

109TH CONGRESS
1ST SESSION

H. R. 2307

To amend the Internal Revenue Code of 1986 to treat certain payments made to the European Union in lieu of income taxes to a member of the European Union as income taxes paid to a foreign country for purposes of the foreign tax credit.

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2005

Mr. UDALL of New Mexico 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 treat certain payments made to the European Union in lieu of income taxes to a member of the European Union as income taxes paid to a foreign country for purposes of the foreign tax credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CERTAIN PAYMENTS MADE TO EUROPEAN**
2 **UNION IN LIEU OF INCOME TAX TO A MEM-**
3 **BER OF THE EUROPEAN UNION TREATED AS**
4 **INCOME TAX PAID TO A FOREIGN COUNTRY.**

5 (a) IN GENERAL.—Section 903 of the Internal Rev-
6 enue Code of 1986 (relating to credit for taxes in lieu of
7 income, etc., taxes) is amended to read as follows:

8 **“SEC. 903. CREDIT FOR TAXES IN LIEU OF INCOME, ETC.,**
9 **TAXES.**

10 “For purposes of this part and of sections 164(a) and
11 275(a)—

12 “(1) the term ‘income, war profits, and excess
13 profits taxes’ shall include a tax paid in lieu of a tax
14 on income, war profits, or excess profits otherwise
15 generally imposed by any foreign country or by any
16 possession of the United States, and

17 “(2) in the case of an individual, any payment
18 to the European Union shall be treated as an income
19 tax paid to a foreign country if such payment is—

20 “(A) determined on the basis of compensa-
21 tion (including any health, pension, retirement,
22 or other benefits) paid by the European Union
23 to such individual for services performed by
24 such individual for the European Union, and

1 “(B) paid in lieu of an income tax other-
2 wise generally imposed by any foreign country
3 which is a member of the European Union.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to payments made after the date
6 of the enactment of this Act, in taxable years ending after
7 such date.

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