

112TH CONGRESS
1ST SESSION

H. R. 3448

To amend the Internal Revenue Code of 1986 to extend the deduction for dividends received from a controlled foreign corporation by any corporation that has increased wages or placed property in service for the year.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 16, 2011

Mr. RENACCI (for himself, Mr. CARNEY, and Mr. WELCH) 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 extend the deduction for dividends received from a controlled foreign corporation by any corporation that has increased wages or placed property in service for the year.

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 “Returning Investment
5 to America Act of 2011”.

1 **SEC. 2. EXTENSION OF DIVIDENDS RECEIVED DEDUCTION**
2 **FOR DIVIDENDS RECEIVED FROM CON-**
3 **TROLLED FOREIGN CORPORATIONS BY COR-**
4 **PORATIONS INCREASING PAYROLL.**

5 (a) **EXTENSION.**—Subsection (f) of section 965 of the
6 Internal Revenue Code of 1986 is amended to read as fol-
7 lows:

8 “(f) **ELECTION.**—

9 “(1) **IN GENERAL.**—An election under this sec-
10 tion may be made for any taxable year beginning be-
11 fore December 31, 2012, and shall be made at such
12 time and in such manner as the Secretary may pre-
13 scribe, and, once made, may be revoked only with
14 the consent of the Secretary.

15 “(2) **CONTROLLED GROUPS.**—If an election
16 under this section is made by a member of a con-
17 trolled group of corporations (within the meaning of
18 section 1563(a), except that ