

110TH CONGRESS
1ST SESSION

S. 1006

To amend the Internal Revenue Code of 1986 to deny qualified dividend income treatment to certain foreign dividends.

IN THE SENATE OF THE UNITED STATES

MARCH 28, 2007

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 deny qualified dividend income treatment to certain foreign dividends.

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. CERTAIN FOREIGN DIVIDENDS NOT TREATED
4 AS QUALIFIED DIVIDEND INCOME.

5 (a) IN GENERAL.—Clause (ii) of section 1(h)(11)(B)
6 of the Internal Revenue Code of 1986 (relating to certain
7 dividends excluded) is amended by striking “and” at the
8 end of subclause (II), by striking the period at the end
9 of subclause (III) and inserting “, and”, and by adding
10 at the end the following new subclause:

3 (b) NONQUALIFIED DIVIDEND FROM A FOREIGN
4 CORPORATION.—Paragraph (11) of section 1(h) of such
5 Code (relating to dividends taxed as net capital gain) is
6 amended by redesignating subparagraph (D) as subpara-
7 graph (E) and by inserting after subparagraph (C) the
8 following new subparagraph:

21 (c) CONFORMING AMENDMENT.—Subparagraph (C)
22 of section 1(h)(11) of such Code is amended by striking
23 clause (iii) and by redesignating clause (iv) as clause (iii).

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to dividends received after the date
3 of the enactment of this Act.

4 SEC. 2. MODIFICATION TO THE DEFINITION OF QUALIFIED
5 FOREIGN CORPORATION.

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

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

