



U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS
Chairman Kevin Brady

January 2, 2019

**Tax Technical and Clerical Corrections Act
Discussion Draft**

Overview

This discussion draft contains the legislative text of technical and clerical corrections with respect to enacted tax law that are needed to properly reflect the original Congressional intent or that provide clarifications consistent with such intent.

The provisions in the discussion draft have been developed by the Joint Committee on Taxation staff working with staff of the Committee on Ways and Means, Committee on Finance, and Department of the Treasury.

The technical correction provisions with respect to the Tax Cuts and Jobs Act generally are referenced in the Joint Committee on Taxation staff's *General Explanation of Public Law 115-97* (JCS-1-18), which was released on December 20, 2018.

A detailed description of the discussion draft prepared by the Joint Committee on Taxation staff is provided in the *Technical Explanation of the House Ways and Means Committee Chairman's Discussion Draft of the "Tax Technical and Clerical Corrections Act"* (JCX-1-19).

The discussion draft contains technical corrections that have been developed to date. The staff work on identifying, considering, and developing technical corrections is ongoing.

The release of the discussion draft is intended to provide information to stakeholders and to give stakeholders an opportunity to provide feedback on the provisions included in the draft and on potential additional technical corrections that should be considered.

[DISCUSSION DRAFT]

115TH CONGRESS
2^D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to make certain technical and clerical corrections.

IN THE HOUSE OF REPRESENTATIVES

Mr. BRADY of Texas introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to make certain technical and clerical corrections.

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, ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Tax Technical and Clerical Corrections Act”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of
4 this Act is as follows:

Sec. 1. Short title, etc.

Sec. 2. Amendment relating to Consolidated Appropriations Act, 2018.

Sec. 3. Amendment relating to Bipartisan Budget Act of 2018.

Sec. 4. Amendments relating to Public Law 115–97.

Sec. 5. Amendment relating to Working Families Tax Relief Act of 2004.

Sec. 6. Other clerical amendments.

5 **SEC. 2. AMENDMENT RELATING TO CONSOLIDATED APPRO-**
6 **PRIATIONS ACT, 2018.**

7 (a) AMENDMENT RELATING TO SECTION 101 OF DI-
8 VISION T.—Section 199A(b)(7)(A) is amended by insert-
9 ing “(but not less than zero)” after “9 percent of so
10 much”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect as if included in section
13 101(b) of division T of the Consolidated Appropriations
14 Act, 2018.

15 **SEC. 3. AMENDMENT RELATING TO BIPARTISAN BUDGET**
16 **ACT OF 2018.**

17 (a) AMENDMENT RELATING TO SECTION 41119.—
18 Section 45Q(f)(6)(A) is amended by striking “the person
19 described in paragraph (3)(A)(ii) may elect” and inserting
20 “the person that owns the carbon capture equipment and
21 physically or contractually ensures the capture and dis-

1 posal, utilization, or use as a tertiary injectant of such
2 qualified carbon oxide may elect”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall take effect as if included in section
5 41119 of the Bipartisan Budget Act of 2018.

6 **SEC. 4. AMENDMENTS RELATING TO PUBLIC LAW 115-97.**

7 (a) AMENDMENTS RELATING TO SECTION 11001.—

8 (1) Section 1(j) is amended by striking all that
9 precedes paragraph (2) and inserting the following:

10 “(j) MODIFICATIONS FOR TAXABLE YEARS 2018
11 THROUGH 2025.—In the case of a taxable year beginning
12 after December 31, 2017, and before January 1, 2026—

13 “(1) IN GENERAL.—Subsection (i) shall not
14 apply and this section (other than subsection (i))
15 shall be applied as provided in paragraphs (2)
16 through (6).”.

17 (2) Section 1(j)(3)(B)(ii) is amended by strik-
18 ing “or head of household”.

19 (3) Section 1(j)(4) is amended to read as fol-
20 lows:

21 “(4) SPECIAL RULES FOR CERTAIN CHILDREN
22 WITH UNEARNED INCOME.—In the case of a child
23 described in subsection (g)(2) for the taxable year—

24 “(A) IN GENERAL.—Subsection (g) shall
25 not apply (except as otherwise provided in this

1 paragraph) and the tax imposed by this section
2 shall not be less than the sum of—

3 “(i) the tax which would be imposed
4 by this section if the taxable income of
5 such child were reduced by the net un-
6 earned income, plus

7 “(ii) the tax which would be imposed
8 by this section on a trust if the taxable in-
9 come of the trust were the net unearned
10 income of such child.

11 “(B) DEFINITION OF NET UNEARNED IN-
12 COME.—For purposes of this paragraph, the
13 term ‘net unearned income’ has the meaning
14 given such term in subsection (g)(4) if—

15 “(i) ‘the deductions allowed under sec-
16 tion 199A for the taxable year attributable
17 to the production of such portion of the
18 adjusted gross income’ were substituted for
19 ‘the amount in effect for the taxable year
20 under section 63(c)(5)(A) (relating to limi-
21 tation on standard deduction in the case of
22 certain dependents)’ in subparagraph
23 (A)(ii)(I) thereof, and

24 “(ii) ‘the amount in effect for the tax-
25 able year under section 63(c)(5)(A)’ were

1 substituted for ‘the amount described in
2 subclause (I)’ in subparagraph (A)(ii)(II)
3 thereof.

4 “(C) TREATMENT OF NET CAPITAL
5 GAIN.—

6 “(i) IN GENERAL.—If a child has a
7 net capital gain (as defined in subsection
8 (h)(11)) for any taxable year, so much of
9 the net capital gain of the child as does
10 not exceed the child’s net unearned income
11 shall be taken into account in determining
12 tax for purposes of subparagraph (A)(ii)
13 and the remainder (if any) shall be taken
14 into account in determining tax for pur-
15 poses of subparagraph (A)(i).

16 “(ii) APPLICATION TO
17 UNRECAPTURED SECTION 1250 GAIN, 28
18 PERCENT RATE GAIN, ETC.—For purposes
19 of clause (i), each item taken into account
20 in determining the net capital gain of the
21 child shall be taken into account under
22 clauses (i) and (ii) of subparagraph (A),
23 respectively, in the same proportion that
24 the net capital gain is so taken into ac-
25 count.”.

1 (b) AMENDMENTS RELATING TO SECTION 11011.—

2 (1)(A) Section 163(d)(4)(B) is amended in the
3 last sentence—

4 (i) by inserting “and qualified REIT divi-
5 dends (as defined in section 199A(e)(3)(A))”
6 after “qualified dividend income (as defined in
7 section 1(h)(11)(B))”, and

8 (ii) by inserting “or dividends” after “such
9 income”.

10 (B) Section 199A(e)(3) is amended to read as
11 follows:

12 “(3) QUALIFIED REIT DIVIDEND.—

13 “(A) IN GENERAL.—The term ‘qualified
14 REIT dividend’ means any dividend from a real
15 estate investment trust received during the tax-
16 able year which—

17 “(i) is not a capital gain dividend, as
18 defined in section 857(b)(3), and

19 “(ii) is not qualified dividend income,
20 as defined in section 1(h)(11).

21 “(B) AMOUNTS TAKEN INTO ACCOUNT AS
22 INVESTMENT INCOME.—Qualified REIT divi-
23 dends shall not include any amount which the
24 taxpayer takes into account as investment in-
25 come under section 163(d)(4)(B).”.

1 (C) Section 199A(e)(4)(B) is amended by strik-
2 ing “to the extent” and all that follows and inserting
3 “to the extent such gain—

4 “(i) is treated as ordinary income by
5 reason of section 751(a), and

6 “(ii) is not taken into account as in-
7 vestment income under section
8 163(d)(4)(B)(iii).”.

9 (2) Section 199A(b)(1)(A) is amended by in-
10 sserting “(but not less than zero)” after “the sum”.

11 (3) Section 199A(e)(3)(A), as amended by
12 paragraph (1)(B), is amended by striking “and” at
13 the end of clause (i), by striking the period at the
14 end of clause (ii) and inserting “, and”, and by add-
15 ing at the end the following new clause:

16 “(iii) is not a dividend described in
17 section 1(h)(11)(B)(iii).”.

18 (4) Section 199A(f)(2) is amended to read as
19 follows:

20 “(2) COORDINATION WITH MINIMUM TAX.—For
21 purposes of determining the tentative minimum tax
22 under section 55(b)—

23 “(A) the amount of the deductions allow-
24 able under this section for a taxable year in de-
25 termining alternative minimum taxable income

1 shall be the same as the amount allowable
2 under this section in determining taxable in-
3 come for such taxable year, and

4 “(B) alternative minimum taxable income
5 for purposes of section 55(d)(2) shall be com-
6 puted without regard to the deductions allow-
7 able under this section.”.

8 (5) Section 852(b) is amended by adding at the
9 end the following:

10 “(10) TREATMENT BY SHAREHOLDERS OF
11 QUALIFIED REIT DIVIDENDS AND QUALIFIED PUB-
12 LICLY TRADED PARTNERSHIP INCOME.—

13 “(A) IN GENERAL.—A shareholder of a
14 regulated investment company shall take into
15 account for purposes of section
16 199A(b)(1)(B)—

17 “(i) as a qualified REIT dividend the
18 amount which is reported by the company
19 (in written statements furnished to its
20 shareholders) as being attributable to
21 qualified REIT dividends received by the
22 company, and

23 “(ii) as qualified publicly traded part-
24 nership income the amount which is re-
25 ported by the company (in written state-

1 ments furnished to its shareholders) as
2 being attributable to qualified publicly
3 traded partnership income of the company.

4 “(B) EXCESS REPORTED AMOUNTS.—
5 Rules similar to the rules of clauses (ii) and
6 (iii) of paragraph (5)(A) shall apply for pur-
7 poses of this paragraph.

8 “(C) NEGATIVE QUALIFIED PUBLICLY
9 TRADED PARTNERSHIP INCOME REQUIRED TO
10 BE TAKEN INTO ACCOUNT.—If the qualified
11 publicly traded partnership income of the com-
12 pany is less than zero, such income shall be re-
13 ported by the company under subparagraph
14 (A)(ii).

15 “(D) REGULATIONS.—The Secretary shall
16 issue such regulations or other guidance as may
17 be necessary or appropriate to carry out the
18 purposes of this paragraph.”.

19 (6) Section 11011 of Public Law 115-97 is
20 amended by adding at the end the following new
21 subsection:

22 “(f) TRANSITIONAL COORDINATION WITH DEDUC-
23 TION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRO-
24 DUCTION ACTIVITIES.—Any item taken into account in
25 determining the combined qualified business income

1 amount of the taxpayer for any taxable year under section
2 199A of the Internal Revenue Code of 1986 (as added
3 by this section) shall not be taken into account in deter-
4 mining the qualified production activities income of such
5 taxpayer for such taxable year under section 199 of such
6 Code (as in effect before its repeal).”.

7 (c) AMENDMENTS RELATING TO SECTION 11012.—

8 (1) Section 461(l)(2) is amended by striking “a
9 net operating loss carryover to the following taxable
10 year under section 172” and inserting “a net oper-
11 ating loss for the taxable year for purposes of deter-
12 mining any net operating loss carryover under sec-
13 tion 172(b) for subsequent taxable years”.

14 (2) Section 461(l)(3)(A) is amended—

15 (A) in clause (i), by inserting “and without
16 regard to any deduction allowable under section
17 172 or 199A” after “under paragraph (1)”,
18 and

19 (B) by adding at the end the following
20 flush sentence:

21 “Such excess shall be determined without regard to
22 any deductions, gross income, or gains attributable
23 to any trade or business of performing services as an
24 employee.”.

25 (d) AMENDMENTS RELATING TO SECTION 11022.—

1 (1) Section 24(h)(4) is amended by adding at
2 the end the following new subparagraph:

3 “(D) IDENTIFICATION REQUIREMENT.—No
4 increase shall be allowed under subparagraph
5 (A) to a taxpayer with respect to any dependent
6 unless the taxpayer includes the name and tax-
7 payer identification number of such dependent
8 on the return of tax for the taxable year.”.

9 (2) Section 24(h)(7)(B) is amended to read as
10 follows:

11 “(B) on or before the due date for filing
12 such return.”.

