

AMENDMENT TO RULES COMMITTEE PRINT 115-
39
OFFERED BY MR. CICILLINE OF RHODE ISLAND

Page 388, insert after line 14 the following:

1 **SEC. 4207. TAXATION OF INCOME OF CONTROLLED FOR-**
2 **EIGN CORPORATIONS ATTRIBUTABLE TO IM-**
3 **PORTED PROPERTY.**

4 (a) IN GENERAL.—Section 954(a) of the Internal
5 Revenue Code of 1986 is amended by striking the period
6 at the end of paragraph (5) and inserting “, and”, by re-
7 designating paragraph (5) as paragraph (4), and by add-
8 ing at the end the following new paragraph:

9 “(5) imported property income for the taxable
10 year (determined under subsection (j) and reduced
11 as provided in subsection (b)(5)).”.

12 (b) IMPORTED PROPERTY INCOME DEFINED.—Sec-
13 tion 954 of such Code is amended by adding at the end
14 the following new subsection:

15 “(j) IMPORTED PROPERTY INCOME.—

16 “(1) IN GENERAL.—For purposes of subsection
17 (a)(5), the term ‘imported property income’ means
18 income (whether in the form of profits, commissions,
19 fees, or otherwise) derived in connection with—

1 “(A) manufacturing, producing, growing,
2 or extracting imported property;

3 “(B) the sale, exchange, or other disposi-
4 tion of imported property; or

5 “(C) the lease, rental, or licensing of im-
6 ported property.

7 Such term shall not include any foreign oil and gas
8 extraction income (within the meaning of section
9 907(c)) or any foreign oil related income (within the
10 meaning of section 907(c)).

11 “(2) IMPORTED PROPERTY.—For purposes of
12 this subsection—

13 “(A) IN GENERAL.—Except as otherwise
14 provided in this paragraph, the term ‘imported
15 property’ means property which is imported
16 into the United States by the controlled foreign
17 corporation or a related person.

18 “(B) IMPORTED PROPERTY INCLUDES CER-
19 TAIN PROPERTY IMPORTED BY UNRELATED
20 PERSONS.—The term ‘imported property’ in-
21 cludes any property imported into the United
22 States by an unrelated person if, when such
23 property was sold to the unrelated person by
24 the controlled foreign corporation (or a related
25 person), it was reasonable to expect that—

1 “(i) such property would be imported
2 into the United States; or

3 “(ii) such property would be used as
4 a component in other property which would
5 be imported into the United States.

6 “(C) EXCEPTION FOR PROPERTY SUBSE-
7 QUENTLY EXPORTED.—The term ‘imported
8 property’ does not include any property which is
9 imported into the United States and which—

10 “(i) before substantial use in the
11 United States, is sold, leased, or rented by
12 the controlled foreign corporation or a re-
13 lated person for direct use, consumption,
14 or disposition outside the United States; or

15 “(ii) is used by the controlled foreign
16 corporation or a related person as a com-
17 ponent in other property which is so sold,
18 leased, or rented.

19 “(D) EXCEPTION FOR CERTAIN AGRICUL-
20 TURAL COMMODITIES.—The term ‘imported
21 property’ does not include any agricultural com-
22 modity which is not grown in the United States
23 in commercially marketable quantities.

24 “(3) DEFINITIONS AND SPECIAL RULES.—

1 “(A) IMPORT.—For purposes of this sub-
2 section, the term ‘import’ means entering, or
3 withdrawal from warehouse, for consumption or
4 use. Such term includes any grant of the right
5 to use intangible property (as defined in section
6 936(h)(3)(B)) in the United States.

7 “(B) UNITED STATES.—For purposes of
8 this subsection, the term ‘United States’ in-
9 cludes the Commonwealth of Puerto Rico, the
10 Virgin Islands of the United States, Guam,
11 American Samoa, and the Commonwealth of
12 the Northern Mariana Islands.

13 “(C) UNRELATED PERSON.—For purposes
14 of this subsection, the term ‘unrelated person’
15 means any person who is not a related person
16 with respect to the controlled foreign corpora-
17 tion.

18 “(D) COORDINATION WITH FOREIGN BASE
19 COMPANY SALES INCOME.—For purposes of this
20 section, the term ‘foreign base company sales
21 income’ shall not include any imported property
22 income.”.

23 (c) SEPARATE APPLICATION OF LIMITATIONS ON
24 FOREIGN TAX CREDIT FOR IMPORTED PROPERTY IN-
25 COME.—

1 (1) IN GENERAL.—Section 904(d)(1) of such
2 Code is amended by striking “and” at the end of
3 subparagraph (A), by redesignating subparagraph
4 (B) as subparagraph (C), and by inserting after sub-
5 paragraph (A) the following new subparagraph:

6 “(B) imported property income, and”.

7 (2) IMPORTED PROPERTY INCOME DEFINED.—
8 Section 904(d)(2) of such Code is amended by redesi-
9 gnating subparagraphs (I), (J), and (K) as sub-
10 paragraphs (J), (K), and (L), respectively, and by
11 inserting after subparagraph (H) the following new
12 subparagraph:

13 “(I) IMPORTED PROPERTY INCOME.—The
14 term ‘imported property income’ means any in-
15 come received or accrued by any person which
16 is of a kind which would be imported property
17 income (as defined in section 954(j)).”.

18 (3) CONFORMING AMENDMENT.—Section
19 904(d)(2)(A)(ii) of such Code is amended by insert-
20 ing “or imported property income” after “passive
21 category income”.

22 (d) CONFORMING AMENDMENTS.—

23 (1) Section 952(c)(1)(B)(iii) of such Code is
24 amended—

1 (A) by redesignating subclauses (II), (III),
2 (IV), and (V) as subclauses (III), (IV), (V), and
3 (VI), and

4 (B) by inserting after subclause (I) the fol-
5 lowing new subclause:

6 “(II) imported property in-
7 come.”.

8 (2) The last sentence of section 954(b)(4) of
9 such Code is amended by striking “subsection
10 (a)(5)” and inserting “subsection (a)(4)”.

11 (3) Section 954(b)(5) of such Code is amended
12 by striking “and the foreign base company oil re-
13 lated income” and inserting “the foreign base com-
14 pany oil related income, and the imported property
15 income”.

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years of foreign corpora-
18 tions beginning after the date of the enactment of this
19 Act, and to taxable years of United States shareholders
20 within which or with which such taxable years of such for-
21 eign corporations end.

