To amend the Internal Revenue Code of 1986 to modify the treatment of foreign corporations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. Sanders introduced the following bill; which was read twice and referred to the Committee on ____________

A BILL

To amend the Internal Revenue Code of 1986 to modify the treatment of foreign corporations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Corporate Tax Dodging Prevention Act”.

SEC. 2. DEFERRAL OF ACTIVE INCOME OF CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—Section 952 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:
“(e) Special Application of Subpart.—

“(1) In general.—For taxable years beginning after December 31, 2017, notwithstanding any other provision of this subpart, the term ‘subpart F income’ means, in the case of any controlled foreign corporation, the income of such corporation derived from any foreign country.

“(2) Applicable rules.—Rules similar to the rules under the last sentence of subsection (a) and subsection (d) shall apply to this subsection.”.

(b) Treatment of Previously Deferred Foreign Income.—

(1) In general.—Section 965 of the Internal Revenue Code of 1986 is amended to read as follows:

“SEC. 965. INCLUSION OF PREVIOUSLY DEFERRED FOREIGN INCOME.

“(a) Inclusion as Subpart F Income.—The subpart F income (determined under section 952 without regard to this section) of a controlled foreign corporation for its last taxable year beginning before January 1, 2018, shall be increased by the accumulated deferred foreign income of the corporation.

“(b) Accumulated Deferred Foreign Income.—For purposes of this section—
“(1) IN GENERAL.—The term ‘accumulated deferred foreign income’ means the excess of—

“(A) the undistributed earnings of the controlled foreign corporation, over

“(B) the undistributed U.S. earnings of such controlled foreign corporation.

“(2) UNDISTRIBUTED EARNINGS.—

“(A) IN GENERAL.—The term ‘undistributed earnings’ means the earnings and profits of the controlled foreign corporation described in section 959(c)(3), determined—

“(i) as of the close of the taxable year described in subsection (a)(1),

“(ii) without diminution by reason of distributions made during such taxable year, and

“(iii) without regard to this section.

“(B) SPECIAL RULE FOR CURRENT YEAR DISTRIBUTIONS.—For purposes of this chapter, any determination with respect to the treatment of distributions described in subparagraph (A)(ii) shall be made after the application of this section to the earnings and profits described in subparagraph (A).
“(3) Undistributed U.S. Earnings.—The term ‘undistributed U.S. earnings’ has the meaning given the term ‘post-1986 undistributed U.S. earnings’ in section 245(a)(5) (as in effect for taxable years beginning before 2018), determined—

“(A) without regard to ‘post-1986’ each place it appears in the matter before subparagraph (A), and

“(B) without regard to the last sentence thereof.

“(c) Election to Pay Liability in Installments.—

“(1) In General.—In the case of a United States shareholder with respect to one or more controlled foreign corporations to which subsection (a) applies, such United States shareholder may elect to pay the net tax liability under this section in 2 or more (but not exceeding 8) equal installments.

“(2) Date for Payment of Installments.—

If an election is made under paragraph (1), the due date for the first installment shall be the due date (determined without regard to any extension of time for filing the return) for the return of tax for the taxable year of such United States shareholder in which the increase in subpart subpart F income
under subsection (a) is included in such shareholder’s gross income under section 951(a)(1) and the due date for each succeeding installment shall be the due date (as so determined) for the return of tax for the taxable year following the taxable year with respect to which the preceding installment was made.

“(3) Acceleration of payment.—If there is—

“(A) an assessment of an addition to tax for failure to pay timely with respect to any installment required under this subsection,

“(B) a liquidation or sale of substantially all the assets of the taxpayer (including in a title 11 or similar case),

“(C) a cessation of business by the taxpayer, or

“(D) any similar circumstance,

then the unpaid portion of all remaining installments shall be due on the date of such event (or in the case of a title 11 or similar case, the day before the petition is filed).

