AMENDMENT TO THE RULE COMMITTEE PRINT

112-29

OFFERED BY MS. CASTOR OF FLORIDA

At the end, add the following:

1 SEC. 111. MODIFICATIONS OF FOREIGN TAX CREDIT RULES

2 APPLICABLE TO MAJOR INTEGRATED OIL

3 COMPANIES WHICH ARE DUAL CAPACITY

4 TAXPAYERS.

5 (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:

6 “(n) Special Rules Relating to Major Integrated Oil Companies Which Are Dual Capacity Taxpayers.—

7 “(1) General rule.—Notwithstanding any other provision of this chapter, any amount paid or accrued by a dual capacity taxpayer which is a major integrated oil company (as defined in section 167(h)(5)(B)) 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 determinined 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.”.

(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 enact-
ment 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. ___. LIMITATION ON SECTION 199 DEDUCTION AT-
TRIBUTABLE TO OIL, NATURAL GAS, OR PRI-
MARY PRODUCTS THEREOF.

(a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-
tion 199(c) of the Internal Revenue Code of 1986 is
amended by adding at the end the following new subpara-
graph:

“(E) SPECIAL RULE FOR CERTAIN OIL
AND GAS INCOME.—In the case of any taxpayer
who is a major integrated oil company (as de-
finied in section 167(h)(5)(B)) for the taxable
year, the term ‘domestic production gross re-
ceipts’ shall not include gross receipts from the
production, transportation, or distribution of
oil, natural gas, or any primary product (within
the meaning of subsection (d)(9)) thereof.”.

(b) EFFECTIVE DATE.—The amendment made by
this section shall apply to taxable years beginning after
December 31, 2011.
SEC. ___. LIMITATION ON DEDUCTION FOR INTANGIBLE DRILLING AND DEVELOPMENT COSTS.

(a) In General.—Section 263(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: “This subsection shall not apply to amounts paid or incurred by a taxpayer in any taxable year in which such taxpayer is a major integrated oil company (as defined in section 167(h)(5)(B)).”.

(b) Effective Date.—The amendment made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2011.

SEC. ___. LIMITATION ON PERCENTAGE DEPLETION ALLOWANCE FOR OIL AND GAS WELLS.

(a) In General.—Section 613A of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(f) Application With Respect to Major Integrated Oil Companies.—In the case of any taxable year in which the taxpayer is a major integrated oil company (as defined in section 167(h)(5)(B)), the allowance for percentage depletion shall be zero.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2011.
SEC. ___. LIMITATION ON DEDUCTION FOR TERTIARY INJECTANTS.

(a) IN GENERAL.—Section 193 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(d) APPLICATION WITH RESPECT TO MAJOR INTEGRATED OIL COMPANIES.—This section shall not apply to amounts paid or incurred by a taxpayer in any taxable year in which such taxpayer is a major integrated oil company (as defined in section 167(h)(5)(B)).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2011.