13 (e) AMENDMENTS RELATING TO SECTION 11023.—

14 (1) Section 170(b)(1)(G)(i) is amended to read
15 as follows:

16 “(i) IN GENERAL.—For taxable years
17 beginning after December 31, 2017, and
18 beginning before January 1, 2026, any
19 contribution of cash to an organization de-
20 scribed in subparagraph (A) shall be al-
21 lowed to the extent that the aggregate of
22 such contributions does not exceed the ex-
23 cess of—

1 “(I) 60 percent of the taxpayer’s
2 contribution base for the taxable year,
3 over

4 “(II) the aggregate amount of
5 contributions allowable under sub-
6 paragraph (A) for such taxpayer for
7 such year.”.

8 (2) Section 170(b)(1)(G)(iii)(II) is amended to
9 read as follows:

10 “(II) COORDINATION WITH 30-
11 PERCENT LIMITATION.—Subpara-
12 graph (B) shall be applied by treating
13 any reference to subparagraph (A) as
14 a reference to subparagraph (A) or
15 (G), and for purposes of subpara-
16 graph (B)(ii) the amount of charitable
17 contributions treated as allowable
18 under subparagraph (A) or (G) shall
19 be reduced by so much of the con-
20 tributions taken into account under
21 this subparagraph as does not exceed
22 10 percent of the taxpayer’s contribu-
23 tion base.”.

24 (f) AMENDMENT RELATING TO SECTION 11031.—
25 Section 108(f)(5)(B)(i) is amended by inserting “, deter-

1 mined by substituting ‘to assist an individual in attending’
2 for ‘to an individual to assist the individual in attending’ ”
3 after “paragraph (2)”.

4 (g) AMENDMENTS RELATING TO SECTION 11041.—

5 (1) Section 152(d)(1)(B) is amended by insert-
6 ing after “section 151(d)” the following: “or, in the
7 case of a taxable year for which the exemption
8 amount is zero, the dollar amount in effect for the
9 taxable year under section 6334(d)(4)(B)”.

10 (2) The second sentence of section
11 6334(d)(4)(C) is amended by striking “\$100” each
12 place it appears and inserting “\$50”.

13 (h) AMENDMENTS RELATING TO SECTION 11042.—

14 (1) Subparagraphs (A) and (B) of section
15 164(b)(6) are amended to read as follows:

16 “(A) no deduction shall be allowed under
17 this chapter for foreign real property taxes, and

18 “(B) the aggregate amount of the deduc-
19 tion allowed to a taxpayer under this chapter on
20 account of taxes described in paragraph (1),
21 (2), or (3) of subsection (a) or paragraph (5)
22 of this subsection shall not exceed \$10,000
23 (\$5,000 in the case of a married individual fil-
24 ing a separate return).”.

1 (2) Section 164(b) is amended by striking “For
2 purposes of subparagraph (B)” in the third sentence
3 of paragraph (6) and inserting the following:

4 “(7) LIMITATION ON PREPAYMENT.—For pur-
5 poses of this section”.

6 (i) AMENDMENT RELATING TO SECTION 11047.—
7 Section 132(f)(8) is amended by striking “Paragraph
8 (1)(D) shall not apply to” and inserting “Subsection
9 (a)(5) shall not apply with respect to any qualified bicycle
10 commuting reimbursement for”.

11 (j) AMENDMENTS RELATING TO SECTION 12002.—

12 (1) Section 383(a) is amended to read as fol-
13 lows:

14 “(a) EXCESS GENERAL BUSINESS CREDIT.—Under
15 regulations, if an ownership change occurs with respect
16 to a corporation, the amount of any unused general busi-
17 ness credit of the corporation under section 39 for any
18 taxable year in any post-change year shall be limited to
19 an amount determined on the basis of the tax liability
20 which is attributable to so much of the taxable income as
21 does not exceed the section 382 limitation for such post-
22 change year to the extent available after the application
23 of section 382 and subsections (b) and (c) of this sec-
24 tion.”.

1 (2) Section 381(e) is amended by striking para-
2 graph (25) and by redesignating paragraph (26) as
3 paragraph (25).

4 (3) Section 12002(d)(1) of Public Law 115-97
5 is amended by striking “The amendments” and in-
6 serting “Except as provided in paragraph (2), the
7 amendments”.

8 (4) The amendments made by paragraphs (1)
9 and (2) shall take effect as if included in section
10 12002(c) of Public Law 115-97.

11 (k) AMENDMENT RELATING TO SECTION 13101.—
12 Section 179(e)(2), as amended by section 401 of division
13 U of the Consolidated Appropriations Act, 2018, is
14 amended by striking “to nonresidential real property” and
15 inserting “made by the taxpayer to nonresidential real
16 property if such improvements are”.

17 (l) AMENDMENTS RELATING TO SECTION 13201.—

18 (1) Section 168(k)(10)(A) is amended by in-
19 serting “and beginning before January 1, 2018,”
20 after “first taxable year ending after September 27,
21 2017,”.

22 (2) Section 13201(h) of Public Law 115-97 is
23 amended—

24 (A) in paragraph (1), by striking “provided
25 by paragraph (2)” in the matter preceding sub-

1 paragraph (A) and inserting “otherwise pro-
2 vided by this subsection”, and

3 (B) by adding at the end the following new
4 paragraph:

5 “(3) PHASE DOWN.—The amendment made by
6 subsection (a)(3)(B) shall apply to property which is
7 acquired before September 28, 2017, and placed in
8 service after September 27, 2017. For purposes of
9 the preceding sentence, property shall not be treated
10 as acquired after the date on which a written bind-
11 ing contract is entered into for such acquisition.”.

12 (3) Section 13201(h) of Public Law 115-97, as
13 amended by paragraph (2), is amended by adding at
14 the end the following new paragraph:

15 “(4) SPECIAL RULE FOR CERTAIN PROPERTY.—
16 The amendment made by subsection (d) shall apply
17 to property placed in service in taxable years begin-
18 ning after December 31, 2017.”.

19 (m) AMENDMENTS RELATING TO SECTION 13204.—

20 (1) Section 168(e)(3)(E) is amended by striking
21 “and” at the end of clause (v), by striking the pe-
22 riod at the end of clause (vi) and inserting “, and”,
23 and by adding at the end the following new clause:

24 “(vii) any qualified improvement prop-
25 erty.”.

1 (2) Section 168(e)(6)(A) is amended by insert-
2 ing “made by the taxpayer” after “any improve-
3 ment”.

4 (3) The table contained in subparagraph (B) of
5 section 168(g)(3) is amended—

6 (A) by striking the item relating to sub-
7 paragraph (D)(v), and

8 (B) by inserting after the item relating to
9 subparagraph (E)(vi) the following new item:

“(E)(vii) 20”.

10 (4)(A) Section 168(g)(8) is amended to read as
11 follows:

12 “(8) ELECTING REAL PROPERTY TRADE
13 OR BUSINESS.—Property is described in this
14 paragraph if such property is held by an elect-
15 ing real property trade or business (as defined
16 in section 163(j)(7)(B)) and is—

17 “(i) nonresidential real property, resi-
18 dential rental property, or qualified im-
19 provement property, or

20 “(ii) qualified leasehold improvement
21 property, qualified restaurant property, or
22 qualified retail improvement property (as
23 such terms are defined in subsection (e)
24 (as in effect before the enactment of Public
25 Law 115-97)).”.

1 (B) The amendment made by this paragraph
2 shall take effect as if included in section
3 13204(a)(3)(A) of Public Law 115-97.

4 (n) AMENDMENTS RELATING TO SECTION 13206.—

5 (1) Section 56(b)(2)(A) is amended to read as
6 follows:

7 “(A) IN GENERAL.—The amount allowable
8 as a deduction under section 173 shall be cap-
9 italized and amortized ratably over the 3-year
10 period beginning with the taxable year in which
11 the expenditures are made.”.

12 (2) Section 56(b)(2) is amended by striking
13 subparagraph (C).

14 (3) The heading for section 56(b)(2) is amend-
15 ed by striking “AND RESEARCH AND EXPERI-
16 MENTAL”.

17 (4)(A) Section 59(e)(2) is amended by striking
18 subparagraph (B) and by redesignating subpara-
19 graphs (C), (D), and (E), as subparagraphs (B),
20 (C), and (D), respectively.

21 (B) Section 59(e)(1) is amended by striking
22 “paragraph (2)(C)” and inserting “paragraph
23 (2)(B)”.

1 (C) Section 263A(c)(6) is amended by striking
2 “subparagraphs (B), (C), (D), and (E)” and insert-
3 ing “subparagraphs (B), (C), and (D)”.

4 (5) Section 1016(a)(14) is amended by striking
5 “for amounts allowed” and all that follows through
6 “expenditures)” and inserting “for amounts allowed
7 as an amortization deduction under section 174(a)
8 (relating to amortization of research and experi-
9 mental expenditures)”.

10 (o) AMENDMENTS RELATING TO SECTION 13301.—

11 (1) Section 163(j)(4) is amended to read as fol-
12 lows:

13 “(4) APPLICATION TO PARTNERSHIPS, ETC.—

14 “(A) IN GENERAL.—In the case of any
15 partnership—

16 “(i) this subsection shall be applied at
17 the partnership level,

18 “(ii) the business interest income of
19 each partner of such partnership shall be
20 increased by the sum of—

21 “(I) such partner’s distributive
22 share of such partnership’s excess
23 business interest income, plus

1 “(II) 30 percent of such part-
2 ner’s distributive share of such part-
3 nership’s excess taxable income, and

4 “(iii) the business interest income and
5 adjusted taxable income of each partner of
6 such partnership shall be determined with-
7 out regard to such partner’s distributive
8 share of any items of income, gain, deduc-
9 tion, or loss of such partnership.

10 “(B) BUSINESS INTEREST DISALLOWED AT
11 PARTNERSHIP LEVEL CARRIED FORWARD BY
12 PARTNERS.—

13 “(i) DISALLOWED PARTNERSHIP BUSI-
14 NESS INTEREST ALLOWED ONLY TO EX-
15 TENT OF CERTAIN PARTNERSHIP IN-
16 COME.—In the case of any partner in a
17 partnership, the limitation under para-
18 graph (1) for any taxable year of such
19 partner shall be increased by the lesser
20 of—

21 “(I) such partner’s aggregate dis-
22 allowed business interest with respect
23 to such partnership for such taxable
24 year, or

1 “(II) the partner’s increase de-
2 scribed in subparagraph (A)(ii) with
3 respect to such partnership for such
4 taxable year (determined without re-
5 gard to clause (iii) and subparagraph
6 (C)).

7 “(ii) AGGREGATE DISALLOWED BUSI-
8 NESS INTEREST.—The term ‘aggregate
9 disallowed business interest’ means, with
10 respect to any partner in a partnership for
11 any taxable year, the excess (if any) of—

12 “(I) the aggregate of such part-
13 ner’s distributive share of disallowed
14 business interest of such partnership
15 for all taxable years preceding such
16 taxable year, over

17 “(II) the aggregate of such part-
18 ner’s increases under clause (i) with
19 respect to such partnership for all
20 such preceding taxable years.

21 “(iii) COORDINATION WITH PASS-
22 THROUGH OF LIMITATION TO EXTENT OF
23 CERTAIN PARTNERSHIP INCOME.—In the
24 case of any partner in a partnership, the
25 amount of the increase otherwise deter-

1 mined under subparagraph (A)(ii) with re-
2 spect to such partnership shall be reduced
3 by the amount of any increase determined
4 under clause (i) with respect to such part-
5 nership.

6 “(iv) CARRYFORWARD NOT ALLOWED
7 AT PARTNERSHIP LEVEL.—Paragraph (2)
8 shall not apply with respect to any busi-
9 ness interest not allowed as a deduction at
10 the partnership level.

11 “(C) SPECIAL RULE FOR PARTNERS WITH
12 ADJUSTED TAXABLE INCOME LESS THAN
13 ZERO.—

14 “(i) IN GENERAL.—If the adjusted
15 taxable income of any partner in 1 or more
16 partnerships is less than zero for any tax-
17 able year—

18 “(I) the aggregate amount of
19 such partner’s distributive shares of
20 excess taxable income of all such part-
21 nerships otherwise taken into account
22 under subparagraph (A)(ii)(II) (deter-
23 mined after taking into account any
24 reduction under subparagraph
25 (B)(iii)) for such taxable year shall be

1 reduced (but not below zero) by the
2 amount by which such partner's ad-
3 justed taxable income is less than
4 zero, and

5 “(II) the amount of such reduc-
6 tion shall, for purposes of subpara-
7 graph (A)(ii)(II), be allocated to the
8 partner's distributive share of excess
9 taxable income from each such part-
10 nership on the basis of the ratio which
11 such distributive share bears to all
12 such distributive shares of excess tax-
13 able income for such taxable year.