“(4) Proration of deficiency to installments.—If an election is made under paragraph (1) to pay the net tax liability under this section in
stallments and a deficiency has been assessed, the
deficiency shall be prorated to the installments pay-
able under paragraph (1). The part of the deficiency
so prorated to any installment the date for payment
of which has not arrived shall be collected at the
same time as, and as a part of, such installment.
The part of the deficiency so prorated to any install-
ment the date for payment of which has arrived
shall be paid upon notice and demand from the Sec-
retary. This paragraph shall not apply if the defi-
ciency is due to negligence, to intentional disregard
of rules and regulations, or to fraud with intent to
evade tax.

“(5) RULES RELATING TO INTEREST.—

“(A) IN GENERAL.—In the case of any net
tax liability prorated to an installment under
this subsection, the last date prescribed for pay-
ment of the tax for purposes of section 6601(a)
shall be the last date for payment of the install-
ment rather than the last date for payment of
tax for the taxable year in which the net tax li-
ability arose.

“(B) SPECIAL RULES FOR DEFI-
CIENCIES.—
“(i) Interest Payable for Entire Period.—Subparagraph (A) shall not apply to any deficiency prorated to an installment under paragraph (4).

“(ii) Payment of Interest Attributable to Prior Periods.—In the case of a deficiency to which paragraph (4) applies, interest with respect to such deficiency which is assigned under paragraph (4) to any installment the date for payment of which has arrived on or before the date of the assessment of the deficiency, shall be paid upon notice and demand from the Secretary.

“(6) Period of Assessment.—Notwithstanding section 6501, the period for assessing the net tax liability under this section for which an election is made under paragraph (1) shall not expire before the due date for the last installment.

“(7) Election.—Any election under paragraph (1) shall be made not later than the due date for the return of tax for the taxable year of such United States shareholder in which the increase in subpart subpart F income under subsection (a) is included in such shareholder’s gross income under section
951(a)(1) and shall be made in such manner as the Secretary may provide.

“(8) NET TAX LIABILITY UNDER THIS SECTION.—For purposes of this subsection—

“(A) IN GENERAL.—The net tax liability under this section with respect to any United States shareholder is the excess (if any) of—

“(i) such taxpayer’s net income tax for the taxable year, over

“(ii) such taxpayer’s net income tax for such taxable year determined without regard to this section.

“(B) NET INCOME TAX.—The term ‘net income tax’ means the net income tax (as defined in section 38(c)(1)) reduced by the credit allowed under section 38.

“(C) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary for the determination under this subsection of the net tax liability under this section in the case of any pass-thru entity.

“(d) REGULATIONS.—The Secretary shall promulgate such regulations as necessary to carry out the purposes of this section, including regulations for the applica-
tion of this section to pass-through entities all or part of
which are owned by 1 or more domestic corporations.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 56(g)(4)(C) of the Internal
Revenue Code of 1986 is amended by striking
clause (vi).

(B) Paragraph (3) of section 245(a) of
such Code is amended—

(i) by striking “post-1986” in sub-
paragraph (A), and

(ii) by striking “total post-1986” in
subparagraph (B).

(C) Paragraph (4) of section 245(a) of
such Code is amended to read as follows:

“(4) UNDISTRIBUTED EARNINGS.—The term
‘undistributed earnings’ means the amount of the
earnings and profits of the controlled foreign cor-
poration (computed in accordance with sections
964(a) and 986)—

“(A) as of the close of the taxable year of
the controlled foreign corporation in which the
dividend is distributed, and

“(B) without diminution by reason of divi-
dends distributed during such taxable year.”.
(D) Paragraph (5) of section 245(a) of such Code is amended—

(i) by striking “post-1986” both places it appears in the matter preceding subparagraph (A), and

(ii) by striking “POST-1986 UNDISTRIBUTED” in the heading thereof and inserting “UNDISTRIBUTED”.

(E) Paragraph (6) of section 245(a) of such Code is amended—

(i) by striking “beginning after December 31, 1986” and inserting “which is after the first taxable year of such corporation”, and

(ii) by striking “post-1986” both places it appears.

