Page v. Commissioner, 24 T.C. 52 (1955)

A taxpayer becomes a bona fide resident of a foreign country, for purposes of the foreign earned income exclusion, when they have both physical presence and the intention to establish residency, even if the taxpayer returns to the United States temporarily before permanently residing abroad.

Summary

The case concerns whether George A. Page qualified for the foreign earned income exclusion under Section 116(a) of the Internal Revenue Code of 1939. The IRS argued that Page was not a bona fide resident of Argentina for the entire year 1948, thus his income earned in Argentina was fully taxable. The Tax Court held in favor of Page, finding that his intention to become a permanent resident of Argentina was established in late 1947 when he accepted a permanent employment offer, and that his subsequent return to the United States to move his family did not interrupt his residency. The Court emphasized the importance of intent, combined with physical presence, in determining residency for tax purposes.

Facts

In August 1945, George Page began working for A.P. Green Fire Brick Company, which had international operations. In 1946 and 1947, Page made several trips to South America for his work. In October 1947, while in Buenos Aires, Page was offered permanent employment with the company's subsidiary in Argentina, which he accepted. He returned to the United States in November 1947 to arrange the move of his family and belongings, renting their home and preparing to move. Page and his family sailed to Argentina in December 1947, arriving in February 1948. Page and his family lived continuously in Buenos Aires since then. During 1948 Page paid income tax to Argentina. The IRS determined a deficiency in Page's income tax for 1948, claiming he was not a bona fide resident of Argentina for the entire year.

Procedural History

George Page and his wife filed a 1948 income tax return. The Commissioner of Internal Revenue determined a deficiency in their income tax. The case was brought before the United States Tax Court.

Issue(s)

1. Whether George A. Page was a bona fide resident of Argentina for the entire year 1948 within the meaning of Section 116(a) of the Internal Revenue Code of 1939.

Holding

1. Yes, because the court determined that Page established bona fide residency in Argentina in October 1947, and his temporary return to the United States did not

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interrupt his residency.

Court’s Reasoning

The Court focused on whether Page was a

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