

AMENDMENT TO RULES COMMITTEE PRINT 113-

32

OFFERED BY MS. SHEA-PORTER OF NEW

HAMPSHIRE

Strike title X of division C, relating to annual adjustment of retired pay for members of the Armed Forces under the age of 62, and insert the following new title:

1 TITLE X—REPEAL OF REDUCED ANNUAL AD-
2 JUSTMENT OF RETIRED PAY AND RE-
3 TAINER PAY AMOUNTS FOR RETIRED MEM-
4 BERS OF THE ARMED FORCES UNDER AGE
5 62

6 SEC. 10001. Section 403 of Bipartisan Budget Act
7 of 2013 (Public Law 113–67) is repealed.

8 TREATMENT OF FOREIGN CORPORATIONS MANAGED AND
9 CONTROLLED IN THE UNITED STATES AS DOMESTIC
10 CORPORATIONS

11 SEC. 10002.

12 (a) IN GENERAL.—Section 7701 of the Internal Rev-
13 enue Code of 1986 is amended by redesignating subsection
14 (p) as subsection (q) and by inserting after subsection (o)
15 the following new subsection:

1 “(p) CERTAIN CORPORATIONS MANAGED AND CON-
2 TROLLED IN THE UNITED STATES TREATED AS DOMES-
3 TIC FOR INCOME TAX.—

4 “(1) IN GENERAL.—Notwithstanding subsection
5 (a)(4), in the case of a corporation described in
6 paragraph (2) if—

7 “(A) the corporation would not otherwise
8 be treated as a domestic corporation for pur-
9 poses of this title, but

10 “(B) the management and control of the
11 corporation occurs, directly or indirectly, pri-
12 marily within the United States,
13 then, solely for purposes of chapter 1 (and any other
14 provision of this title relating to chapter 1), the cor-
15 poration shall be treated as a domestic corporation.

16 “(2) CORPORATION DESCRIBED.—

17 “(A) IN GENERAL.—A corporation is de-
18 scribed in this paragraph if—

19 “(i) the stock of such corporation is
20 regularly traded on an established securi-
21 ties market, or

22 “(ii) the aggregate gross assets of
23 such corporation (or any predecessor there-
24 of), including assets under management
25 for investors, whether held directly or indi-

1 rectly, at any time during the taxable year
2 or any preceding taxable year is
3 \$50,000,000 or more.

4 “(B) GENERAL EXCEPTION.—A corpora-
5 tion shall not be treated as described in this
6 paragraph if—

7 “(i) such corporation was treated as a
8 corporation described in this paragraph in
9 a preceding taxable year,

10 “(ii) such corporation—

11 “(I) is not regularly traded on an
12 established securities market, and

13 “(II) has, and is reasonably ex-
14 pected to continue to have, aggregate
15 gross assets (including assets under
16 management for investors, whether
17 held directly or indirectly) of less than
18 \$50,000,000, and

19 “(iii) the Secretary grants a waiver to
20 such corporation under this subparagraph.

21 “(C) EXCEPTION FROM GROSS ASSETS
22 TEST.—Subparagraph (A)(ii) shall not apply to
23 a corporation which is a controlled foreign cor-
24 poration (as defined in section 957) and which
25 is a member of an affiliated group (as defined

1 section 1504, but determined without regard to
2 section 1504(b)(3)) the common parent of
3 which—

4 “(i) is a domestic corporation (deter-
5 mined without regard to this subsection),
6 and

7 “(ii) has substantial assets (other
8 than cash and cash equivalents and other
9 than stock of foreign subsidiaries) held for
10 use in the active conduct of a trade or
11 business in the United States.

12 “(3) MANAGEMENT AND CONTROL.—

13 “(A) IN GENERAL.—The Secretary shall
14 prescribe regulations for purposes of deter-
15 mining cases in which the management and
16 control of a corporation is to be treated as oc-
17 ccurring primarily within the United States.

18 “(B) EXECUTIVE OFFICERS AND SENIOR
19 MANAGEMENT.—Such regulations shall provide
20 that—

21 “(i) the management and control of a
22 corporation shall be treated as occurring
23 primarily within the United States if sub-
24 stantially all of the executive officers and
25 senior management of the corporation who

1 exercise day-to-day responsibility for mak-
2 ing decisions involving strategic, financial,
3 and operational policies of the corporation
4 are located primarily within the United
5 States, and

6 “(ii) individuals who are not executive
7 officers and senior management of the cor-
8 poration (including individuals who are of-
9 ficers or employees of other corporations in
10 the same chain of corporations as the cor-
11 poration) shall be treated as executive offi-
12 cers and senior management if such indi-
13 viduals exercise the day-to-day responsibil-
14 ities of the corporation described in clause
15 (i).

16 “(C) CORPORATIONS PRIMARILY HOLDING
17 INVESTMENT ASSETS.—Such regulations shall
18 also provide that the management and control
19 of a corporation shall be treated as occurring
20 primarily within the United States if—

21 “(i) the assets of such corporation (di-
22 rectly or indirectly) consist primarily of as-
23 sets being managed on behalf of investors,
24 and

1 “(ii) decisions about how to invest the
2 assets are made in the United States.”.

3 (b) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning on or
5 after the date which is 2 years after the date of the enact-
6 ment of this Act, whether or not regulations are issued
7 under section 7701(p)(3) of the Internal Revenue Code
8 of 1986, as added by this section.