(F) Paragraph (2) of section 6601(b) of such Code is amended—

(i) by striking “section 6156(a)” in the matter preceding subparagraph (A) and inserting “section 965(c)(1) or 6156(a)”, and

(ii) by striking “section 6156(b)” in subparagraph (A) and inserting “section 965(c)(2) or 6156(b), as the case may be”.
(G) The table of section for subpart F of part III of subchapter N of chapter 1 of such Code is amended by striking the item relating to section 965 and inserting the following:

"Sec. 901. Inclusion of previously deferred foreign income."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2017.

SEC. 3. MODIFICATIONS OF FOREIGN TAX CREDIT RULES APPLICABLE TO LARGE INTEGRATED OIL COMPANIES WHICH ARE DUAL CAPACITY TAXPAYERS.

(a) IN GENERAL.—Section 901 of the Internal Revenue Code of 1986 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) SPECIAL RULES RELATING TO LARGE INTEGRATED OIL COMPANIES WHICH ARE DUAL CAPACITY TAXPAYERS.—

“(1) GENERAL RULE.—Notwithstanding any other provision of this chapter, any amount paid or accrued by a dual capacity taxpayer which is a large integrated oil company to a foreign country or possession of the United States for any period shall not be considered a tax—
“(A) if, for such period, the foreign country or possession does not impose a generally applicable income tax, or

“(B) to the extent such amount exceeds the amount (determined in accordance with regulations) which—

“(i) is paid by such dual capacity taxpayer pursuant to the generally applicable income tax imposed by the country or possession, or

“(ii) would be paid if the generally applicable income tax imposed by the country or possession were applicable to such dual capacity taxpayer.

Nothing in this paragraph shall be construed to imply the proper treatment of any such amount not in excess of the amount determined under subparagraph (B).

“(2) Dual capacity taxpayer.—For purposes of this subsection, the term ‘dual capacity taxpayer’ means, with respect to any foreign country or possession of the United States, a person who—

“(A) is subject to a levy of such country or possession, and
“(B) receives (or will receive) directly or indirectly a specific economic benefit (as determined in accordance with regulations) from such country or possession.

“(3) GENERALLY APPLICABLE INCOME TAX.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘generally applicable income tax’ means an income tax (or a series of income taxes) which is generally imposed under the laws of a foreign country or possession on income derived from the conduct of a trade or business within such country or possession.

“(B) EXCEPTIONS.—Such term shall not include a tax unless it has substantial application, by its terms and in practice, to—

“(i) persons who are not dual capacity taxpayers, and

“(ii) persons who are citizens or residents of the foreign country or possession.

“(4) LARGE INTEGRATED OIL COMPANY.—For purposes of this subsection, the term ‘large integrated oil company’ means, with respect to any taxable year, an integrated oil company (as defined in section 291(b)(4)) which—
“(A) had gross receipts in excess of $1,000,000,000 for such taxable year, and

“(B) has an average daily worldwide production of crude oil of at least 500,000 barrels for such taxable year.”.

(b) Effective Date.—

(1) In general.—The amendments made by this section shall apply to taxes paid or accrued in taxable years beginning after the date of the enactment of this Act.

(2) Contrary treaty obligations upheld.—The amendments made by this section shall not apply to the extent contrary to any treaty obligation of the United States.

SEC. 4. REINSTITUTION OF PER COUNTRY FOREIGN TAX CREDIT.

(a) In general.—Subsection (a) of section 904 of the Internal Revenue Code of 1986 is amended to read as follows:

“(a) Limitation.—The amount of the credit in respect of the tax paid or accrued to any foreign country or possession of the United States shall not exceed the same proportion of the tax against which such credit is taken which the taxpayer’s taxable income from sources within such country or possession (but not in excess of
the taxpayer’s entire taxable income) bears to such tax-
payer’s entire taxable income for the same taxable year.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 5. TREATMENT OF FOREIGN CORPORATIONS MANAGED AND CONTROLLED IN THE UNITED STATES AS DOMESTIC CORPORATIONS.

