

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5473

To amend the Internal Revenue Code of 1986 to exclude from personal holding company income dividends which are received from foreign affiliates and which are reinvested in the United States.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 28, 2010

Ms. LINDA T. SÁNCHEZ of California introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to exclude from personal holding company income dividends which are received from foreign affiliates and which are reinvested in the United States.

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 “Investing Income at  
5       Home Act of 2010”.

1 **SEC. 2. EXCLUSION FROM PERSONAL HOLDING COMPANY**  
 2 **INCOME OF DIVIDENDS WHICH ARE RE-**  
 3 **CEIVED FROM FOREIGN AFFILIATES AND**  
 4 **WHICH ARE REINVESTED IN THE UNITED**  
 5 **STATES.**

6 (a) IN GENERAL.—Paragraph (1) of section 543(a)  
 7 of the Internal Revenue Code of 1986 is amended by strik-  
 8 ing “and” at the end of subparagraph (C), by striking the  
 9 period at the end of subparagraph (D) and inserting “,  
 10 and”, and by adding at the end the following new subpara-  
 11 graph:

12 “(E) foreign affiliate dividends designated  
 13 for reinvestment in the United States (within  
 14 the meaning of subsection (b)(5)).”.

15 (b) FOREIGN AFFILIATE DIVIDENDS DESIGNATED  
 16 FOR REINVESTMENT.—Subsection (b) of section 543 of  
 17 such Code is amended by adding at the end the following  
 18 new paragraph:

19 “(5) FOREIGN AFFILIATE DIVIDENDS DES-  
 20 IGNATED FOR REINVESTMENT.—For purposes of  
 21 subsection (a)(1)(E)—

22 “(A) IN GENERAL.—A dividend is de-  
 23 scribed in subsection (a)(1)(E) if—

24 “(i) the dividend is received by the  
 25 taxpayer from an affiliated foreign cor-  
 26 poration, and

1           “(ii) the taxpayer designates (on the  
2           taxpayer’s return for the taxable year in  
3           which received) the dividend for reinvest-  
4           ment in the United States (as described in  
5           section 965(b)(4)(B)), including as a  
6           source for funding compensation and bene-  
7           fits for both existing and newly hired work-  
8           ers (other than for executives), by the tax-  
9           payer or 1 or more members of an affili-  
10          ated group which includes the taxpayer.

11          “(B) AFFILIATED FOREIGN CORPORA-  
12          TION.—For purposes of subparagraph (A), the  
13          term ‘affiliated foreign corporation’ means any  
14          foreign corporation if stock possessing at least  
15          10 percent of the total combined voting power  
16          of all outstanding classes of stock entitled to  
17          vote is owned in the aggregate by the taxpayer  
18          and members of the an affiliated group which  
19          includes the taxpayer.

20          “(C) FAILURE TO REINVEST WITHIN 5  
21          YEARS.—If, at the end of the 5th taxable year  
22          following the taxable year in which the dividend  
23          is received, the dividend is not reinvested in the  
24          United States as described in subparagraph

1 (A)(ii), the taxpayer shall pay a tax equal to  
2 the sum of—

3 “(i) the product of—

4 “(I) the amount of the dividend  
5 not so reinvested, and

6 “(II) the rate of tax in effect  
7 under section 541 on the date that  
8 the dividend was received, and

9 “(ii) the amount of interest that  
10 would be assessed under section 6601 if  
11 the amount of tax determined under clause  
12 (i) were treated as an underpayment for  
13 the taxable year in which the dividend was  
14 received.

15 “(D) AFFILIATED GROUP.—For purposes  
16 of this paragraph, the term ‘affiliated group’  
17 has the meaning given to such term by section  
18 1504(a).”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to dividends received in taxable  
21 years beginning on or after the date of the enactment of  
22 this Act.

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