14 “(ii) COORDINATION WITH REDUC-
15 TION IN CONNECTION WITH USE OF
16 CARRYFORWARD.—For purposes of clause
17 (i)(I), any reduction under subparagraph
18 (B)(iii) shall be treated as first reducing
19 excess business interest income described
20 in subparagraph (A)(ii)(I) to the extent
21 thereof and then by reducing excess tax-
22 able income described in subparagraph
23 (A)(ii)(II). The amount of the reduction of
24 excess taxable income under the preceding
25 sentence shall be appropriately adjusted to

1 take into account the percentage described
2 in subparagraph (A)(ii)(II).

3 “(D) BASIS ADJUSTMENTS.—

4 “(i) IN GENERAL.—A partner’s ad-
5 justed basis in a partnership interest shall
6 be reduced (but not below zero) by such
7 partner’s distributive share of the dis-
8 allowed business interest of such partner-
9 ship.

10 “(ii) SPECIAL RULE FOR DISPOSI-
11 TIONS.—If a partner disposes of a partner-
12 ship interest, the partner’s adjusted basis
13 in the partnership interest shall be in-
14 creased immediately before the disposition
15 by the amount of the excess (if any) of the
16 aggregate basis reduction under clause (i)
17 over the aggregate increases under sub-
18 paragraph (B)(i). The preceding sentence
19 shall also apply to transfers of the partner-
20 ship interest (including by reason of death)
21 in a transaction in which gain is not recog-
22 nized in whole or in part. No deduction
23 shall be allowed to the transferor or trans-
24 feree under this chapter for any disallowed

1 business interest resulting in a basis in-
2 crease under this subclause.

3 “(E) EXCESS TAXABLE INCOME.—The
4 term ‘excess taxable income’ means, with re-
5 spect to any partnership for any taxable year,
6 the amount which bears the same ratio to the
7 partnership’s adjusted taxable income for such
8 taxable year as—

9 “(i) the excess (if any) of—

10 “(I) the amount determined for
11 the partnership under paragraph
12 (1)(B) for such taxable year, over

13 “(II) the amount (if any) by
14 which the business interest of the
15 partnership, reduced by the floor plan
16 financing interest, exceeds the busi-
17 ness interest income of the partner-
18 ship for such taxable year, bears to

19 “(ii) the amount determined for the
20 partnership under paragraph (1)(B) for
21 such taxable year.

22 “(F) EXCESS BUSINESS INTEREST IN-
23 COME.—The term ‘excess business interest in-
24 come’ means, with respect to any partnership
25 for any taxable year, the amount (if any) by

1 which the business interest income of such part-
2 nership for such taxable year exceeds the busi-
3 ness interest, reduced by floor plan financing
4 interest, of such partnership for such taxable
5 year.

6 “(G) DISALLOWED BUSINESS INTEREST.—
7 The term ‘disallowed business interest’ means,
8 with respect to any partnership for any taxable
9 year, the amount (if any) by which business in-
10 terest of such partnership for such taxable year
11 exceeds the amount allowed as a deduction
12 under paragraph (1) with respect to such part-
13 nership for such taxable year.

14 “(H) ALLOCATION RULES.—For purposes
15 of this subsection, with respect to any partner-
16 ship, a partner’s distributive share of such part-
17 nership’s disallowed business interest, excess
18 business interest income, and excess taxable in-
19 come, shall be determined—

20 “(i) in the case of disallowed business
21 interest, in the same manner as the items
22 of interest expense of the partnership,

23 “(ii) in the case of excess business in-
24 terest income, in the same manner as the

1 items of interest income of the partnership,
2 and

3 “(iii) in the case of excess taxable in-
4 come, in the same manner as the items
5 that comprise taxable income or loss of the
6 partnership.

7 “(I) APPLICATION TO S CORPORATIONS.—
8 Rules similar to the rules of subparagraphs (A),
9 (E), (F), and (G) shall apply with respect to
10 any S corporation and its shareholders.”.

11 (2) Section 163(j) is amended by redesignating
12 paragraph (10) as paragraph (11) and by inserting
13 after paragraph (9) the following new paragraph:

14 “(10) COORDINATION WITH SECTIONS 465 AND
15 469.—This subsection shall be applied before the
16 application of sections 465 and 469.”.

17 (p) AMENDMENTS RELATING TO SECTION 13302.—

18 (1) Section 172(a)(2) is amended by striking
19 “deduction allowable under this section” and insert-
20 ing “deductions allowable under this section and sec-
21 tions 199A and 250”.

22 (2) Section 172(b)(1)(A) is amended to read as
23 follows:

24 “(A) GENERAL RULE.—A net operating
25 loss for any taxable year—

1 “(i) shall be a net operating loss
2 carryback to the extent provided in sub-
3 paragraphs (B) and (C)(i), and

4 “(ii) except as provided in subpara-
5 graph (C)(ii), shall be a net operating loss
6 carryover—

7 “(I) in the case of a net oper-
8 ating loss arising in a taxable year be-
9 ginning before January 1, 2018, to
10 each of the 20 taxable years following
11 the taxable year of the loss, and

12 “(II) in the case of a net oper-
13 ating loss arising in a taxable year be-
14 ginning after December 31, 2017, to
15 each taxable year following the tax-
16 able year of the loss.”.

17 (3)(A) Section 172 is amended by redesignating
18 subsection (g) as subsection (h) and by inserting
19 after subsection (f) the following new subsection:

20 “(g) SPECIAL RULE FOR LOSSES FROM TAXABLE
21 YEARS BEGINNING BEFORE JANUARY 1, 2018.—In the
22 case of a taxable year (hereafter in this subsection referred
23 to as the ‘current year’) to which is carried a net operating
24 loss arising in a taxable year beginning before January
25 1, 2018, the amount determined under subsection (a) for

1 the current taxable year shall be an amount equal to the
2 sum of—

3 “(1) the aggregate amount of such net oper-
4 ating losses carried to the current taxable year, and

5 “(2) the lesser of—

6 “(A) the aggregate amount of net oper-
7 ating losses arising in taxable years beginning
8 after December 31, 2017, which are carried to
9 the current taxable year, or

10 “(B) 80 percent of the excess (if any) of—

11 “(i) taxable income computed without
12 regard to the deductions allowable under
13 this section and sections 199A and 250,
14 over

15 “(ii) the amount determined under
16 paragraph (1).”.

17 (B) Section 172(b)(2)(C) is amended to read as
18 follows:

19 “(C) be reduced by 20 percent of taxable
20 income computed under section (a)(2) for such
21 prior taxable year (or if subsection (g) applies
22 to such prior taxable year, 20 percent of the ex-
23 cess described in subsection (g)(2)(B) for such
24 year).”.

1 (4) Section 860E(a)(3)(B) is amended by strik-
2 ing all that follows “for purposes of” and inserting
3 “subsection (a)(2), and the second sentence of sub-
4 section (b)(2), of section 172.”.

5 (5) Section 13302(e) of Public Law 115-97 is
6 amended—

7 (A) by striking all that follows “shall apply
8 to” in paragraph (1) and inserting “taxable
9 years to which losses arising in taxable years
10 beginning after December 31, 2017, may be
11 carried.”, and

12 (B) by striking “ending” in paragraph (2)
13 and inserting “beginning”.

14 (q) AMENDMENTS RELATING TO SECTION 13304.—

15 (1) Section 274(a)(1) is amended by adding at
16 the end the following new subparagraph:

17 “(C) CERTAIN TRANSPORTATION BENE-
18 FITS.—With respect to any qualified transpor-
19 tation fringe (as defined in section 132(f)) or
20 any parking facility used in connection with
21 qualified parking (as defined in section
22 132(f)(5)(C)).”.

23 (2) Section 274(a)(4) is amended to read as fol-
24 lows:

1 “(4) REGULATIONS RELATING TO CERTAIN
2 TRANSPORTATION BENEFITS.—The Secretary shall
3 issue such regulations or other guidance as may be
4 necessary or appropriate to carry out the purposes
5 of paragraph (1)(C), including regulations or other
6 guidance providing for the appropriate allocation of
7 depreciation and other costs with respect to facilities
8 used for parking.”.

9 (3) Section 274(e)(2)(A) is amended by striking
10 “entertainment, amusement, or recreation,” and in-
11 serting “entertainment, amusement, recreation, or
12 qualified transportation fringes,”.

13 (4) Section 274(e)(5) is amended by striking
14 “Expenses” and inserting “Expenses for food and
15 beverages”.

16 (5) Section 274(e)(6) amended by striking “Ex-
17 penses” and inserting “Expenses for food and bev-
18 erages”.

19 (r) AMENDMENT RELATING TO SECTION 13307.—
20 Section 162(q)(2) is amended by inserting “in the case
21 of the taxpayer for whom a deduction is disallowed by rea-
22 son of paragraph (1),” before “attorney’s fees”.

23 (s) AMENDMENT RELATING TO SECTION 13309.—
24 Section 1061(c) is amended by adding at the end the fol-
25 lowing new paragraph:

1 “(6) RELATED PERSONS.—

2 “(A) IN GENERAL.—A person shall be
3 treated as related to another person if the rela-
4 tionship between such persons is described in
5 section 267(b) or 707(b).

6 “(B) ATTRIBUTION OF PARTNER SERV-
7 ICES.—Any service described in paragraph (1)
8 which is provided by a partner of a partnership
9 shall be treated as also provided by such part-
10 nership.”.

11 (t) AMENDMENTS RELATING TO SECTION 13403.—

12 (1) Section 45S(b)(1) is amended by striking
13 “credit allowed” and inserting “wages taken into ac-
14 count”.

15 (2) Section 45S(c)(3) is amended—

16 (A) by striking “a single taxpayer” and in-
17 serting “single employer”, and

18 (B) by adding at the end the following: “If
19 some but not all employers treated as a single
20 employer under the preceding sentence main-
21 tain a written policy otherwise meeting the re-
22 quirements of paragraphs (1) and (2), then,
23 notwithstanding the preceding sentence, any
24 employer who does maintain such a policy shall
25 be treated as an eligible employer if the terms

1 of the paid family and medical leave of such
2 employer are nondiscriminatory taking into ac-
3 count all employees of all employers otherwise
4 so treated as a single employer.”.

5 (u) AMENDMENTS RELATING TO SECTION 13511.—

6 (1) Section 805(a)(4)(B) is amended—

7 (A) by striking clause (i) and redesignating
8 clauses (ii) and (iii) as clauses (i) and (ii), re-
9 spectively, and

10 (B) by striking “loss from operations” and
11 inserting “net operating loss”.

12 (2) Section 805(b)(2)(A) is amended by insert-
13 ing “and” at the end of clause (ii), by striking
14 clause (iii), and by redesignating clause (iv) as
15 clause (iii).

16 (v) AMENDMENTS RELATING TO SECTION 13512.—

17 (1) Section 453B(e) is amended—

18 (A) in paragraph (2)(B), by inserting “(as
19 defined in section 801(b)(2)(B))” after “non-
20 insurance business”, and

21 (B) by striking paragraph (3).

22 (2) Section 801(b) is amended to read as fol-
23 lows:

24 “(b) LIFE INSURANCE COMPANY TAXABLE IN-
25 COME.—For purposes of this part—

1 “(1) IN GENERAL.—The term ‘life insurance
2 company taxable income’ means—

3 “(A) life insurance gross income, reduced
4 by

5 “(B) life insurance deductions.

6 “(2) LIMITATION ON AMOUNT OF LOSS FROM
7 NONINSURANCE BUSINESS WHICH MAY OFFSET IN-
8 COME FROM INSURANCE BUSINESS.—

9 “(A) IN GENERAL.—In computing life in-
10 surance company taxable income, any loss from
11 a noninsurance business shall be limited under
12 the principles of section 1503(e).

13 “(B) NONINSURANCE BUSINESS.—

14 “(i) IN GENERAL.—The term ‘non-
15 insurance business’ means any activity
16 which is not an insurance business.

