

AMENDMENT TO RULES COMMITTEE PRINT 114-

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OFFERED BY MR. SABLAN OF NORTHERN MARIANA ISLANDS, MRS. RADEWAGEN OF AMERICAN SAMOA, MS. BORDALLO OF GUAM, AND MR. PIERLUISI OF PUERTO RICO

At the end, add the following:

1 **TITLE VIII—REIMBURSEMENT**
2 **OF POSSESSIONS FOR COST**
3 **OF EARNED INCOME TAX**
4 **CREDIT**

5 **SEC. 801. REIMBURSEMENT OF POSSESSIONS FOR COST OF**
6 **EARNED INCOME TAX CREDIT.**

7 (a) IN GENERAL.—Section 32 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

10 “(n) TREATMENT OF POSSESSIONS.—

11 “(1) PAYMENTS TO POSSESSIONS.—

12 “(A) MIRROR CODE POSSESSION.—The
13 Secretary of the Treasury shall periodically (but
14 not less frequently than annually) pay to each
15 possession of the United States with a mirror
16 code tax system amounts equal to the loss to

1 that possession by reason of the application of
2 this section (determined without regard to para-
3 graph (2)) with respect to taxable years begin-
4 ning after December 31, 2016. Such amounts
5 shall be determined by the Secretary of the
6 Treasury based on information provided by the
7 government of the respective possession.

8 “(B) OTHER POSSESSIONS.—The Sec-
9 retary of the Treasury shall periodically (but no
10 less frequently than annually) pay to each pos-
11 session of the United States which does not
12 have a mirror code tax system amounts esti-
13 mated by the Secretary of the Treasury as
14 being equal to the aggregate benefits that would
15 have been provided to residents of such posses-
16 sion by reason of the application of this section
17 for taxable years beginning after December 31,
18 2016, if a mirror code tax system had been in
19 effect in such possession. The preceding sen-
20 tence shall not apply with respect to any posses-
21 sion of the United States unless such possession
22 has a plan, which has been approved by the
23 Secretary of the Treasury, under which such
24 possession will promptly distribute such pay-
25 ments to the residents of such possession.

1 “(2) COORDINATION WITH CREDIT ALLOWED
2 AGAINST UNITED STATES INCOME TAXES.—No cred-
3 it shall be allowed under this section for any taxable
4 year to any person—

5 “(A) to whom a credit is allowed against
6 taxes imposed by the possession by reason of
7 this section (determined without regard to this
8 paragraph) for such taxable year, or

9 “(B) who is eligible for a payment under
10 a plan described in paragraph (1)(B) with re-
11 spect to such taxable year.

12 “(3) DEFINITIONS AND SPECIAL RULES.—

13 “(A) POSSESSION OF THE UNITED
14 STATES.—For purposes of this subsection, the
15 term ‘possession of the United States’ includes
16 the Commonwealth of Puerto Rico and the
17 Commonwealth of the Northern Mariana Is-
18 lands.

19 “(B) MIRROR CODE TAX SYSTEM.—For
20 purposes of this subsection, the term ‘mirror
21 code tax system’ means, with respect to any
22 possession of the United States, the income tax
23 system of such possession if the income tax li-
24 ability of the residents of such possession under
25 such system is determined by reference to the

1 income tax laws of the United States as if such
2 possession were the United States, and such
3 system includes a tax credit substantially iden-
4 tical to the credit allowed under this section.

5 “(C) TREATMENT OF PAYMENTS.—For
6 purposes of section 1324(b)(2) of title 31,
7 United States Code, or any similar rule of law,
8 any payment made under this subsection shall
9 be treated in the same manner as a refund due
10 from the credit allowed under this section.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2016.

