

109TH CONGRESS
1ST SESSION

H. R. 1555

To amend the Internal Revenue Code of 1986 to provide for the cover over of the refundable portion of the earned income and child tax credits to Guam and the Virgin Islands.

IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 2005

Ms. BORDALLO (for herself and Mrs. CHRISTENSEN) 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 provide for the cover over of the refundable portion of the earned income and child tax credits to Guam and the Virgin Islands.

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 “Insular Areas Tax
5 Credit Act”.

1 **SEC. 2. COVER OVER OF REFUNDABLE PORTION OF**
2 **EARNED INCOME AND CHILD TAX CREDITS**
3 **TO GUAM AND THE VIRGIN ISLANDS.**

4 (a) IN GENERAL.—Section 7654 of the Internal Rev-
5 enue Code of 1986 (relating to coordination of United
6 States and certain possession individual income taxes) is
7 amended by redesignating subsection (e) as subsection (f)
8 and by inserting after subsection (d) the following new
9 subsection:

10 “(e) REFUNDABLE PORTION OF EARNED INCOME
11 AND CHILD TAX CREDITS.—

12 “(1) IN GENERAL.—In addition to the amounts
13 determined under the preceding provisions of this
14 section, with respect to calendar year 2006 and each
15 calendar year thereafter, the United States shall pay
16 an estimate of the applicable refundable tax credit
17 amount to Guam and the Virgin Islands during the
18 first 3½ months of such calendar year.

19 “(2) ADJUSTMENTS; SUPPLEMENTAL PAY-
20 MENTS.—Proper adjustments shall be made in
21 amounts transferred under this subsection to the ex-
22 tent that prior estimates of the applicable refundable
23 tax credit amount are in excess of or less than such
24 amount. In the case of an estimate which is less
25 than the applicable refundable tax credit amount,
26 the Secretary may make supplemental payments

1 which, in the aggregate, do not exceed the difference
2 between such estimate and the applicable refundable
3 tax credit amount. Any adjustment under this para-
4 graph shall take into account any such supplemental
5 payment.

6 “(3) APPLICABLE REFUNDABLE TAX CREDIT
7 AMOUNT.—For purposes of this subsection, the term
8 ‘applicable refundable tax credit amount’ means,
9 with respect to Guam or the Virgin Islands for any
10 calendar year, the excess of—

11 “(A) the aggregate refunds paid by Guam
12 or the Virgin Islands, as the case may be, to in-
13 dividuals with respect to taxable years ending in
14 or with the preceding calendar year, over

15 “(B) the aggregate refunds which (as de-
16 termined by the Secretary) would have been so
17 paid if section 24(d) did not apply and the
18 credit allowed under section 32 was not refund-
19 able.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section shall take effect on the date of the enactment
22 of this Act.

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