17 “(ii) CERTAIN ACTIVITIES TREATED
18 AS INSURANCE BUSINESS.—For purposes
19 of clause (i), any activity which is not an
20 insurance business shall be treated as an
21 insurance business if—

22 “(I) it is of a type traditionally
23 carried on by life insurance companies
24 for investment purposes, but only if
25 the carrying on of such activity (other

1 than in the case of real estate) does
2 not constitute the active conduct of a
3 trade or business, or

4 “(II) it involves the performance
5 of administrative services in connec-
6 tion with plans providing life insur-
7 ance, pension, or accident and health
8 benefits.”.

9 (3) Section 814(e)(2) is amended by adding at
10 the end the following new subparagraph:

11 “(D) TENTATIVE LICTI.—

12 “(i) IN GENERAL.—For purposes of
13 subparagraph (B), the term ‘tentative
14 LICTI’ means life insurance company tax-
15 able income determined without regard to
16 all items attributable to noninsurance busi-
17 nesses (as defined in section
18 801(b)(2)(B)).

19 “(ii) ITEMS OF COMPANIES OTHER
20 THAN LIFE INSURANCE COMPANIES.—If an
21 election under section 1504(c)(2) is in ef-
22 fect with respect to an affiliated group for
23 the taxable year, all items of the members
24 of such group which are not life insurance
25 companies shall not be taken into account

1 in determining the amount of the tentative
2 LICTI of members of such group which
3 are life insurance companies.”.

4 (4) Section 818(e) is amended by striking all
5 that precedes “In the case of a life insurance com-
6 pany” and inserting the following:

7 “(e) SPECIAL RULE FOR DIVIDENDS WITHIN CON-
8 SOLIDATED GROUP.—”.

9 (w) AMENDMENT RELATING TO SECTION 13517.—
10 Section 817A(e)(2) is amended by striking
11 “807(d)(2)(B)” and inserting “808(g)”.

12 (x) AMENDMENTS RELATING TO SECTION 13519.—

13 (1) Section 848(c)(1) is amended—

14 (A) by striking “2.05 percent” in subpara-
15 graph (B) and inserting “2.45 percent”, and

16 (B) by striking “7.7 percent” in subpara-
17 graph (C) and inserting “9.2 percent”.

18 (2) Section 13519(c)(2) of Public Law 115-97
19 is amended by striking “the 120-month period” and
20 inserting “the 120-month or 60-month period, as the
21 case may be,”.

22 (y) AMENDMENTS RELATING TO SECTION 13523.—

23 (1) Section 846(d)(3) is amended by adding at
24 the end the following new subparagraph:

1 “(C) SPECIAL RULE FOR INTERNATIONAL
2 AND REINSURANCE LINES OF BUSINESS.—Ex-
3 cept as otherwise provided by regulations, any
4 determination made under subsection (a) with
5 respect to unpaid losses relating to the inter-
6 national or reinsurance lines of business shall
7 be made using, in lieu of the loss payment pat-
8 tern applicable to the respective lines of busi-
9 ness, a pattern determined by the Secretary
10 under paragraphs (1) and (2) based on the
11 combined losses for all lines of business de-
12 scribed in subparagraph (A)(ii).”.

13 (2) Section 846(e)(6)(A) is amended—

14 (A) by striking “the general rules pre-
15 scribed under section 807(d)” and inserting
16 “the rules prescribed under section
17 807(d)(3)(A)(iii)”, and

18 (B) by striking “and using a mortality or
19 morbidity table reflecting the taxpayer’s experi-
20 ence;” and inserting a comma.

21 (z) AMENDMENT RELATING TO SECTION 13543.—

22 Section 1371(f) is amended by adding at the end the fol-
23 lowing: “A corporation may elect that the preceding sen-
24 tence shall not apply to distributions made after the post-
25 termination transition period. Such election shall apply to

1 all such distributions and shall be made at such time and
2 in such form and manner as the Secretary may provide.
3 The Secretary may prescribe rules for allocating distribu-
4 tions under this subsection in the case of current earnings
5 and profits.”.

6 (aa) AMENDMENTS RELATING TO SECTION 13602.—
7 Section 4960(e)(1) is amended by striking “or” at the end
8 of subparagraph (C), by redesignating subparagraph (D)
9 as subparagraph (E), and by inserting after subparagraph
10 (C) the following new subparagraph:

11 “(D) is described in section 511(a)(2)(B),
12 or”.

13 (bb) AMENDMENTS RELATING TO SECTION 13703.—
14 Section 512(a)(7) is amended to read as follows:

15 “(7) INCREASE IN UNRELATED BUSINESS TAX-
16 ABLE INCOME BY DISALLOWED FRINGE.—Unrelated
17 business taxable income of an organization shall be
18 increased to the extent that a deduction is not allow-
19 able under this chapter by reason of section 274 for
20 any item with respect to any qualified transportation
21 fringe (as defined in section 132(f)) or any parking
22 facility used in connection with qualified parking (as
23 defined in section 132(f)(5)(C)). The preceding sen-
24 tence shall not apply to any such item directly con-
25 nected with an unrelated trade or business which is

1 regularly carried on by the organization. The Sec-
2 retary shall issue such regulations or other guidance
3 as may be necessary or appropriate to carry out the
4 purposes of this paragraph, including regulations or
5 other guidance providing for the appropriate alloca-
6 tion of depreciation and other costs with respect to
7 facilities used for parking.”.

8 (cc) AMENDMENT RELATING TO SECTION 13804.—
9 Section 5041(c)(8) is amended by adding at the end the
10 following new subparagraph:

11 “(C) APPLICATION OF CERTAIN RULES.—
12 Rules similar to the rules of paragraphs (3) and
13 (6) shall apply with respect to the credit allow-
14 able under this paragraph.”.

15 (dd) AMENDMENTS RELATING TO SECTION 13823.—

16 (1) Section 1400Z-2(a)(1) is amended by add-
17 ing at the end the following new sentence:

18 “The preceding sentence shall not apply in the case
19 of any gain which is treated under this chapter as
20 ordinary income.”.

21 (2) Section 1400Z-2(d)(2)(D)(i)(II) is amended
22 by striking “in the qualified opportunity zone”.

23 (ee) AMENDMENTS RELATING TO SECTION 14101.—

24 (1) For purposes of section 56(g)(4)(C) of the
25 Internal Revenue Code of 1986, as in effect on the

1 day before the enactment of Public Law 115-97,
2 clause (i) of such section shall not apply to any
3 amount allowable as a deduction under section 245A
4 of such Code.

5 (2) Section 245A(e)(4) is amended by striking
6 “an amount received” and all that follows through
7 “for which the controlled foreign corporation re-
8 ceived a deduction” and inserting “any dividend re-
9 ceived from a controlled foreign corporation for
10 which such controlled foreign corporation received a
11 deduction”.

12 (3) Section 245A is amended by redesignating
13 subsection (g) as subsection (h) and by inserting
14 after subsection (f) the following new subsection:

15 “(g) APPLICATION TO CERTAIN DIVIDENDS RE-
16 CEIVED BY CONTROLLED FOREIGN CORPORATIONS FROM
17 SPECIFIED 10-PERCENT OWNED FOREIGN CORPORA-
18 TIONS.—Except as otherwise provided by the Secretary in
19 regulations or other guidance, if a controlled foreign cor-
20 poration with respect to which a domestic corporation is
21 a United States shareholder receives a dividend (other
22 than a hybrid dividend) from a specified 10-percent owned
23 foreign corporation with respect to which such domestic
24 corporation is also a United States shareholder, the
25 amount includible in the gross income of such United

1 States shareholder under section 951(a)(1)(A) by reason
2 of the foreign-source portion of such dividend shall be
3 treated for purposes of this section in the same manner
4 as if such amount were the foreign-source portion of a div-
5 idend received by such United States shareholder from
6 such specified 10-percent owned foreign corporation.”.

7 (4)(A) Section 951(a)(1) is amended—

8 (i) by striking “the last day” in the matter
9 preceding subparagraph (A) and inserting “any
10 day”,

11 (ii) by striking “his” each place it appears
12 and inserting “such shareholder’s”, and

13 (iii) by inserting “if such shareholder owns
14 (within the meaning of section 958(a)) stock of
15 such foreign corporation as of the close of the
16 last relevant day of such foreign corporation’s
17 taxable year,” before “the amount” in subpara-
18 graph (B).

19 (B) Section 951(a) is amended by striking
20 paragraph (2) and inserting the following new para-
21 graphs:

22 “(2) PRO RATA SHARE OF SUBPART F IN-
23 COME.—In the case of any United States share-
24 holder with respect to a foreign corporation, the pro

1 rata share referred to in paragraph (1)(A) is the
2 sum of—

3 “(A) if such shareholder owns (within the
4 meaning of section 958(a)) stock of such for-
5 eign corporation as of the close of the last rel-
6 evant day of such foreign corporation’s taxable
7 year, such shareholder’s general pro rata share
8 determined under paragraph (3), plus

9 “(B) if such shareholder owns (within the
10 meaning of section 958(a)) stock of such for-
11 eign corporation during such taxable year but
12 does not own (within the meaning of section
13 958(a)) such stock as of the close of such last
14 relevant day, such shareholder’s nontaxed cur-
15 rent dividend share determined under para-
16 graph (4).

17 “(3) GENERAL PRO RATA SHARE.—

18 “(A) IN GENERAL.—In the case of any
19 United States shareholder with respect to a for-
20 eign corporation, the general pro rata share de-
21 termined under this paragraph is the excess (if
22 any) of—

23 “(i) the pro rata current earnings per-
24 centage of the amount which bears the
25 same ratio to such corporation’s subpart F

1 income for the taxable year (reduced by
2 the aggregate nontaxed current dividend
3 shares determined under paragraph (4)
4 with respect to such shareholder or any
5 other United States shareholder) as the
6 part of such year during which such cor-
7 poration is a controlled foreign corporation
8 bears to the entire year, over

9 “(ii) the lesser of—

10 “(I) the amount of any pre-hold-
11 ing period dividends with respect to
12 stock of such foreign corporation
13 which such shareholder owns (within
14 the meaning of section 958(a)) as of
15 the close of the last relevant day of
16 such foreign corporation’s taxable
17 year, or

18 “(II) the amount which bears the
19 same ratio to the subpart F income of
20 such corporation for the taxable year
21 (reduced by the aggregate nontaxed
22 current dividend shares determined
23 under paragraph (4) with respect to
24 such shareholder or any other United
25 States shareholder) as the part of

1 such year during which such share-
2 holder did not own (within the mean-
3 ing of section 958(a)) such stock
4 bears to the entire year.

5 “(B) PRO RATA CURRENT EARNINGS PER-
6 CENTAGE.—For purposes of subparagraph
7 (A)(i), the term ‘pro rata current earnings per-
8 centage’ means, in the case of any United
9 States shareholder with respect to a foreign cor-
10 poration for any taxable year of such foreign
11 corporation, the ratio (expressed as a percent-
12 age) of—

13 “(i) the amount which would have
14 been distributed with respect to the stock
15 which such shareholder owns (within the
16 meaning of section 958(a)) in such cor-
17 poration if on the last relevant day of such
18 taxable year it had distributed its earnings
19 and profits for such taxable year (com-
20 puted as of the close of such taxable year
21 without diminution by reason of any dis-
22 tributions made during such taxable year),
23 divided by

1 “(ii) such corporation’s earnings and
2 profits for such taxable year (as so com-
3 puted).

4 “(C) PRE-HOLDING PERIOD DIVIDENDS.—
5 For purposes of subparagraph (A)(ii)(I), the
6 term ‘pre-holding period dividends’ means, in
7 the case of any United States shareholder with
8 respect to a foreign corporation for any taxable
9 year of such foreign corporation, dividends
10 which are—

11 “(i) made out of such corporation’s
12 earnings and profits for the taxable year
13 (other than nontaxed current dividends as
14 defined in paragraph (4)(C)), and

15 “(ii) received—

16 “(I) by any other United States
17 person with respect to stock of such
18 foreign corporation which such share-
19 holder owns (within the meaning of
20 section 958(a)) as of the close of the
21 last relevant day of such foreign cor-
22 poration’s taxable year, and

23 “(II) while such foreign corpora-
24 tion was a controlled foreign corpora-
25 tion and before such shareholder

1 owned (within the meaning of section
2 958(a)) such stock.

