

106TH CONGRESS  
1ST SESSION

# H. R. 3102

To amend the Internal Revenue Code of 1986 to eliminate foreign base company shipping income from foreign base company income.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 19, 1999

Mr. WELLER (for himself, Mr. FOLEY, Mr. CRANE, Mrs. BIGGERT, and Mr. SHIMKUS) introduced the following bill; which was referred to the Committee on Ways and Means

# A BILL

To amend the Internal Revenue Code of 1986 to eliminate foreign base company shipping income from foreign base company income.

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. ELIMINATION OF FOREIGN BASE COMPANY  
4 SHIPPING INCOME AS FOREIGN BASE COM-  
5 PANY INCOME.

6 (a) ELIMINATION OF FOREIGN BASE COMPANY SHIP-  
7 PING INCOME.—Section 954 of the Internal Revenue Code  
8 of 1986 (relating to foreign base company income) is  
9 amended—

1 (1) by striking paragraph (4) of subsection (a)  
2 (relating to foreign base company shipping income),  
3 and

4 (2) by striking subsection (f) (relating to for-  
5 eign base company shipping income).

6 (b) CONFORMING AMENDMENTS.—

1 taxes are deemed paid under section  
2 902 (other than dividends from a non-  
3 controlled section 902 corporation out  
4 of earnings and profits accumulated  
5 in taxable years beginning before Jan-  
6 uary 1, 2003) and gain from the sale,  
7 exchange, or other disposition of stock  
8 or obligations of such a foreign cor-  
9 poration to the extent that such divi-  
10 dends, interest, and gains are attrib-  
11 utable to shipping income.

1                             “(V) Such term does not include  
2                             financial services income.”

3                             (2) Sections 952(c)(1)(B)(iii) of such Code is  
4                             amended by striking subclause (I) and redesignating  
5                             subclauses (II) through (VI) as subclauses (I)  
6                             through (V), respectively.

7                             (3) Section 953 of such Code is amended—

8                                 (A) by striking “954(i)” and inserting  
9                             “954(h)” in subsections (b)(3) and (e) each  
10                             place it appears, and

11                                 (B) by striking “954(h)(7)” and inserting  
12                             “954(g)(7)” in subsection (e)(7)(A).

13                             (4) Section 954 of such Code is amended—

14                                 (A) in subsection (a) by inserting “and” at  
15                             the end of paragraph (3) and redesignating  
16                             paragraph (5) as paragraph (4),

17                                 (B) in subsection (b)—

18                                     (i) by striking “the foreign base ship-  
19                                     ping income,” in paragraph (5),

20                                     (ii) by striking paragraphs (6) and  
21                                     (7), and

22                                     (iii) by redesignating paragraph (8) as  
23                                     paragraph (6), and

1 (C) by redesignating subsections (g), (h),  
2 and (i) as subsections (f), (g), and (h), respec-  
3 tively.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years of foreign corpora-  
6 tions beginning after December 31, 1999, and to taxable  
7 years of United States shareholders (within the meaning  
8 of section 951(b) of the Internal Revenue Code of 1986)  
9 within which or with which such taxable years of such for-  
10 eign corporations end.