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(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to increase the tax on certain global intangible income.

IN THE HOUSE OF REPRESENTATIVES

Mr. DEFAZIO introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to increase the tax on certain global intangible income.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Per-Country Minimum
5 Act”.

6 **SEC. 2. INCREASE IN TAX ON GLOBAL INTANGIBLE IN-**

7 **COME.**

8 (a) IN GENERAL.—

1 (1) REDUCTION IN DEDUCTION FOR TAXABLE
2 YEARS BEFORE 2026.—Section 250(a)(1)(B) of the
3 Internal Revenue Code of 1986 is amended by strik-
4 ing “50 percent” and inserting “37.5 percent”.

5 (2) REDUCTION IN DEDUCTION FOR TAXABLE
6 YEARS AFTER 2025.—Section 250(a)(3)(B) of such
7 Code is amended to read as follows:

8 “(B) ‘21.875 percent’ for ‘37.5 percent’ in
9 subparagraph (B).”.

10 (b) REPEAL OF TAX-FREE DEEMED RETURN ON IN-
11 VESTMENTS.—

12 (1) IN GENERAL.—Section 951A(a) of such
13 Code is amended by striking “global intangible low-
14 taxed income” and inserting “net CFC tested in-
15 come”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Section 951A of such Code is amended
18 by striking subsections (b) and (d).

19 (B) Section 951A(e)(1) of such Code is
20 amended by striking “subsections (b),
21 (c)(1)(A), and” and inserting “subsections
22 (c)(1)(A) and”.

23 (C) Section 951A(f) of such Code is
24 amended to read as follows:

1 “(f) TREATMENT AS SUBPART F INCOME FOR CER-
2 TAIN PURPOSES.—

3 “(1) IN GENERAL.—Except as provided in para-
4 graph (2), any net CFC tested income included in
5 gross income under subsection (a) shall be treated in
6 the same manner as an amount included under sec-
7 tion 951(a)(1)(A) for purposes of applying sections
8 168(h)(2)(B), 535(b)(10), 851(b), 904(h)(1), 959,
9 961, 962, 993(a)(1)(E), 996(f)(1), 1248(b)(1),
10 1248(d)(1), 6501(e)(1)(C), 6654(d)(2)(D), and
11 6655(e)(4).

12 “(2) EXCEPTION.—The Secretary shall provide
13 rules for the application of paragraph (1) to other
14 provisions of this title in any case in which the de-
15 termination of subpart F income is required to be
16 made at the level of the controlled foreign corpora-
17 tion.”.

18 (D) Section 960(d)(2)(A) of such Code is
19 amended by striking “global intangible low-
20 taxed income (as defined in section 951A(b))”
21 and inserting “net CFC tested income (as de-
22 fined in section 951A(c))”.

23 (c) DETERMINATION OF NET CFC TESTED INCOME
24 ON COUNTRY-BY-COUNTRY BASIS.—Section 951A of such
25 Code is amended by adding at the end the following:

1 “(g) DETERMINATION MADE ON COUNTRY-BY-COUN-
2 TRY BASIS.—

3 “(1) IN GENERAL.—This section shall be ap-
4 plied with respect to a United States shareholder of
5 the controlled foreign corporation separately with re-
6 spect to each foreign country in which the controlled
7 foreign corporation conducts any trade or business.

8 “(2) SPECIAL RULES.—

9 “(A) IN GENERAL.—For purposes of mak-
10 ing country-by-country determinations under
11 this section and sections 904 and 960 with re-
12 spect to net CFC tested income for a taxable
13 year pursuant to paragraph (1)—

14 “(i) taxes paid or accrued to a foreign
15 country by the controlled foreign corpora-
16 tion shall be assigned to that country, and

17 “(ii) earnings to which such taxes re-
18 late shall be treated as income assigned to
19 the country to which those tax payments
20 are made.

21 “(B) EARNINGS ASSIGNED TO 2 OR MORE
22 COUNTRIES.—If the same earnings are assigned
23 to two or more countries under subparagraph
24 (A), for purposes of paragraph (1) such earn-
25 ings and the taxes related thereto shall be

1 treated as assigned to the country with the
2 highest statutory corporate tax rate.

3 “(3) EARNINGS NOT SUBJECT TO TAX.—If
4 earnings are not subject to tax by any country, then
5 with respect to those earnings paragraph (1) shall
6 not apply.

7 “(4) REGULATIONS.—The Secretary shall pre-
8 scribe such regulations as may be necessary or ap-
9 propriate to carry out this subsection, including the
10 time period in which foreign earnings and the associ-
11 ated foreign taxes are assigned to a country.”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to taxable years of
14 controlled foreign corporations beginning after December
15 31, 2018, and to taxable years of United States share-
16 holders in which or with which such taxable years of for-
17 eign corporations end.