3 “(4) NONTAXED CURRENT DIVIDEND SHARE.—

4 “(A) IN GENERAL.—In the case of any
5 United States shareholder with respect to a for-
6 eign corporation, the nontaxed current dividend
7 share determined under this paragraph is the
8 nontaxed current dividend percentage of the
9 subpart F income of such foreign corporation
10 for the taxable year.

11 “(B) NONTAXED CURRENT DIVIDEND PER-
12 CENTAGE.—For purposes of this paragraph, the
13 term ‘nontaxed current dividend percentage’
14 means, in the case of any United States share-
15 holder with respect to a foreign corporation for
16 any taxable year of such foreign corporation,
17 the ratio (expressed as a percentage) of—

18 “(i) the amount of nontaxed current
19 dividends with respect to such taxable year
20 received with respect to the stock of such
21 foreign corporation which such shareholder
22 owns (within the meaning of section
23 958(a)) at the time of the dividend on a
24 day in which such corporation is a con-
25 trolled foreign corporation, divided by

1 “(ii) such foreign corporation’s earn-
2 ings and profits for such taxable year
3 (computed as of the close of such taxable
4 year without diminution by reason of any
5 distributions made during such taxable
6 year).

7 “(C) NONTAXED CURRENT DIVIDENDS.—
8 For purposes of this paragraph, the term
9 ‘nontaxed current dividends’ means the portion
10 of any amount received with respect to stock to
11 the extent such amount (without regard to
12 amounts included in the gross income of a
13 United States shareholder for the taxable year
14 by reason of this subpart)—

15 “(i) would result in a dividend out of
16 the corporation’s earnings and profits for
17 the taxable year (including a dividend
18 under section 1248 attributable to earn-
19 ings and profits for the taxable year), and

20 “(ii) either—

21 “(I) would give rise to a deduc-
22 tion under section 245A(a), or

23 “(II) in the case of a dividend
24 paid directly or indirectly to a con-
25 trolled foreign corporation with re-

1 spect to stock owned by the share-
2 holder within the meaning of section
3 958(a)(2), would not result in subpart
4 F income with respect to such con-
5 trolled foreign corporation by reason
6 of subsection (b)(4), (c)(3), or (c)(6)
7 of section 954.

8 Any amount treated as the foreign-source
9 portion of a dividend under section
10 245A(g) shall be treated as nontaxed cur-
11 rent dividends for purposes of this para-
12 graph.

13 “(5) LAST RELEVANT DAY OF TAXABLE YEAR
14 OF A CONTROLLED FOREIGN CORPORATION.—For
15 purposes of this subsection, the term ‘last relevant
16 day’ means, with respect to any taxable year of a
17 foreign corporation, the last day of such taxable year
18 on which such corporation is a controlled foreign
19 corporation.

20 “(6) REGULATIONS.—The Secretary may pre-
21 scribe such regulations or other guidance as may be
22 necessary or appropriate to carry out the purposes
23 of this subsection, including regulations or other
24 guidance—

1 “(A) to treat a partnership as an aggre-
2 gate of its partners,

3 “(B) to provide rules allowing a foreign
4 corporation to close its taxable year upon a
5 change in ownership, and

6 “(C) to treat a distribution followed by an
7 issuance of stock to a shareholder not subject
8 to tax under this chapter in the same manner
9 as an acquisition of stock.”.

10 (C) Section 951A(e)(1) is amended by striking
11 “determined under the rules of section 951(a)(2) in
12 the same manner as such section applies to subpart
13 F income” and inserting “determined under rules
14 similar to the rules of section 951(a)(2)”.

15 (D) Section 953(c)(5)(A)(i) is amended—

16 (i) in subclause (I), by adding “and” at
17 the end,

18 (ii) in subclause (II)—

19 (I) by striking “on the last day of the
20 taxable year” and inserting “during the
21 taxable year”, and

22 (II) by striking “and” at the end and
23 inserting “or”, and

24 (iii) by striking subclause (III).

25 (ff) AMENDMENTS RELATING TO SECTION 14102.—

1 (1) Section 964(e)(4)(A)(iii) is amended to read
2 as follows:

3 “(iii) the amount includible in the
4 gross income of the United States share-
5 holder under clause (ii) shall be treated as
6 a dividend to which section 245A applies.”.

7 (2) Section 964(e)(4) is amended by adding at
8 the end the following new subparagraph:

9 “(D) EXCEPTION FOR HYBRID DIVI-
10 DENDS.—Subparagraph (A) shall not apply to
11 any amount treated as a dividend under para-
12 graph (1) if such dividend is a hybrid dividend
13 (as defined in section 245A(e)(4)).”.

14 (gg) AMENDMENTS RELATING TO SECTION 14103.—

15 (1) Section 965(b)(4)(B) is amended by insert-
16 ing “(other than section 902)” after “For purposes
17 of this title”.

18 (2) Section 965(c)(1) is amended by adding at
19 the end the following flush matter:

20 “‘In the case of an individual, the deduction allowed
21 by the preceding sentence shall be allowed in deter-
22 mining the individual’s adjusted gross income.’”.

23 (3) Section 965(g) is amended—

24 (A) in paragraph (3), by inserting “or (5)”
25 after “paragraph (1)”, and

1 (B) by adding at the end the following new
2 paragraph:

3 “(5) DENIAL OF FOREIGN TAX CREDIT WITH
4 RESPECT TO CERTAIN AMOUNTS TREATED AS PRE-
5 VIOUSLY TAXED INCOME.—No credit shall be al-
6 lowed under section 901 for any taxes paid or ac-
7 crued (or treated as paid or accrued) with respect to
8 any amount described in subsection (b)(4)(A).”.

9 (4) Section 965(h)(6)(A)(ii)(II) is amended by
10 striking “or deduction” and inserting “, deduction,
11 or credit”.

12 (5) Section 965(h)(6)(B) is amended by insert-
13 ing “(as defined in section 26(b))” after “regular
14 tax liability”.

15 (6)(A) Section 965(h) is amended by adding at
16 the end the following new paragraph:

17 “(7) INSTALLMENTS NOT TO PREVENT CREDIT
18 OR REFUND OF OVERPAYMENTS OR INCREASE ESTI-
19 MATED TAXES.—If an election is made under para-
20 graph (1) to pay the net tax liability under this sec-
21 tion in installments—

22 “(A) no installment of such net tax liabil-
23 ity shall—

24 “(i) in the case of a request for credit
25 or refund, be taken into account as a li-

1 ability for purposes of determining whether
2 an overpayment exists for purposes of sec-
3 tion 6402 before the date on which such
4 installment is due, or

5 “(ii) for purposes of sections 6425,
6 6654, and 6655, be treated as a tax im-
7 posed by section 1, section 11, or sub-
8 chapter L of chapter 1, and

9 “(B) the first sentence of section 6403
10 shall not apply with respect to any such install-
11 ment.”.

12 (B) In the case of the portion of any overpay-
13 ment which exists by reason of the application of
14 section 965(h)(7) of the Internal Revenue Code of
15 1986 (as added by this paragraph)—

16 (i) if credit or refund of such portion is
17 made on or before the date which is 45 days
18 after the date of the enactment of this Act, no
19 interest shall be allowed or paid under section
20 6611 of such Code with respect to such portion,
21 and

22 (ii) if credit or refund of such portion is
23 made after the date which is 45 days after the
24 date of the enactment of this Act, no interest
25 shall be allowed or paid under section 6611 of

1 such Code with respect to such portion for any
2 period before the date of the enactment of this
3 Act.

4 (7) Section 965(k) is amended—

5 (A) by striking “Notwithstanding section
6 6501, the limitation” and inserting “The limita-
7 tion under section 6235 or 6501”, and

8 (B) by striking “the assessment of the net
9 tax liability” and inserting “an adjustment with
10 respect to, or the assessment of, the net tax li-
11 ability”.

12 (8) Section 965(m)(2)(B) is amended—

13 (A) in clause (i)—

14 (i) by adding “and” at the end of sub-
15 clause (I), and

16 (ii) by striking subclause (III),

17 (B) by redesignating clause (ii) as clause
18 (iii), and

19 (C) by inserting after clause (i) the fol-
20 lowing new clause:

21 “(ii) NO INSTALLMENT PAYMENTS.—

22 The real estate investment trust may not
23 make an election under subsection (h) for
24 any taxable year described in paragraph
25 (1)(B).”.

1 (9) Section 965(n)(1) is amended by striking
2 “then the amount” and all that follows and inserting
3 the following: “then—

4 “(A) the taxable income of such share-
5 holder for such taxable year shall not be less
6 than the amount described in paragraph (2),
7 and

8 “(B) the amount described in paragraph
9 (2) shall not be taken into account—

10 “(i) in determining the amount of any
11 net operating loss under section 172 of
12 such shareholder for such taxable year, or

13 “(ii) in determining taxable income
14 for such taxable year for purposes of sub-
15 section (a)(2), the second sentence of sub-
16 section (b)(2), and subsection (g)(2), of
17 section 172.”.

18 (10) Section 965(n)(2)(B) is amended by strik-
19 ing “subsections (a) and (b) of section 960” and in-
20 serting “section 960”.

21 (11) Section 965 is amended by redesignating
22 subsection (o) as subsection (p) and by inserting
23 after subsection (n) the following new subsection:

1 “(o) SPECIAL RULE APPLICABLE TO PERIOD BE-
2 FORE INCLUSION OF GLOBAL INTANGIBLE LOW-TAXED
3 INCOME BY UNITED STATES SHAREHOLDERS.—

4 “(1) CERTAIN EXTRAORDINARY EARNINGS AND
5 PROFITS DURING TRANSITION PERIOD TREATED AS
6 SUBPART F INCOME.—In the case of the last taxable
7 year of a controlled foreign corporation which begins
8 before January 1, 2018, and ends after December
9 31, 2017, the subpart F income of such foreign cor-
10 poration (as otherwise determined for such taxable
11 year under section 952 and after any increase under
12 subsection (a)) shall be increased by the extraor-
13 dinary earnings and profits of such controlled for-
14 eign corporation.

15 “(2) APPLICATION ONLY WITH RESPECT TO
16 UNITED STATES SHAREHOLDERS WHICH ARE DO-
17 MESTIC CORPORATIONS.—In the case of any United
18 States shareholder which is not a domestic corpora-
19 tion, the amount taken into account under section
20 951(a)(1) by reason of this subsection shall be zero.

21 “(3) REDUCTION IN AMOUNTS INCLUDED IN
22 GROSS INCOME OF UNITED STATES SHAREHOLDERS
23 WITH OVERALL FOREIGN EARNINGS AND PROFITS
24 DEFICITS.—Rules similar to the rules of subsection
25 (b) shall apply for purposes of this subsection to the

1 extent the amount described in subclause (I) of sub-
2 section (b)(3)(A)(i) with respect to the United
3 States shareholder exceeds the amount described in
4 subclause (II) thereof.

5 “(4) DEDUCTION FOR INCLUDED INCOME; DIS-
6 ALLOWANCE OF FOREIGN TAX CREDIT; ETC.—
7 Amounts included in the gross income of a United
8 States shareholder under section 951(a)(1) by rea-
9 son of this subsection shall be treated in the same
10 manner for purposes of subsections (e) and (g) as
11 amounts so included by reason of subsection (a).

12 “(5) EXTRAORDINARY EARNINGS AND PROF-
13 ITS.—For purposes of this subsection—

14 “(A) IN GENERAL.—The term ‘extraor-
15 dinary earnings and profits’ means, with re-
16 spect to any controlled foreign corporation, the
17 amount of earnings and profits (but not less
18 than zero) which accrue during the transition
19 period and are attributable to one or more ex-
20 traordinary dispositions.

21 “(B) TRANSITION PERIOD.—The term
22 ‘transition period’ means the period consisting
23 of the portion of the taxable year referred to in
24 paragraph (1) occurring after December 31,
25 2017.

1 “(C) EXTRAORDINARY DISPOSITION.—

2 “(i) IN GENERAL.—The term ‘extraor-
3 dinary disposition’ means any disposition
4 of assets by a controlled foreign corpora-
5 tion during the transition period if such
6 disposition is—

7 “(I) outside the ordinary course
8 of such controlled foreign corpora-
9 tion’s activities, and

10 “(II) made to a related party
11 (within the meaning of section 267(b)
12 or 707(b)) or an intermediary.

