

109TH CONGRESS
1ST SESSION

S. 1363

To amend the Internal Revenue Code of 1986 to prevent dividends received from corporations in tax havens from receiving a reduced tax rate.

IN THE SENATE OF THE UNITED STATES

JUNE 30, 2005

Mr. BAUCUS (for himself, Mr. JEFFORDS, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to prevent dividends received from corporations in tax havens from receiving a reduced tax rate.

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. MODIFICATION TO THE DEFINITION OF QUAL-
4 FIED FOREIGN CORPORATION.**

5 (a) IN GENERAL.—Clause (ii) of section 1(h)(11)(C)
6 of the Internal Revenue Code of 1986 (relating to divi-
7 dends on stock readily tradable on United States securities
8 market) is amended by striking “by such corporation if
9 the stock” and all that follows and inserting “by such cor-
10 poration if—

1 “(I) the stock with respect to
2 which such dividend is paid is readily
3 tradable on an established securities
4 market in the United States, and

5 “(II) such corporation is created
6 or organized under the laws of a for-
7 eign country which has a comprehen-
8 sive income tax system which the Sec-
9 retary determines is satisfactory for
10 the purposes of this paragraph.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to dividends received after the date
13 of the enactment of this Act.