(a) In General.—Section 7701 of the Internal Revenue Code of 1986 is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

“(p) CERTAIN CORPORATIONS MANAGED AND CONTROLLED IN THE UNITED STATES TREATED AS DOMESTIC FOR INCOME TAX.—

“(1) In general.—Notwithstanding subsection (a)(4), in the case of a corporation described in paragraph (2) if—

“(A) the corporation would not otherwise be treated as a domestic corporation for purposes of this title, but

“(B) the management and control of the corporation occurs, directly or indirectly, primarily within the United States,
then, solely for purposes of chapter 1 (and any other
provision of this title relating to chapter 1), the cor-
poration shall be treated as a domestic corporation.

“(2) CORPORATION DESCRIBED.—

“(A) IN GENERAL.—A corporation is de-
scribed in this paragraph if—

“(i) the stock of such corporation is
regularly traded on an established securi-
ties market, or

“(ii) the aggregate gross assets of
such corporation (or any predecessor there-
of), including assets under management
for investors, whether held directly or indi-
directly, at any time during the taxable year
or any preceding taxable year is
$50,000,000 or more.

“(B) GENERAL EXCEPTION.—A corpora-
tion shall not be treated as described in this
paragraph if—

“(i) such corporation was treated as a
corporation described in this paragraph in
a preceding taxable year,

“(ii) such corporation—

“(I) is not regularly traded on an
established securities market, and
“(II) has, and is reasonably ex-
pected to continue to have, aggregate
gross assets (including assets under
management for investors, whether
held directly or indirectly) of less than
$50,000,000, and
“(iii) the Secretary grants a waiver to
such corporation under this subparagraph.
“(3) MANAGEMENT AND CONTROL.—
“(A) IN GENERAL.—The Secretary shall
prescribe regulations for purposes of deter-
mining cases in which the management and
control of a corporation is to be treated as oc-
curring primarily within the United States.
“(B) EXECUTIVE OFFICERS AND SENIOR
MANAGEMENT.—Such regulations shall provide
that—
“(i) the management and control of a
corporation shall be treated as occurring
primarily within the United States if sub-
stantially all of the executive officers and
senior management of the corporation who
exercise day-to-day responsibility for mak-
ing decisions involving strategic, financial,
and operational policies of the corporation
are located primarily within the United States, and

“(ii) individuals who are not executive officers and senior management of the corporation (including individuals who are officers or employees of other corporations in the same chain of corporations as the corporation) shall be treated as executive officers and senior management if such individuals exercise the day-to-day responsibilities of the corporation described in clause (i).

“(C) CORPORATIONS PRIMARILY HOLDING INVESTMENT ASSETS.—Such regulations shall also provide that the management and control of a corporation shall be treated as occurring primarily within the United States if—

“(i) the assets of such corporation (directly or indirectly) consist primarily of assets being managed on behalf of investors, and

“(ii) decisions about how to invest the assets are made in the United States.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or
after the date which is 2 years after the date of the enactment of this Act.

SEC. 6. RESTRICTIONS ON DEDUCTION FOR INTEREST EXPENSE OF MEMBERS OF FINANCIAL REPORTING GROUPS WITH EXCESS DOMESTIC INDEBTEDNESS.

(a) IN GENERAL.—Section 163 of the Internal Revenue Code of 1986 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

“(n) Restriction on Deduction for Interest Expense of Members of Financial Reporting Groups With Excess Domestic Indebtedness.—

“(1) In General.—In the case of any corporation which is a member of an applicable financial reporting group the common parent of which is a foreign corporation, the deduction allowed under this chapter for interest paid or accrued by the corporation during the taxable year shall not exceed the applicable limitation for the taxable year.

“(2) Carryforward.—Any amount disallowed under paragraph (1) for any taxable year shall be treated as interest paid or accrued in the succeeding taxable year.
“(3) APPLICABLE LIMITATION.—For purposes of this subsection—

“(A) IN GENERAL.—The applicable limitation with respect to a taxpayer for any taxable year is the sum of—

“(i) the greater of—

“(I) the taxpayer’s allocable share of the applicable financial reporting group’s net interest expense for the taxable year, or

“(II) 10 percent of the taxpayer’s adjusted taxable income for the taxable year, plus

“(ii) the excess limitation carryforwards to the taxable year from any preceding taxable year.

