

108TH CONGRESS
1ST SESSION

H. R. 312

To amend the Internal Revenue Code of 1986 to allow a dividends paid deduction.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 8, 2003

Mr. PETRI (for himself, Mr. KIRK, and Mr. FRANKS of Arizona) 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 allow a dividends paid deduction.

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. SHORT TITLE.**

4 This Act may be cited as the “Dividend Payment In-
5 centive Act of 2003”.

6 **SEC. 2. DIVIDENDS PAID DEDUCTION.**

7 (a) IN GENERAL.—Part VIII of subchapter B of
8 chapter 1 of the Internal Revenue Code of 1986 (relating
9 to special deductions for corporations) is amended by add-
10 ing at the end the following new section:

1 **“SEC. 250. DIVIDENDS PAID DEDUCTION.**

2 “(a) IN GENERAL.—In the case of a C corporation,
3 there shall be allowed as a deduction for the taxable year
4 an amount equal to the amount of dividends paid during
5 such year.

6 “(b) EXCEPTIONS.—Subsection (a) shall not apply to
7 any dividend from—

8 “(1) a regulated investment company,

9 “(2) a real estate investment trust, or

10 “(3) a corporation which for the taxable year of
11 the corporation in which the distribution is made or
12 the preceding taxable year is a corporation exempt
13 from tax under section 501 or 521.

14 “(c) DISALLOWANCE OF DIVIDENDS RECEIVED DE-
15 DUCTION.—No deduction shall be allowed under this chap-
16 ter by reason of the receipt of any dividend for which a
17 deduction is allowed under this section.”

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for part VIII of subchapter B of chapter 1 of such Code
20 is amended by adding at the end the following new item:

“Sec. 250. Dividends paid deduction.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2003.

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