13 “(ii) DE MINIMIS EXCEPTION.—The
14 Secretary may provide that certain disposi-
15 tions of assets shall not be treated as ex-
16 traordinary dispositions on the basis that
17 they do not, in the aggregate, exceed a
18 threshold that the Secretary may prescribe.
19 Such threshold may be a specified dollar
20 amount, a percentage of the value of the
21 total assets of the controlled foreign cor-
22 poration, or such other measure, or com-
23 bination of measures, as the Secretary may
24 prescribe.

25 “(6) ELECTION TO DEFER LIABILITY.—

1 “(A) IN GENERAL.—In the case of a
2 United States shareholder which takes into ac-
3 count any amount under section 951(a)(1) by
4 reason of this subsection with respect to any
5 controlled foreign corporation, such United
6 States shareholder may elect (at such time and
7 in such form and manner as the Secretary may
8 provide) to defer payment of such shareholder’s
9 net tax liability under this subsection with re-
10 spect to such controlled foreign corporation
11 until such shareholder’s taxable year which in-
12 cludes the triggering event with respect to such
13 liability. Any net tax liability payment of which
14 is deferred under the preceding sentence shall
15 be assessed on the return of tax as an addition
16 to tax in the shareholder’s taxable year which
17 includes such triggering event.

18 “(B) TRIGGERING EVENT.—In the case of
19 any shareholder’s net tax liability under this
20 section with respect to any controlled foreign
21 corporation, the triggering event with respect to
22 such liability is whichever of the following oc-
23 curs first:

24 “(i) Such shareholder’s ownership per-
25 centage in such controlled foreign corpora-

1 tion as of the close of the taxable year de-
2 scribed in paragraph (1) decreases at any
3 time thereafter by more than 10 percent
4 (as determined under regulations or other
5 guidance prescribed by the Secretary).

6 “(ii) Such controlled foreign corpora-
7 tion ceases to be a controlled foreign cor-
8 poration.

9 “(iii) Such shareholder becomes sub-
10 ject to the increase in tax described in sub-
11 section (l)(1).

12 “(iv) Any other transaction or event
13 identified by the Secretary in regulations
14 or other guidance as a triggering event for
15 purposes of this paragraph, including—

16 “(I) the depreciation or amortiza-
17 tion in the hands of the transferee of
18 an asset transferred as part of an ex-
19 traordinary disposition,

20 “(II) a significant reduction, in
21 the form of distributions, of the con-
22 trolled foreign corporation’s earnings
23 and profits which are attributable to
24 extraordinary earnings and profits,
25 and

1 “(III) such other transactions or
2 events as the Secretary may provide.

3 “(C) APPLICATION OF CERTAIN RULES.—
4 Rules similar to the rules of paragraphs (3),
5 (4), (6), (7), and (8) of subsection (i) shall
6 apply for purposes of this paragraph.

7 “(D) LIMITATION ON ELECTION TO PAY
8 LIABILITY IN INSTALLMENTS.—Notwith-
9 standing subparagraph (C), the rules of sub-
10 section (i)(4) shall not apply with respect to
11 any liability the triggering event with respect to
12 which is—

13 “(i) described in subparagraph
14 (B)(iii), or

15 “(ii) described in subparagraph
16 (B)(iv) and identified by the Secretary as
17 a triggering event to which this subpara-
18 graph applies.

19 “(7) APPLICATION OF CERTAIN OTHER
20 RULES.—Rules similar to the rules of subsections
21 (f), (h), (k), (l), (m), and (n) shall apply for pur-
22 poses of this subsection.

23 “(8) SEPARATE APPLICATION OF THIS SUB-
24 SECTION.—References in this section to ‘this section’
25 shall not include this subsection, and the provisions

1 of this section (other than this subsection) shall not
2 apply for purposes of this subsection except to the
3 extent provided in this subsection.

4 “(9) REGULATIONS.—The Secretary shall pre-
5 scribe such regulations or other guidance as may be
6 necessary or appropriate to carry out the purposes
7 of this subsection, including regulations or other
8 guidance—

9 “(A) to prevent earnings and profits from
10 being treated as extraordinary earnings and
11 profits to the extent that—

12 “(i) such earning and profits are sub-
13 ject to tax under this chapter, or

14 “(ii) such earning and profits were
15 generated in connection with the transfer
16 of property to the United States share-
17 holder and such United States shareholder
18 irrevocably agrees (as such time and in
19 such form and manner as the Secretary
20 may provide) to forgo any future tax bene-
21 fits associated with the tax basis created in
22 connection with such earnings and profits,

23 “(B) to properly coordinate this subsection
24 with the other provisions of this section,

1 “(C) to prevent the avoidance of the pur-
2 poses of this subsection,

3 “(D) to provide appropriate basis adjust-
4 ments, including modifications to the timing of
5 such adjustments,

6 “(E) to provide for the proper treatment of
7 passthrough entities, and

8 “(F) to provide for the application of this
9 subsection to a controlled foreign corporation
10 for a taxable year which ends after December
11 31, 2017, but which would (but for this sub-
12 paragraph) be treated for purposes of para-
13 graph (1) as ending on such date by reason of
14 section 441(f)(2).”.

15 (hh) AMENDMENTS RELATING TO SECTION 14201.—

16 (1) Section 907(f)(1) is amended by adding at
17 the end the following: “This subsection shall not
18 apply to taxes paid or accrued with respect to
19 amounts described in section 904(d)(1)(A).”.

20 (2) Section 951A(d)(2)(B) is amended by strik-
21 ing “subsection (c)(1)(A)” and inserting “subsection
22 (c)(2)(A)(i)”.

23 (3) Section 951A is amended—

24 (A) by striking subsection (d)(4), and

1 (B) by adding at the end the following new
2 subsection:

3 “(g) REGULATIONS.—The Secretary shall issue such
4 regulations or other guidance as the Secretary determines
5 appropriate to carry out the purposes of this section, in-
6 cluding regulations or other guidance which provide for—

7 “(1) the treatment of property if such property
8 is transferred, or held, temporarily,

9 “(2) the treatment of property if the avoidance
10 of the purposes of this section is a factor in the
11 transfer or holding of such property, and

12 “(3) appropriate adjustments to the basis of
13 stock and other ownership interests, and to earnings
14 and profits, to reflect tested losses.”.

15 (4) Section 951A(f)(1)(A) is amended by insert-
16 ing “960(c),” after “959.”.

17 (5) Section 960(d) is amended by adding at the
18 end the following new paragraph:

19 “(4) DISALLOWANCE OF FOREIGN TAX CREDIT
20 AND DEDUCTION WITH RESPECT TO DISTRIBUTIONS
21 OF PREVIOUSLY TAXED GLOBAL INTANGIBLE LOW-
22 TAXED INCOME.—

23 “(A) IN GENERAL.—No credit shall be al-
24 lowed under section 901 for 20 percent of any
25 foreign income taxes paid or accrued (or treated

1 as paid or accrued) with respect to any amount
2 excluded from gross income under section
3 959(a) by reason of an inclusion in gross in-
4 come under section 951A(a).

5 “(B) DENIAL OF DEDUCTION.—No deduc-
6 tion shall be allowed under this chapter for any
7 tax for which a credit is not allowable under
8 section 901 by reason of subparagraph (A) (de-
9 termined by treating the taxpayer as having
10 elected the benefits of subpart A of part III of
11 subchapter N).”.

12 (6) Section 961 is amended—

13 (A) in subsection (b), by inserting “AND
14 TREATMENT AS GAIN” after “BASIS” in the
15 heading of such subsection, and

16 (B) in subsection (c)—

17 (i) by striking “BASIS ADJUSTMENTS
18 IN” in the heading of such subsection and
19 inserting “APPLICATION OF RULES TO”,
20 and

21 (ii) by striking “then adjustments
22 similar to” and all that follows in such
23 subsection and inserting “then rules simi-
24 lar to the rules of subsections (a) and (b)
25 shall apply to—

1 “(1) such stock,

2 “(2) stock in any other controlled foreign cor-
3 poration by reason of which the United States share-
4 holder is considered under section 958(a)(2) as own-
5 ing the stock described in paragraph (1), and

6 “(3) property by reason of which the United
7 States shareholder is considered as owning stock de-
8 scribed in paragraph (1) or (2).

9 The preceding sentence shall not apply with respect to any
10 stock or property to which subsection (a) or (b) applies.”.

11 (ii) AMENDMENTS RELATING TO SECTION 14202.—

12 (1)(A) Section 250(a)(2)(A) is amended—

13 (i) by striking “and the global intangible
14 low-taxed income amount” each place it appears
15 and inserting “, and the amounts described in
16 clauses (i) and (ii) of paragraph (1)(B),”, and

17 (ii) by inserting “(but not below zero)”
18 after “shall be reduced” in the matter following
19 clause (ii).

20 (B) Section 250(a)(2)(B)(ii) is amended by
21 striking “the global intangible low-taxed income
22 amount” and inserting “the sum of the amounts
23 taken into account under clauses (i) and (ii) of para-
24 graph (1)(B)”.

25 (2) Section 250(b)(3) is amended—

1 (A) in subparagraph (A)(i)—

2 (i) by striking “and” at the end of
3 subclause (V),

4 (ii) by striking “over” at the end of
5 subclause (VI), and

6 (iii) by adding at the end the fol-
7 lowing new subclauses:

8 “(VII) any income received or ac-
9 crued which is of a kind which would
10 be foreign personal holding company
11 income (as defined in section 954(c)),

12 “(VIII) any amount included in
13 the gross income of such corporation
14 under section 1293, and

15 “(IX) any disqualified
16 extraterritorial income, over”, and

17 (B) by adding at the end the following new
18 subparagraph:

19 “(C) DISQUALIFIED EXTRATERRITORIAL
20 INCOME.—

21 “(i) IN GENERAL.—For purposes of
22 subparagraph (A)(i)(IX), the term ‘dis-
23 qualified extraterritorial income’ means
24 any amount included in the gross income
25 of the corporation with respect to any

1 transaction for any taxable year if any
2 amount could (determined after application
3 of clause (ii) but without regard to any
4 election under section 942(a)(3) as in ef-
5 fect before its repeal) be excluded from the
6 gross income of the corporation with re-
7 spect to such transaction for such taxable
8 year by reason of section 114 pursuant to
9 the application of subsection (d) or (f) of
10 section 101 of the American Jobs Creation
11 Act of 2004.

12 “(ii) ELECTION OUT OF
13 EXTRATERRITORIAL INCOME BENEFITS.—

14 “(I) IN GENERAL.—Except as
15 provided in subclause (II), the cor-
16 poration referred to in clause (i) may
17 make an irrevocable election (at such
18 time and in such form and manner as
19 the Secretary may provide) to have
20 subsections (d) and (f) of section 101
21 of the American Jobs Creation Act of
22 2004 not apply with respect to such
23 corporation for the taxable year for
24 which such election is made and all
25 succeeding taxable years (applicable

1 with respect to all transactions, in-
2 cluding transactions occurring before
3 such taxable year).

4 “(II) EXPANDED AFFILIATED
5 GROUPS.—In the case of any corpora-
6 tion which is a member of an ex-
7 panded affiliated group, the election
8 described in subclause (I) may be
9 made only by the common parent of
10 such group and shall apply with re-
11 spect to all members of such group.
12 For purposes of the preceding sen-
13 tence, the term ‘expanded affiliated
14 group’ means an affiliated group as
15 defined in section 1504(a), determined
16 without regard to section 1504(b)(3)
17 and by substituting ‘more than 50
18 percent’ for ‘at least 80 percent’ each
19 place it appears.”.

20 (3) Section 613A(d)(1) is amended by striking
21 “and” at the end of subparagraph (D), by striking
22 the period at the end of subparagraph (E) and in-
23 serting “, and”, and by inserting after subparagraph
24 (E) the following new subparagraph:

1 “(F) any deduction allowable under section
2 250.”.

3 (jj) AMENDMENTS RELATING TO SECTION 14213.—

4 (1) Section 958(b) is amended—

5 (A) by inserting after paragraph (3) the
6 following:

7 “(4) Subparagraphs (A), (B), and (C) of sec-
8 tion 318(a)(3) shall not be applied so as to consider
9 a United States person as owning stock which is
10 owned by a person who is not a United States per-
11 son.”, and

12 (B) by striking “Paragraph (1)” in the
13 last sentence and inserting “Paragraphs (1)
14 and (4)”.

