

1956—Act Mar. 13, 1956, ch. 83, §4(b), 70 Stat. 49, added item 843.

§ 841. Credit for foreign taxes

The taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of a domestic insurance company subject to the tax imposed by section 801 or 831, to the extent provided in the case of a domestic corporation in section 901 (relating to foreign tax credit). For purposes of the preceding sentence (and for purposes of applying section 906 with respect to a foreign corporation subject to tax under this subchapter), the term “taxable income” as used in section 904 means—

(1) in the case of the tax imposed by section 801, the life insurance company taxable income (as defined in section 801(b)), and

(2) in the case of the tax imposed by section 831, the taxable income (as defined in section 832(a)).

(Aug. 16, 1954, ch. 736, 68A Stat. 267; Mar. 13, 1956, ch. 83, §5(4), 70 Stat. 49; Pub. L. 86-69, §3(b), June 25, 1959, 73 Stat. 139; Pub. L. 87-834, §8(g)(1), Oct. 16, 1962, 76 Stat. 998; Pub. L. 89-809, title I, §104(i)(8), Nov. 13, 1966, 80 Stat. 1562; Pub. L. 98-369, div. A, title II, §211(b)(10), July 18, 1984, 98 Stat. 755; Pub. L. 99-514, title X, §1024(c)(10), Oct. 22, 1986, 100 Stat. 2407.)

Editorial Notes

AMENDMENTS

1986—Pub. L. 99-514 substituted “section 801 or 831” for “section 801, 821, or 831” in introductory provisions, redesignated par. (3) as (2), and struck out former par. (2) which read as follows: “in the case of the tax imposed by section 821(a), the mutual insurance company taxable income (as defined in section 821(b)); and in the case of the tax imposed by section 821(c), the taxable investment income (as defined in section 822(a)), and”.

1984—Pub. L. 98-369 substituted “section 801” for “section 802”, wherever appearing, and “section 801(b)” for “section 802(b)”.

1966—Pub. L. 89-809 substituted “For purposes of the preceding sentence (and for purposes of applying section 906 with respect to a foreign corporation subject to tax under this subchapter), the term ‘taxable income’ as used in section 904” for “For purposes of the preceding sentence, the term ‘taxable income’ as used in section 904”.

1962—Pub. L. 87-834 added par. (2) and redesignated former par. (2) as (3).

1959—Pub. L. 86-69 struck out reference to section 811 of this title in first sentence, and substituted “section 802, the life insurance company taxable income (as defined in section 802(b)), and” for “section 802 or 811, the net investment income (as defined in section 803(c))” in par. (1).

1956—Act Mar. 13, 1956, inserted references to section 811.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 1024(e) of Pub. L. 99-514, set out as a note under section 831 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as an Effective Date note under section 801 of this title.

EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-809 applicable with respect to taxable years beginning after Dec. 31, 1966, see section 104(n) of Pub. L. 89-809, set out as a note under section 11 of this title.

EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-834 applicable with respect to taxable years beginning after Dec. 31, 1962, see section 8(h) of Pub. L. 87-834, set out as a note under section 501 of this title.

EFFECTIVE DATE OF 1959 AMENDMENT

Amendment by Pub. L. 86-69 applicable only with respect to taxable years beginning after Dec. 31, 1957, see section 4 of Pub. L. 86-69, set out as a note under section 381 of this title.

EFFECTIVE DATE OF 1956 AMENDMENT

Amendment by act Mar. 13, 1956, applicable only to taxable years beginning after Dec. 31, 1954, see section 6 of act Mar. 13, 1956, set out as a note under section 316 of this title.

§ 842. Foreign companies carrying on insurance business

(a) Taxation under this subchapter

If a foreign company carrying on an insurance business within the United States would qualify under part I or II of this subchapter for the taxable year if (without regard to income not effectively connected with the conduct of any trade or business within the United States) it were a domestic corporation, such company shall be taxable under such part on its income effectively connected with its conduct of any trade or business within the United States. With respect to the remainder of its income which is from sources within the United States, such a foreign company shall be taxable as provided in section 881.

(b) Minimum effectively connected net investment income

(1) In general

In the case of a foreign company taxable under part I or II of this subchapter for the taxable year, its net investment income for such year which is effectively connected with the conduct of an insurance business within the United States shall be not less than the product of—

(A) the required United States assets of such company, and

(B) the domestic investment yield applicable to such company for such year.

(2) Required U.S. assets

(A) In general

For purposes of paragraph (1), the required United States assets of any foreign company for any taxable year is an amount equal to the product of—

(i) the mean of such foreign company’s total insurance liabilities on United States business, and

(ii) the domestic asset/liability percentage applicable to such foreign company for such year.

(B) Total insurance liabilities

For purposes of this paragraph—