

110TH CONGRESS
1ST SESSION

H. R. 2816

To amend the Internal Revenue Code of 1986 to modify the application of the tonnage tax on vessels operating in the dual United States domestic and foreign trades, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 2007

Mr. MEEK of Florida (for himself, Mr. HERGER, Mr. BLUMENAUER, and Mr. ABERCROMBIE) 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 modify the application of the tonnage tax on vessels operating in the dual United States domestic and foreign trades, and for other purposes.

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. MODIFICATION OF THE APPLICATION OF THE**
2 **TONNAGE TAX ON VESSELS OPERATING IN**
3 **THE DUAL UNITED STATES DOMESTIC AND**
4 **FOREIGN TRADES.**

5 (a) IN GENERAL.—Subsection (f) of section 1355 of
6 the Internal Revenue Code of 1986 (relating to definitions
7 and special rules) is amended to read as follows:

8 “(f) EFFECT OF OPERATING A QUALIFYING VESSEL
9 IN THE DUAL UNITED STATES DOMESTIC AND FOREIGN
10 TRADES.—For purposes of this subchapter—

11 “(1) an electing corporation shall be treated as
12 continuing to use a qualifying vessel in the United
13 States foreign trade during any period of use in the
14 United States domestic trade, and

15 “(2) gross income from such United States do-
16 mestic trade shall not be excluded under section
17 1357(a), but shall not be taken into account for pur-
18 poses of section 1353(b)(1)(B) or for purposes of
19 section 1356 in connection with the application of
20 section 1357 or 1358.”.

21 (b) REGULATORY AUTHORITY FOR ALLOCATION OF
22 CREDITS, INCOME, AND DEDUCTIONS.—Section 1358 of
23 the Internal Revenue Code of 1986 (relating to allocation
24 of credits, income, and deductions) is amended—

25 (1) by striking “in accordance with this sub-
26 section” in subsection (c) and inserting “to the ex-

1 tent provided in such regulations as may be pre-
2 scribed by the Secretary”, and

3 (2) by adding at the end the following new sub-
4 section:

5 “(d) REGULATIONS.—The Secretary shall prescribe
6 regulations consistent with the provisions of this sub-
7 chapter for the purpose of allocating gross income, deduc-
8 tions, and credits between or among qualifying shipping
9 activities and other activities of a taxpayer.”.

10 (c) CONFORMING AMENDMENTS.—

11 (1) Section 1355(a)(4) of the Internal Revenue
12 Code of 1986 is amended by striking “exclusively”.

13 (2) Section 1355(b)(1)(B) of such Code is
14 amended by striking “as a qualifying vessel” and in-
15 sserting “in the transportation of goods or pas-
16 sengers”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 the date of the enactment of this Act.

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