

110TH CONGRESS  
1ST SESSION

# S. 940

To amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active financing income.

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IN THE SENATE OF THE UNITED STATES

MARCH 20, 2007

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

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## A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active financing income.

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. PERMANENT SUBPART F EXEMPTION FOR AC-**  
4 **TIVE FINANCING INCOME.**

5 (a) BANKING, FINANCING, OR SIMILAR BUSI-  
6 NESSES.—Subsection (h) of section 954 of the Internal  
7 Revenue Code of 1986 (relating to special rule for income  
8 derived in the active conduct of banking, financing, or  
9 similar businesses) is amended by striking paragraph (9).

1           (b) INSURANCE BUSINESSES.—Subsection (e) of sec-  
2 tion 953 of such Code (relating to exempt insurance in-  
3 come) is amended by striking paragraph (10) and by re-  
4 designating paragraph (11) as paragraph (10).

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years of a foreign cor-  
7 poration beginning after the date of the enactment of this  
8 Act, and to taxable years of United States shareholders  
9 with or within which such taxable years of such foreign  
10 corporation end.

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