

109TH CONGRESS
1ST SESSION

H. R. 1234

To amend the Internal Revenue Code of 1986 to require greater transparency of corporate tax accounting measures, to facilitate analysis of financial statements, to permit inspection of true corporate tax liability and understand the tax strategies undertaken by corporations, to discourage abusive tax sheltering activities, and to restore investor confidence in publicly traded corporations.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2005

Mr. DOGGETT (for himself, Mr. STARK, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. EMANUEL, Mr. ALLEN, Ms. BALDWIN, Ms. BERKLEY, Ms. BORDALLO, Mr. BROWN of Ohio, Ms. CARSON, Mr. DAVIS of Illinois, Ms. DELAURO, Mr. FATTAH, Mr. FILNER, Mr. GENE GREEN of Texas, Mr. GRIJALVA, Mr. KUCINICH, Ms. LEE, Mrs. MALONEY, Ms. NORTON, Mr. OWENS, Mr. RYAN of Ohio, Mr. SANDERS, Ms. SLAUGHTER, Ms. SOLIS, Mr. TIERNEY, Mrs. JONES of Ohio, Mr. WAXMAN, and Ms. WOOLSEY) 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 require greater transparency of corporate tax accounting measures, to facilitate analysis of financial statements, to permit inspection of true corporate tax liability and understand the tax strategies undertaken by corporations, to discourage abusive tax sheltering activities, and to restore investor confidence in publicly traded corporations.

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 “Corporate Account-
 5 ability Tax Gap Act of 2005”.

6 **SEC. 2. AVAILABILITY OF CERTAIN TAX INFORMATION OF**
 7 **PUBLICLY TRADED CORPORATIONS.**

8 (a) IN GENERAL.—Section 6103 of the Internal Rev-
 9 enue Code of 1986 is amended by redesignating subsection
 10 (q) as subsection (r) and by inserting after subsection (p)
 11 the following new subsection:

12 “(q) PUBLIC DISCLOSURE OF CERTAIN CORPORATE
 13 TAX INFORMATION.—

14 “(1) IN GENERAL.—Each specified corporation
 15 shall, on the date that it files its return of tax im-
 16 posed by chapter 1 for each taxable year, electroni-
 17 cally file the information described in paragraph (2)
 18 for such year. Not later than 30 days after receiving
 19 such information, the Secretary shall make it elec-
 20 tronically available to the public as a single docu-
 21 ment and as part of a searchable database as pro-
 22 vided in paragraph (3).

23 “(2) INFORMATION.—The information de-
 24 scribed in this paragraph with respect to a corpora-
 25 tion for a taxable year are the following items:

1 “(A) Net corporate income tax as shown
2 on the return for such year.

3 “(B) Amount shown as Federal income tax
4 expense on its annual statement (if any) filed
5 with the Securities and Exchange Commission.

6 “(C) Taxable income as shown on such re-
7 turn.

8 “(D) Adjusted book income.

9 “(E) The portion of the total difference be-
10 tween taxable income and adjusted book income
11 which is attributable to each of the following:

12 “(i) Transactions disclosable under
13 section 6011.

14 “(ii) Depreciation differences.

15 “(iii) Stock options.

16 “(iv) Income from entities consoli-
17 dated for book income purposes but not for
18 Federal income tax purposes.

19 “(v) Income from pension funds or
20 tax-exempt bonds.

21 “(vi) Other items, pursuant to regula-
22 tions prescribed by the Secretary.

23 “(F) An explanation of the differences be-
24 tween taxable income and adjusted book income

1 that are attributable to one or more of the fol-
2 lowing:

3 “(i) Transactions referred to in sub-
4 paragraph (E)(i).

5 “(ii) Other items specified in regula-
6 tions referred to in subparagraph (E)(vi).

7 “(iii) Any additional information that
8 the Secretary determines would be useful
9 in enforcing this title, including any infor-
10 mation which is an indicia of abusive tax
11 avoidance schemes.

12 “(3) ACCESS.—The Secretary shall make the
13 information described in paragraph (2) accessible
14 electronically by a search which uses the following
15 items:

16 “(A) Name of the corporation.

17 “(B) Headquarters location by postal zip
18 code.

19 “(C) Each category of such information.

20 “(D) Taxable year or other time period to
21 which such information relates.

22 “(E) The CUSIP identification number
23 under which the corporation files reports with
24 the Securities and Exchange Commission.

1 “(4) SPECIFIED CORPORATION.—For purposes
2 of this subsection, the term ‘specified corporation’
3 means—

4 “(A) any corporation issuing any class of
5 securities required to be registered under sec-
6 tion 12 of the Securities Exchange Act of 1934,
7 and

8 “(B) any other domestic corporation which
9 is a member of an affiliated group (as defined
10 in section 1504) which includes a corporation
11 described in subparagraph (A).

12 In the case of a corporation which is a member of
13 an affiliated group filing a consolidated return, the
14 term ‘specified corporation’ means such group and
15 not each member thereof.

16 “(5) OTHER DEFINITIONS.—For purposes of
17 this subsection—

18 “(A) NET CORPORATE INCOME TAX.—The
19 term ‘net corporate income tax’ means the sum
20 of regular tax liability (as defined by section
21 26(b)) and the tax imposed by section 55, re-
22 duced by the credits allowable under part IV of
23 subchapter A of chapter 1.

24 “(B) ADJUSTED BOOK INCOME.—The term
25 ‘adjusted book income’ means book income re-

1 ported to the Securities and Exchange Commis-
2 sion (or to shareholders) without reduction for
3 preferred stock dividends, Federal income taxes,
4 and income, war profits, or excess profits taxes
5 imposed by any foreign country or possession of
6 the United States.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall apply to taxable years ending after
9 the date of the enactment of this Act.

10 **SEC. 3. STUDY OF TAX SHELTER ACTIVITY.**

11 (a) STUDY.—The Secretary of the Treasury (or the
12 Secretary’s delegate) shall, in coordination with the Joint
13 Committee on Taxation, Committee on Finance of the
14 Senate, and the Committee on Ways and Means of the
15 House of Representatives, conduct a study of recent
16 known corporate tax shelter activity, including information
17 gained from the tax shelter amnesty announced in Internal
18 Revenue Service Announcement 2002–02 and from the
19 study of Enron tax returns by the Committee on Finance
20 of the Senate.

21 (b) REPORT.—Not later than 1 year after the date
22 of the enactment of this Act, the report of such study shall
23 be submitted to the Committee on Finance of the Senate
24 and the Committee on Ways and Means of the House of

1 Representatives. Such report shall include recommenda-
2 tions (if any) for—

3 (1) requiring additional information on the rec-
4 conciliation of book/tax accounting and publicly dis-
5 closing that additional information under section
6 6103(q) of the Internal Revenue Code of 1986, and

7 (2) publicly disclosing additional information
8 from the corporate income tax return.

9 Such report also shall include a description of the actions
10 that such Secretary has taken toward implementing any
11 such recommendations.

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