

114TH CONGRESS
1ST SESSION

H. R. 4309

To amend the Internal Revenue Code of 1986 to reimburse each possession of the United States for the cost of the earned income tax credit.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 2015

Mr. SABLAN (for himself, Mr. PIERLUISI, Mrs. RADEWAGEN, and Ms. BORDALLO) 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 reimburse each possession of the United States for the cost of the earned income tax credit.

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. REIMBURSEMENT OF POSSESSIONS FOR COST**
4 **OF EARNED INCOME TAX CREDIT.**

5 (a) IN GENERAL.—Section 32 of the Internal Rev-
6 enue Code of 1986 is amended by adding at the end the
7 following new subsection:

8 “(n) TREATMENT OF POSSESSIONS.—

9 “(1) PAYMENTS TO POSSESSIONS.—

1 “(A) MIRROR CODE POSSESSION.—The
2 Secretary of the Treasury shall periodically (but
3 not less frequently than annually) pay to each
4 possession of the United States with a mirror
5 code tax system amounts equal to the loss to
6 that possession by reason of the application of
7 this section (determined without regard to para-
8 graph (2)) with respect to taxable years begin-
9 ning after December 31, 2015. Such amounts
10 shall be determined by the Secretary of the
11 Treasury based on information provided by the
12 government of the respective possession.

13 “(B) OTHER POSSESSIONS.—The Sec-
14 retary of the Treasury shall periodically (but no
15 less frequently than annually) pay to each pos-
16 session of the United States which does not
17 have a mirror code tax system amounts esti-
18 mated by the Secretary of the Treasury as
19 being equal to the aggregate benefits that would
20 have been provided to residents of such posses-
21 sion by reason of the application of this section
22 for taxable years beginning after December 31,
23 2015, if a mirror code tax system had been in
24 effect in such possession. The preceding sen-
25 tence shall not apply with respect to any posses-

1 sion of the United States unless such possession
2 has a plan, which has been approved by the
3 Secretary of the Treasury, under which such
4 possession will promptly distribute such pay-
5 ments to the residents of such possession.

6 “(2) COORDINATION WITH CREDIT ALLOWED
7 AGAINST UNITED STATES INCOME TAXES.—No cred-
8 it shall be allowed under this section for any taxable
9 year to any person—

10 “(A) to whom a credit is allowed against
11 taxes imposed by the possession by reason of
12 this section (determined without regard to this
13 paragraph) for such taxable year, or

14 “(B) who is eligible for a payment under
15 a plan described in paragraph (1)(B) with re-
16 spect to such taxable year.

17 “(3) DEFINITIONS AND SPECIAL RULES.—

18 “(A) POSSESSION OF THE UNITED
19 STATES.—For purposes of this subsection, the
20 term ‘possession of the United States’ includes
21 the Commonwealth of Puerto Rico and the
22 Commonwealth of the Northern Mariana Is-
23 lands.

24 “(B) MIRROR CODE TAX SYSTEM.—For
25 purposes of this subsection, the term ‘mirror

code tax system’ means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States, and such system includes a tax credit substantially identical to the credit allowed under this section.

“(C) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, or any similar rule of law, any payment made under this subsection shall be treated in the same manner as a refund due from the credit allowed under this section.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

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