

108TH CONGRESS
1ST SESSION

H. R. 940

To amend the Internal Revenue Code of 1986 to provide that the foreign tax credit not be redetermined with respect to refunds of unlawful foreign taxes to taxpayers who successfully challenge those taxes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2003

Mr. RAMSTAD 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 provide that the foreign tax credit not be redetermined with respect to refunds of unlawful foreign taxes to taxpayers who successfully challenge those taxes.

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.**

4 This Act may be cited as the “Foreign Tax Credit
5 Revenue Enhancement Act of 2003”.

1 **SEC. 2. FOREIGN TAX CREDIT NOT REDETERMINED FOR**
2 **TAXPAYER SUCCESSFULLY CHALLENGING**
3 **UNLAWFUL FOREIGN TAX.**

4 (a) **IN GENERAL.**—Subsection (c) of section 905 of
5 the Internal Revenue Code of 1986 (relating to adjust-
6 ments to accrued taxes) is amended by adding at the end
7 the following new paragraph:

8 “(6) **EXCEPTION FOR TAXPAYERS SUCCESS-**
9 **FULLY CHALLENGING UNLAWFUL TAXES.**—Para-
10 graph (1) shall not apply to any taxpayer to whom
11 a tax is refunded in whole or in part if, pursuant to
12 an action brought by the taxpayer, such refund re-
13 sults from a determination by a court of competent
14 jurisdiction in the country with respect to which
15 such tax was imposed that such tax is unlawful.”.

16 (b) **EFFECTIVE DATE.**—The amendment made by
17 this section shall apply to refunds received in taxable years
18 beginning after December 31, 2002.

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