15 (2) Subpart F of part III of subchapter N of
16 chapter 1 is amended by inserting after section
17 951A the following new section:

18 **“SEC. 951B. AMOUNTS INCLUDED IN GROSS INCOME OF**
19 **FOREIGN CONTROLLED UNITED STATES**
20 **SHAREHOLDERS.**

21 “(a) IN GENERAL.—In the case of any foreign con-
22 trolled United States shareholder of a foreign controlled
23 foreign corporation—

24 “(1) this subpart (other than sections 951A,
25 951(b), 957, and 965) shall be applied with respect

1 to such shareholder (separately from, and in addi-
2 tion to, the application of this subpart without re-
3 gard to this section)—

4 “(A) by substituting ‘foreign controlled
5 United States shareholder’ for ‘United States
6 shareholder’ each place it appears therein, and

7 “(B) by substituting ‘foreign controlled
8 foreign corporation’ for ‘controlled foreign cor-
9 poration’ each place it appears therein, and

10 “(2) sections 951A and 965 shall be applied
11 with respect to such shareholder —

12 “(A) by treating each reference to ‘United
13 States shareholder’ in such sections as includ-
14 ing a reference to such shareholder, and

15 “(B) by treating each reference to ‘con-
16 trolled foreign corporation’ in such sections as
17 including a reference to such foreign controlled
18 foreign corporation.

19 “(b) FOREIGN CONTROLLED UNITED STATES
20 SHAREHOLDER.—For purposes of this section, the term
21 ‘foreign controlled United States shareholder’ means, with
22 respect to any foreign corporation, any United States per-
23 son which would be a United States shareholder with re-
24 spect to such foreign corporation if—

1 “(1) section 951(b) were applied by substituting
2 ‘more than 50 percent’ for ‘10 percent or more’, and

3 “(2) section 958(b) were applied without regard
4 to paragraph (4) thereof.

5 “(c) FOREIGN CONTROLLED FOREIGN CORPORA-
6 TION.—For purposes of this section, the term ‘foreign con-
7 trolled foreign corporation’ means a foreign corporation,
8 other than a controlled foreign corporation, which would
9 be a controlled foreign corporation if section 957(a) were
10 applied—

11 “(1) by substituting ‘foreign controlled United
12 States shareholders’ for ‘United States share-
13 holders’, and

14 “(2) by substituting ‘section 958(b) (other than
15 paragraph (4) thereof)’ for ‘section 958(b)’.

16 “(d) REGULATIONS.—The Secretary shall prescribe
17 such regulations or other guidance as may be necessary
18 or appropriate to carry out the purposes of this section,
19 including regulations or other guidance—

20 “(1) to treat a foreign controlled United States
21 shareholder or a foreign controlled foreign corpora-
22 tion as a United States shareholder or as a con-
23 trolled foreign corporation, respectively, for purposes
24 of provisions of this title other than this subpart,
25 and

1 “(2) to prevent the avoidance of the purposes of
2 this section.”.

3 (3) The amendments made by paragraphs (1)
4 and (2) shall apply to—

5 (A) the last taxable year of foreign cor-
6 porations beginning before January 1, 2018,
7 and each subsequent taxable year of such for-
8 eign corporations, and

9 (B) taxable years of United States persons
10 in which or with which such taxable years of
11 foreign corporations end.

12 (kk) AMENDMENTS RELATING TO SECTION 14214.—

13 (1) Section 1248(a)(2) is amended by striking
14 “such person owns” and all that follows through “at
15 any time” and inserting “such person is a United
16 States shareholder with respect to such foreign cor-
17 poration at any time”.

18 (2) Section 1248(c)(2)(B) is amended by strik-
19 ing “such person owned” and all that follows
20 through “at any time” and inserting “such person
21 was a United States shareholder with respect to
22 such other foreign corporation at any time”.

23 (3) If the 5-year period described in subsection
24 (a)(2) or (c)(2)(B) of section 1248 of the Internal
25 Revenue Code of 1986 includes any period before

1 the amendments made by this subsection take effect,
2 the determination of whether any person is a United
3 States shareholder with respect to any foreign cor-
4 poration at any time during such 5-year period shall
5 be determined on the basis of the definition of
6 United States shareholder under section 951(b) of
7 such Code which is in effect as of such time.

8 (II) AMENDMENTS RELATING TO SECTION 14301.—

9 (1) Section 78 is amended by striking “, (b),”.

10 (2) For purposes of section 78 of the Internal
11 Revenue Code of 1986, as in effect on the day before
12 the enactment of Public Law 115-97, with respect to
13 taxable years of foreign corporations beginning be-
14 fore January 1, 2018, and ending after December
15 31, 2017, any reference to section 245 of such Code
16 shall be treated as including a reference to section
17 245A of such Code (as added by such Public Law).

18 (3) Section 904(d)(2)(C)(i) is amended by
19 striking “shall be treated as general category in-
20 come” and inserting “shall not be treated as passive
21 category income”.

22 (4)(A) Section 904(d)(2) is amended by redес-
23 ignating subparagraph (K) as subparagraph (L) and
24 by inserting after subparagraph (J) the following
25 new subparagraph:

1 “(K) AMOUNTS INCLUDIBLE UNDER SEC-
2 TION 78.—Any amount includible in gross in-
3 come under section 78 shall be treated as in-
4 come in the same separate category as the re-
5 lated foreign taxes deemed paid.”.

6 (B) Section 904(d)(3)(G) is amended by strik-
7 ing the second sentence and inserting the following:
8 “Any amount included in gross income under section
9 78 shall not be treated as a dividend.”.

10 (5) Section 953(c)(1)(A) is amended to read as
11 follows:

12 “(A) the term ‘United States shareholder’
13 means, with respect to any foreign corpora-
14 tion—

15 “(i) except as provided in clause (ii),
16 a United States person (as defined in sec-
17 tion 957(c)) who owns (within the meaning
18 of section 958(a)) any stock of the foreign
19 corporation, and

20 “(ii) for purposes of section 960, a
21 United States person (as so defined) who
22 owns (within the meaning of section
23 958(a)) 10 percent or more of the total
24 combined voting power of all classes of
25 stock entitled to vote of such foreign cor-

1 poration, or 10 percent or more of the
2 total value of shares of all classes of stock
3 of such foreign corporation,”.

4 (6) Section 958(a)(1) is amended by striking
5 “(other than section 960)”.

6 (mm) CLERICAL AMENDMENTS.—

7 (1) Title I of Public Law 115-97 may be cited
8 as the “Tax Cuts and Jobs Act”.

9 (2) Section 13001(c)(3) of Public Law 115-97
10 is amended by striking “subsection (b)(6)” and in-
11 serting “subsection (b)(5)”.

12 (3)(A) The heading for section 55(b)(3) is
13 amended by striking “OF NONCORPORATE TAX-
14 PAYERS”.

15 (B) Section 55(d)(1) is amended by striking so
16 much as precedes “term ‘exemption amount’
17 means—” and inserting the following: “(1) IN GEN-
18 ERAL.—The”.

19 (C) The heading for section 56(a) is amended
20 to read as follows: “IN GENERAL.—”.

21 (D) Section 56(a)(2)(A) is amended by striking
22 “(determined without regard to section 291(b))”.

23 (E) Section 56(a)(5) is amended by striking
24 “(without regard to section 291)”.

25 (F) Section 56(b) is amended—

1 (i) by striking the heading thereof and in-
2 serting the following: “ADDITIONAL ADJUST-
3 MENTS.—”, and

4 (ii) by striking “(other than a corpora-
5 tion)”.

6 (G) Section 57(a)(2)(B)(i) is amended by strik-
7 ing “or 291(b)”.

8 (H) Section 58(a)(1) is amended by striking
9 “of a taxpayer other than a corporation”.

10 (I) Section 59(a)(1)(C) is amended by striking
11 “applicable rate” and inserting “highest rate”.

12 (4) Section 56(d)(1)(A) is amended by striking
13 “section 199” each place it appears and inserting
14 “section 199A”.

15 (5) Section 59A(b)(3)(B)(ii) is amended by
16 striking “registered securities dealer” and inserting
17 “securities dealer registered”.

18 (6) Section 59A(h)(2)(B) is amended by strik-
19 ing “section 6038B(b)(2)” and inserting “section
20 6038A(b)(2)”.

21 (7) Section 59A(i)(2) is amended by striking
22 “subsection (g)(3)” and inserting “subsection
23 (h)(3)”.

1 (8) Section 67 is amended by striking sub-
2 section (f) and redesignating subsection (g) as sub-
3 section (f).

4 (9) Section 168(k)(2)(A)(i)(III) is amended by
5 striking “or”.

6 (10)(A) Section 168(k) is amended by redesignig-
7 nating paragraphs (5), (6), (7), (8), (9), and (10) as
8 paragraphs (3), (4), (5), (6), (7), and (8).

9 (B) Section 168(k)(4)(C) (as so redesignated)
10 is amended by striking “paragraph (5)” and insert-
11 ing “paragraph (3)”.

12 (C) Section 168(k)(6) (as so redesignated) is
13 amended by striking “paragraph (6)” and inserting
14 “paragraph (4)”.

15 (D) Section 168(k)(8) (as so redesignated) is
16 amended by striking “(5)(A)(i)” and inserting
17 “(3)(A)(i)”.

18 (E) Section 263A(e)(7) is amended by striking
19 “section 168(k)(5)” and inserting “section
20 168(k)(3)”.

21 (F) Section 1324(b)(2) of title 31, United
22 States Code, is amended by striking
23 “168(k)(4)(F),”.

1 (11) Section 168(m)(2)(B)(i) is amended by
2 striking “(determined without regard to paragraph
3 (4) thereof)”.

4 (12) Section 170(b)(2)(D)(iv) is amended by
5 adding “, and” at the end thereof.

6 (13) The heading for section 172(d)(9) is
7 amended by inserting “AND GLOBAL INTANGIBLE
8 LOW-TAXED INCOME” after “INCOME”.

9 (14) Section 199A(b)(3)(A) is amended by
10 striking “without regard to subparagraph (B)” and
11 inserting “without regard to subparagraph (B)
12 thereof”.

13 (15) Section 199A(c)(3)(A) is amended—

14 (A) by striking “determined by sub-
15 stituting” and all that follows in clause (i) and
16 inserting “determined by treating the taxpayer
17 as a nonresident alien individual), and”, and

18 (B) by striking “included or allowed” in
19 clause (ii) and inserting “taken into account”.

20 (16) Section 199A(e)(4)(A) is amended—

21 (A) by striking “section 7704(a)” and in-
22 serting “section 7704(b)”, and

23 (B) by striking “section 7704(c)” and in-
24 serting “section 7704(a)”.

1 (17) Section 245A(b)(1) is amended by striking
2 “with respect to such corporation”.

3 (18) Section 245A(e)(1) is amended—

4 (A) by striking “any dividend” and insert-
5 ing “any hybrid dividend”, and

6 (B) by striking “if the dividend is a hybrid
7 dividend”.

8 (19) Section 245A(h), as redesignated by the
9 preceding provisions of this Act, is amended by
10 striking “10 percent” and inserting “10-percent”.

11 (20) Section 246(b)(1) is amended to read as
12 follows:

13 “(1) GENERAL RULE.—Except as provided in
14 paragraph (2), the aggregate amount of the deduc-
15 tions allowed by section 243(a)(1) and subsection (a)
16 and (b) of section 245 shall not exceed the percent-
17 age determined under paragraph (3) of the taxable
18 income computed without regard to the deductions
19 allowed by section 172, section 243(a)(1), sub-
20 sections (a) and (b) of section 245, and section 250,
21 without regard to any adjustment under section
22 1059, and without regard to any capital loss
23 carryback to the taxable year under section
24 1212(a)(1).”.

1 (21) Section 246(c)(1) is amended by striking
2 “section 243” and all that follows through “245A”
3 and inserting “section 243, 245, or 245A”.

4 (22) Section 250(b)(5)(C)(ii) is amended—

5 (A) by striking “subparagraph (A)(ii)” and
6 inserting “paragraph (4)(B)”,

7 (B) by striking “treated described” and in-
8 serting “treated as described”, and

9 (C) by striking “established” and inserting
10 “establishes”.

11 (23) Section 382(l) is amended by striking
12 paragraph (7) and by redesignating paragraph (8)
13 as paragraph (7).

14 (24) Section 527(b) is amended by striking
15 “highest”.