“(B) LIMITATION NOT LESS THAN INCLUDIBLE INTEREST.—The applicable limitation under subparagraph (A) for any taxable year shall not be less than the amount of interest includible in the gross income of the taxpayer for the taxable year.

“(C) EXCESS LIMITATION CARRYFORWARD.—If the applicable limitation of a taxpayer for any taxable year (determined
without regard to carryforwards under subparagraph (A)(ii)) exceeds the interest paid or accrued by the taxpayer during the taxable year, such excess shall be an excess limitation carryforward to the 1st succeeding taxable year and the 2nd and 3rd succeeding taxable years to the extent not previously taken into account under this paragraph.

“(4) ALLOCABLE SHARE OF NET INTEREST EXPENSE.—For purposes of this subsection—

“(A) IN GENERAL.—A taxpayer’s allocable share of an applicable financial reporting group’s net interest expense for any taxable year shall be the amount (not less than zero) which bears the same ratio to such net interest expense as—

“(i) the net earnings of the taxpayer, bears to

“(ii) the aggregate net earnings of all members of the applicable financial reporting group.

“(B) NET EARNINGS.—The term ‘net earnings’ means, with respect to any taxpayer, the earnings of the taxpayer—
“(i) computed without regard to any reduction allowable for—

“(I) net interest expense,

“(II) taxes, or

“(III) depreciation, amortization, or depletion, and

“(ii) computed with such other adjustments as the Secretary may by regulations prescribe.

“(C) Burden on Taxpayer.—If a taxpayer elects not to compute its allocable share, or fails to establish to the satisfaction of the Secretary the amount of its allocable share, for any taxable year, the allocable share shall be zero.

“(5) Net Interest Expense and Net Earnings Determinations.—For purposes of this subsection—

“(A) Net Interest Expense.—Any determination of net interest expense for any taxable year shall be made—

“(i) on the basis of the applicable financial statement of the applicable financial reporting group for the last financial
reporting year ending with or within the taxable year, and

“(ii) under United States tax principles.

“(B) NET EARNINGS.—Any determination of net earnings for any taxable year shall be made on the basis of the applicable financial statement of the applicable financial reporting group for the last financial reporting year ending with or within the taxable year.

“(C) APPLICABLE FINANCIAL STATEMENT.—The term ‘applicable financial statement’ means a statement for financial reporting purposes which is made on the basis of—

“(i) generally accepted accounting principles,

“(ii) international financial reporting standards, or

“(iii) any other method specified by the Secretary in regulations.

A statement under clause (ii) or (iii) may be used as an applicable financial statement by a group only if there is no statement of the group under any preceding clause.
“(6) APPLICABLE FINANCIAL REPORTING GROUP.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘applicable financial reporting group’ means, with respect to any corporation, a group of which such corporation is a member and which files an applicable financial statement.

“(B) EXCEPTION FOR GROUPS WITH MINIMAL DOMESTIC NET INTEREST EXPENSE.—Such term shall not include a group if the aggregate net interest expense for which a deduction is allowable to all members of the group under this chapter (determined without regard to this subsection or any other limitation on deductibility of interest under this chapter) is less than $5,000,000.

“(C) EXCEPTION FOR CERTAIN FINANCIAL ENTITIES.—A corporation which is described in section 864(f)(4)(B), or is treated as described in section 864(f)(4)(B) by reason of paragraph (4)(C) or (5)(A) of section 864(f) (without regard to whether an election is made under such paragraph (5)(A)), shall not be treated as a member of an applicable financial reporting group of which it is otherwise a member and
this subsection shall not apply to such corporation.

“(7) **OTHER DEFINITIONS AND RULES.**—For purposes of this subsection—

“(A) **ADJUSTED TAXABLE INCOME.**—The term ‘adjusted taxable income’ has the meaning given such term by subsection (j)(6)(A).

“(B) **NET INTEREST EXPENSE.**—The term ‘net interest expense’ has the meaning given such term by subsection (j)(6)(B).

“(C) **TREATMENT OF AFFILIATED GROUP.**—All members of the same affiliated group (within the meaning of section 1504(a)) shall be treated as 1 taxpayer.

