Tax Court of the United States.

Issue(s)

Whether the petitioner was a bona fide resident of Afghanistan during the tax years in question, thereby qualifying for a tax exemption under the applicable statute.

Holding

No, because the petitioner did not demonstrate an intent to establish a home and take on the obligations of residency in Afghanistan, but was rather a transient or sojourner for a specific purpose and definite period.

Court’s Reasoning

The court emphasized that the amended statute required taxpayers to demonstrate bona fide residency

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