16 (25) Section 641(c)(2)(E)(ii) is amended by
17 striking “section 170(b)(1)(G)” and inserting “sec-
18 tion 170(b)(1)(H)”.

19 (26)(A) Section 805(a) is amended by redesign-
20 ating paragraphs (6), (7), and (8) as paragraphs
21 (5), (6), and (7), respectively.

22 (B) Section 805(b) is amended by striking
23 “subsection (a)(8)” and inserting “subsection
24 (a)(7)”.

1 (C) Section 817(a) is amended by striking “and
2 (6)” in the matter following paragraph (2) and in-
3 serting “and (5)”.

4 (D) Section 953(b)(1)(A) is amended by strik-
5 ing “section 805(a)(8)” and inserting “section
6 805(a)(7)”.

7 (27) Section 853A(e) is amended by adding at
8 the end the following new paragraph:

9 “(3) REFERENCES.—Any reference in this sec-
10 tion to a provision of part IV of subchapter A, or
11 part IV of subchapter U, of this chapter (as in effect
12 before the enactment of the Tax Cuts and Jobs Act)
13 shall be treated as a reference to such provisions as
14 in effect before their repeal by such Act.”.

15 (28) Section 857(b)(3)(B) is amended by strik-
16 ing “subparagraph (A)(ii)” and inserting “subpara-
17 graph (F)”.

18 (29) Section 857(b)(4)(A) is amended by strik-
19 ing “highest”.

20 (30) Section 860E(e)(2)(B) is amended by
21 striking “highest”.

22 (31) Section 877(a)(2) is amended by striking
23 “by substituting ‘2003’ for ‘1992’ in subparagraph
24 (B) thereof” and inserting “by substituting ‘cal-

1 endar year 2003’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof”.

3 (32) Section 882(a)(1) is amended by striking
4 “as provided in” and all that follows through “on its
5 taxable income” and inserting “as provided in sec-
6 tions 11 and 59A on its taxable income”.

7 (33) Section 904(b)(3)(E)(ii) is amended by in-
8 serting “of clause (i)” after “subclause (I)”.

9 (34) The heading for section 904(b)(4) is
10 amended by striking “DIVIDENDS FOR WHICH DE-
11 DUCTION IS ALLOWED UNDER SECTION 245A” and
12 inserting “CERTAIN INCOME AND DEDUCTIONS WITH
13 RESPECT TO STOCK OF SPECIFIED 10-PERCENT
14 OWNED FOREIGN CORPORATIONS”.

15 (35) Section 904(d)(2)(J)(i) is amended by
16 striking “such United States person” and inserting
17 “a United States person”.

18 (36) Section 904(d)(4)(C)(ii) is amended by
19 striking “paragraph (1)(A)” and inserting “para-
20 graph (1)(C)”.

21 (37) Paragraphs (1) and (2) of section 907(c)
22 are each amended in the flush matter at the end by
23 striking “section 904(d)(2)(A)” and inserting “sec-
24 tion 904(d)(2)(B)”.

1 (38)(A) Each of the following sections is
2 amended by striking “(as defined in section
3 951(b))”: 304(b)(5)(A)(i)(I), 543(a)(1)(C),
4 864(d)(4)(B), 877(d)(4)(B)(ii), 956(c)(2)(F),
5 956(c)(2)(L)(ii)(I), 1293(c), 1293(g)(1)(A),
6 1297(d)(2)(B), and 1297(d)(4).

7 (B) Section 958(b) is amended by striking
8 “within the meaning of section 951(b)”.

9 (C) Section 999(a)(1) is amended in the matter
10 following subparagraph (B)—

11 (i) by striking “that person or shareholder
12 (within the meaning of section 951(b))” and in-
13 serting “that person or United States share-
14 holder”, and

15 (ii) by striking “(within the meaning of
16 such section)”.

17 (39) Section 951A(d), as amended by the pre-
18 ceding provisions of this Act, is amended by redesign-
19 ating the second paragraph (3) (relating to part-
20 nership property) as paragraph (4).

21 (40)(A) Each of the following sections is
22 amended by striking “(as defined in section 957)”:
23 163(e)(3)(B)(i), 267(a)(3)(B)(i), 332(d)(3),
24 672(f)(3)(A), 877(d)(4)(B)(i), 970(a)(1), 971(a)(1),
25 1248(a)(2), and 1248(c)(2)(B).

1 (B) Each of the following sections is amended
2 by striking “(as defined in section 957(a))”:
3 543(a)(1)(C), 679(c)(2)(A), 864(d)(6), 883(c)(2),
4 1291(d)(2)(B)(i)(III), 1293(c), and 1293(g)(1)(A).

5 (C) Section 304(b)(5)(B)(ii) is amended by
6 striking “as defined in section 957 and” and insert-
7 ing “determined”.

8 (D) Section 312(m) is amended by striking
9 “(within the meaning of section 957)”.

10 (E) Section 881(c)(5) is amended to read as
11 follows:

12 “(5) SPECIAL RULES FOR CONTROLLED FOR-
13 EIGN CORPORATIONS.—In the case of any portfolio
14 interest received by a controlled foreign corporation,
15 the following provisions shall not apply:

16 “(A) Subparagraph (A) of section
17 954(b)(3) (relating to exception where foreign
18 base company income is less than 5 percent or
19 \$1,000,000).

20 “(B) Paragraph (4) of section 954(b) (re-
21 lating to exception for certain income subject to
22 high foreign taxes).

23 “(C) Clause (i) of section 954(c)(3)(A) (re-
24 lating to certain income received from related
25 persons).”.

1 (F) Section 1298(e) is amended by striking
2 paragraph (3).

3 (41) The heading for section 960 (and the item
4 relating to such section in the table of sections of
5 subpart F of part III of subchapter N of chapter 1)
6 is amended by striking “**FOR SUBPART F INCLU-**
7 **SIONS**”.

8 (42) Section 960(b)(1)(B) is amended by strik-
9 ing “to have to been”.

10 (43)(A) Section 962 is amended by striking
11 subsection (c) and by redesignating subsection (d) as
12 subsection (c).

13 (B) Section 961(b)(1) is amended by striking
14 “section 962(d)” and inserting “section 962(c)”.

15 (44) Section 965(n)(2)(B) is amended by strik-
16 ing “dividends” and inserting “dividend”.

17 (45) Section 1059(b)(2)(B) is amended by in-
18 serting a comma after “section 243”.

19 (46) Section 1061(a)(2) is amended by striking
20 “sections” and inserting “section”.

21 (47) Section 1061(d)(2) is amended by striking
22 “paragraph” and inserting “subsection”.

23 (48) Section 1352(2)(A) is amended by striking
24 “highest”.

1 (49)(A) Section 1400Z-2(b)(1) is amended by
2 inserting “gross” before “income”.

3 (B) Section 1400Z-2(b)(2)(A) is amended by
4 striking “subsection (a)(1)(A)” and inserting “sub-
5 section (a)(1)(B)”.

6 (C) Section 1400Z-2(b)(2)(A)(i) is amended by
7 striking “under paragraph (1)” and inserting
8 “under subsection (a)(1)(A)”.

9 (D) Section 1400Z-2(b)(2)(B)(i) is amended by
10 striking “this clause” and inserting “this subpara-
11 graph”.

12 (E) Subsections (b)(2)(B)(ii) and (c) of section
13 1400Z-2 are each amended by striking “such prop-
14 erty” and inserting “such investment”.

15 (F) Section 1400Z-2(c) is amended by striking
16 “this clause” and inserting “this subsection”.

17 (G) Section 1400Z-2(d)(2)(D)(ii) is amended by
18 striking “subparagraph (A)(ii)” and inserting
19 “clause (i)(II)”.

20 (H) Section 1400Z-2(d)(2)(D)(iii) is amended
21 to read as follows:

22 “(iii) RELATED PARTY.—For pur-
23 poses of clause (i)(I)—

24 “(I) property shall not be treated
25 as acquired by purchase if acquired

1 from a related person (within the
2 meaning of subsection (e)(2)), and

3 “(II) section 179(d)(2) shall be
4 applied without regard to subpara-
5 graph (A) thereof.”.

6 (I) Section 1400Z-2(e)(3) is amended by strik-
7 ing “recognized” and inserting “includible in gross
8 income”.

9 (J) Section 1400Z-2(f)(1) is amended by strik-
10 ing “subsection (c)(1)” and inserting “subsection
11 (d)(1)”.

12 (50) Section 1402(a) is amended by inserting
13 “and” at the end of paragraph (15), by striking
14 paragraph (16), and by redesignating paragraph
15 (17) as paragraph (16).

16 (51) Section 4968(d)(1) is amended by striking
17 “(b)(1)(C)” and inserting “(b)(1)(D)”.

18 (52) Section 6211(b)(4)(A) is amended by
19 striking “, 168(k)(4)”.

20 (53) The second sentence of section 6655(g)(1)
21 is amended by striking “section 1201(a), or under”.

22 (nn) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as otherwise pro-
24 vided in this section, the amendments made by this

1 section shall take effect as if included in the provi-
2 sion of Public Law 115-97 to which they relate.

3 (2) SPECIAL RULES FOR CERTAIN CHILDREN
4 WITH UNEARNED INCOME.—The amendment made
5 by subsection (a)(3) shall apply to taxable years be-
6 ginning after December 31, 2018.

7 **SEC. 5. AMENDMENT RELATING TO WORKING FAMILIES**
8 **TAX RELIEF ACT OF 2004.**

9 (a) AMENDMENT RELATING TO SECTION 204.—Sec-
10 tion 24(c)(1) is amended by inserting “as of the close of
11 the calendar year in which the taxable year of the taxpayer
12 begins” after “attained age 17”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect as if included in section 204
15 of the Working Families Tax Relief Act of 2004.

16 **SEC. 6. OTHER CLERICAL AMENDMENTS.**

17 (a) IN GENERAL.—

18 (1) Section 55(c)(1) is amended by striking
19 “section 27(a)” and inserting “section 27”.

20 (2) Section 108(f)(5)(B)(ii) is amended by
21 striking “section 140(7) of the Consumer Credit
22 Protection Act (15 U.S.C. 1650(7))” and inserting
23 “section 140(a)(8) of the Consumer Credit Protec-
24 tion Act”.

1 (3) Section 163(j)(7)(C)(ii) is amended by
2 striking “section 199A(g)(2)” and inserting “section
3 199A(g)(4)”.

4 (4) Section 857(b)(8)(A)(i) is amended by
5 striking “subparagraph (B) or (D)” and inserting
6 “subparagraph (A) or (C)”.

7 (5) Section 871(g)(2) is amended by striking
8 “(or the corresponding provisions of prior law)”.

9 (6) section 1271(a)(2)(A)(ii) is amended by
10 striking “(or the corresponding provisions of prior
11 law)”.

12 (7) Section 1271(b)(2) is amended by striking
13 “1272(d)(1)” and inserting “1272(c)(1)”.

14 (8) Section 1286(d)(6) is amended by striking
15 “1272(d)(1)” and inserting “1272(c)(1)”.

16 (9) Section 6213(h) is amended by striking
17 paragraph (3).

18 (10) Section 6225(c)(2) is amended by redesignig-
19 nating the second subparagraph (F) (relating to ad-
20 justments not treated as amended return) as sub-
21 paragraph (G).

22 (11) Section 6724(d)(2) is amended—

23 (A) by striking “or” at the end of subpara-
24 graph (II),

1 (B) by striking the period at the end of the
2 first subparagraph (JJ) (relating to statements
3 relating to alternative to payment of imputed
4 underpayment by partnership) and inserting “,
5 or”, and

6 (C) by redesignating the second subpara-
7 graph (JJ) (relating to returns relating to cer-
8 tain life insurance contract transactions) as
9 subparagraph (KK).

10 (b) DEADWOOD.—

11 (1) Section 243(b)(3)(A) is amended by strik-
12 ing the second sentence.

13 (2) Section 864(f)(2) is amended by striking
14 “by section 1504” and all that follows and inserting
15 “by section 1504.”.

16 (3) Section 904(d)(2)(H) is amended to read as
17 follows:

18 “(H) TREATMENT OF INCOME TAX BASE
19 DIFFERENCES.—Tax imposed under the law of
20 a foreign country or possession of the United
21 States on an amount which does not constitute
22 income under United States tax principles shall
23 be treated as imposed on income described in
24 paragraph (1)(D).”.