

“(I) the words ‘if they reside with him’ in subparagraph (A) shall be disregarded, and

“(II) the housing expenses incurred with respect to such abode shall be taken into account under paragraph (1).

“(3) SPECIAL RULES WHERE HOUSING EXPENSES NOT PROVIDED BY EMPLOYER.—

“(A) **IN GENERAL.**—To the extent the housing cost amount of any individual for any taxable year is not attributable to employer provided amounts, such amount shall be treated as a deduction allowable in computing adjusted gross income to the extent of the limitation of subparagraph (B).

“(B) **LIMITATION.**—For purposes of subparagraph (A), the limitation of this subparagraph is the excess of—

“(i) the foreign earned income of the individual for the taxable year, over

“(ii) the amount of such income excluded from gross income under subsection (a)(1) for the taxable year.

“(C) 1-YEAR CARRYOVER OF HOUSING AMOUNTS NOT ALLOWED BY REASON OF SUBPARAGRAPH (B).—

“(i) **IN GENERAL.**—The amount not allowable as a deduction for any taxable year under subparagraph (A) by reason of the limitation of subparagraph (B) shall be treated as a deduction allowable in computing adjusted gross income for the succeeding taxable year (and only for the succeeding taxable year) to the extent of the limitation of clause (ii) for such succeeding taxable year.

“(ii) **LIMITATION.**—For purposes of clause (i), the limitation of this clause for any taxable year is the excess of—

“(I) the limitation of subparagraph (B) for such taxable year, over

“(II) amounts treated as a deduction under subparagraph (A) for such taxable year.

“(D) **EMPLOYER PROVIDED AMOUNTS.**—For purposes of this paragraph, the term ‘employer provided amounts’ means any amount paid or incurred on behalf of the individual by the individual’s employer which is foreign earned income included in the individual’s gross income for the taxable year (without regard to this section).

“(E) **FOREIGN EARNED INCOME.**—For purposes of this paragraph, an individual’s foreign earned income for any taxable year shall be determined without regard to the limitation of subparagraph (A) of subsection (b)(2).

“(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) **QUALIFIED INDIVIDUAL.**—The term ‘qualified individual’ means an individual whose tax home is in a foreign country and who is—

“(A) a citizen of the United States and establishes to the satisfaction of the Secretary that he has been a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, or

“(B) a citizen or resident of the United States and who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days in such period.

“(2) **EARNED INCOME.**—