

**AMENDMENT TO THE RULE COMMITTEE PRINT**

**112-29**

**OFFERED BY MS. CASTOR OF FLORIDA**

At the end, add the following:

1 **SEC. \_\_\_\_ . 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 Rev-  
6 enue Code of 1986 is amended by redesignating subsection  
7 (n) as subsection (o) and by inserting after subsection (m)  
8 the following new subsection:

9 “(n) SPECIAL RULES RELATING TO MAJOR INTE-  
10 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY  
11 TAXPAYERS.—

12 “(1) GENERAL RULE.—Notwithstanding any  
13 other provision of this chapter, any amount paid or  
14 accrued by a dual capacity taxpayer which is a  
15 major integrated oil company (as defined in section  
16 167(h)(5)(B)) to a foreign country or possession of  
17 the United States for any period shall not be consid-  
18 ered a tax—

1           “(A) if, for such period, the foreign coun-  
2           try or possession does not impose a generally  
3           applicable income tax, or

4           “(B) to the extent such amount exceeds  
5           the amount (determined in accordance with reg-  
6           ulations) which—

7                   “(i) is paid by such dual capacity tax-  
8                   payer pursuant to the generally applicable  
9                   income tax imposed by the country or pos-  
10                  session, or

11                   “(ii) would be paid if the generally ap-  
12                   plicable income tax imposed by the country  
13                   or possession were applicable to such dual  
14                   capacity taxpayer.

15           Nothing in this paragraph shall be construed to  
16           imply the proper treatment of any such amount not  
17           in excess of the amount determined under subpara-  
18           graph (B).

19           “(2) DUAL CAPACITY TAXPAYER.—For pur-  
20           poses of this subsection, the term ‘dual capacity tax-  
21           payer’ means, with respect to any foreign country or  
22           possession of the United States, a person who—

23                   “(A) is subject to a levy of such country or  
24                   possession, and

1           “(B) receives (or will receive) directly or  
2 indirectly a specific economic benefit (as deter-  
3 mined in accordance with regulations) from  
4 such country or possession.

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

7           “(A) IN GENERAL.—The term ‘generally  
8 applicable income tax’ means an income tax (or  
9 a series of income taxes) which is generally im-  
10 posed under the laws of a foreign country or  
11 possession on income derived from the conduct  
12 of a trade or business within such country or  
13 possession.

14           “(B) EXCEPTIONS.—Such term shall not  
15 include a tax unless it has substantial applica-  
16 tion, by its terms and in practice, to—

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

19           “(ii) persons who are citizens or resi-  
20 dents of the foreign country or posses-  
21 sion.”.

22 (b) EFFECTIVE DATE.—

23           “(1) IN GENERAL.—The amendments made by  
24 this section shall apply to taxes paid or accrued in

1 taxable years beginning after the date of the enact-  
2 ment of this Act.

3 (2) CONTRARY TREATY OBLIGATIONS  
4 UPHELD.—The amendments made by this section  
5 shall not apply to the extent contrary to any treaty  
6 obligation of the United States.

7 **SEC. \_\_\_\_ . LIMITATION ON SECTION 199 DEDUCTION AT-**  
8 **TRIBUTABLE TO OIL, NATURAL GAS, OR PRI-**  
9 **MARY PRODUCTS THEREOF.**

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

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

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to taxable years beginning after  
25 December 31, 2011.

1 **SEC. \_\_\_\_ . LIMITATION ON DEDUCTION FOR INTANGIBLE**  
2 **DRILLING AND DEVELOPMENT COSTS.**

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

9 (b) **EFFECTIVE DATE.**—The amendment made by  
10 this section shall apply to amounts paid or incurred in tax-  
11 able years beginning after December 31, 2011.

12 **SEC. \_\_\_\_ . LIMITATION ON PERCENTAGE DEPLETION AL-**  
13 **LOWANCE FOR OIL AND GAS WELLS.**

14 (a) **IN GENERAL.**—Section 613A of the Internal Rev-  
15 enue Code of 1986 is amended by adding at the end the  
16 following new subsection:

17 “(f) **APPLICATION WITH RESPECT TO MAJOR INTE-**  
18 **GRATED OIL COMPANIES.**—In the case of any taxable year  
19 in which the taxpayer is a major integrated oil company  
20 (as defined in section 167(h)(5)(B)), the allowance for  
21 percentage depletion shall be zero.”.

22 (b) **EFFECTIVE DATE.**—The amendment made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2011.

1 **SEC. \_\_\_\_.** **LIMITATION ON DEDUCTION FOR TERTIARY**  
2 **INJECTANTS.**

3 (a) **IN GENERAL.**—Section 193 of the Internal Rev-  
4 enue Code of 1986 is amended by adding at the end the  
5 following new subsection:

6 “(d) **APPLICATION WITH RESPECT TO MAJOR INTE-**  
7 **GRATED OIL COMPANIES.**—This section shall not apply to  
8 amounts paid or incurred by a taxpayer in any taxable  
9 year in which such taxpayer is a major integrated oil com-  
10 pany (as defined in section 167(h)(5)(B)).”.

11 (b) **EFFECTIVE DATE.**—The amendment made by  
12 this section shall apply to amounts paid or incurred in tax-  
13 able years beginning after December 31, 2011.

