

108TH CONGRESS
1ST SESSION

S. 1361

To amend the Internal Revenue Code of 1986 to provide that foreign base company shipping income shall include only income from aircraft and income from certain vessels transporting petroleum and related products.

IN THE SENATE OF THE UNITED STATES

JUNE 26, 2003

Mr. SMITH introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide that foreign base company shipping income shall include only income from aircraft and income from certain vessels transporting petroleum and related products.

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 “RAFT (Restore Access
5 to Foreign Trade) Act of 2003”.

1 **SEC. 2. ELIMINATION OF MOST VESSEL SHIPPING INCOME**
2 **FROM FOREIGN BASE COMPANY INCOME.**

3 (a) FOREIGN BASE COMPANY SHIPPING INCOME TO
4 INCLUDE ONLY INCOME FROM AIRCRAFT AND PETRO-
5 LEUM VESSELS.—Subsection (f) of section 954 of the In-
6 ternal Revenue Code of 1986 (relating to foreign base
7 company income) is amended—

8 (1) by inserting “petroleum” before “vessel”
9 each place it appears, and

10 (2) by adding at the end the following new sen-
11 tence: “For purposes of this subsection, the term
12 ‘petroleum vessel’ means any vessel engaged in the
13 carriage of petroleum or related products or byprod-
14 ucts if the controlled group (as defined in section
15 267(f)(1) without regard to section 1563(b)(2)(C))
16 of which the taxpayer is a member is engaged prin-
17 cipally in the trade or business of exploring for, or
18 extracting, refining or marketing of, petroleum or
19 related products or byproducts.”.

20 (b) RETENTION OF SEPARATE FOREIGN TAX CREDIT
21 BASKET FOR ALL SHIPPING INCOME.—Subparagraph (D)
22 of section 904(d)(2) of the Internal Revenue Code of 1986
23 is amended by striking “(as defined in section 954(f))”
24 and inserting “, as defined in section 954(f), if references
25 in such section to petroleum vessels included references
26 to all vessels”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years of foreign corpora-
3 tions beginning after December 31, 2002, and to taxable
4 years of United States shareholders (within the meaning
5 of section 951(b) of the Internal Revenue Code of 1986)
6 within which or with which such taxable years of such for-
7 eign corporations end.

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