“(8) **REGULATIONS.**—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section, including regulations providing—

“(A) for the coordination of the application of this subsection and other provisions of this chapter relating to the deductibility of interest,

“(B) for the waiver of certain adjustments required under United States tax principles in appropriate cases for purposes of applying this subsection,
“(C) for the determination of which financial institutions are eligible for the exception from membership in an applicable financial reporting group under paragraph (6)(C) and the application of this subsection to the other members of the group which are not so excepted, and

“(D) for the application of this subsection in the case of pass thru entities and for the treatment of pass thru entities as corporations in cases where necessary to prevent the avoidance of the purposes of this subsection.”.

(b) Coordination With Limitation on Related Party Indebtedness.—Paragraph (2) of section 163(j) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) Coordination with limitation on excess domestic indebtedness.—This subsection shall not apply to any corporation for any taxable year to which subsection (n) applies to such corporation.”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.
SEC. 7. MODIFICATIONS TO RULES RELATING TO INVERTED CORPORATIONS.

(a) IN GENERAL.—Subsection (b) of section 7874 of the Internal Revenue Code of 1986 is amended to read as follows:

"(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—"

"(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if—

"(A) such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting ‘80 percent’ for ‘60 percent’, or

"(B) such corporation is an inverted domestic corporation.

"(2) INVERTED DOMESTIC CORPORATION.—For purposes of this subsection, a foreign corporation shall be treated as an inverted domestic corporation if, pursuant to a plan (or a series of related transactions)—

"(A) the entity completes after May 8, 2014, the direct or indirect acquisition of—

"(i) substantially all of the properties held directly or indirectly by a domestic corporation, or
“(ii) substantially all of the assets of, or substantially all of the properties constituting a trade or business of, a domestic partnership, and

“(B) after the acquisition, more than 50 percent of the stock (by vote or value) of the entity is held—

“(i) in the case of an acquisition with respect to a domestic corporation, by former shareholders of the domestic corporation by reason of holding stock in the domestic corporation, or

“(ii) in the case of an acquisition with respect to a domestic partnership, by former partners of the domestic partnership by reason of holding a capital or profits interest in the domestic partnership.

“(3) Exception for corporations with substantial business activities in foreign country of organization.—A foreign corporation described in paragraph (2) shall not be treated as an inverted domestic corporation if after the acquisition the expanded affiliated group which includes the entity has substantial business activities in the foreign country in which or under the law of which the enti-
ty is created or organized when compared to the
total business activities of such expanded affiliated
group. For purposes of subsection (a)(2)(B)(iii) and
the preceding sentence, the term ‘substantial busi-
ness activities’ shall have the meaning given such
term under regulations in effect on May 8, 2014, ex-
cept that the Secretary may issue regulations in-
creasing the threshold percent in any of the tests
under such regulations for determining if business
activities constitute substantial business activities for
purposes of this paragraph.”.

(b) CONFORMING AMENDMENTS.—

(1) Clause (i) of section 7874(a)(2)(B) of the
Internal Revenue Code of 1986 is amended by strik-
ing “after March 4, 2003,” and inserting “after
March 4, 2003, and before May 9, 2014,”.

(2) Subsection (c) of section 7874 of such Code
is amended—

(A) in paragraph (2)—

(i) by striking “subsection
(a)(2)(B)(ii)” and inserting “subsections
(a)(2)(B)(ii) and (b)(2)(B)”;

(ii) by inserting “or (b)(2)(A)” after
“(a)(2)(B)(i)” in subparagraph (B),
(B) in paragraph (3), by inserting “or (b)(2)(B), as the case may be,” after “(a)(2)(B)(ii),”
(C) in paragraph (5), by striking “sub-
section (a)(2)(B)(ii)” and inserting “sub-
sections (a)(2)(B)(ii) and (b)(2)(B)” and
(D) in paragraph (6), by inserting “or in-
verted domestic corporation, as the case may
be,” after “surrogate foreign corporation”.
(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years ending after May 8, 2014.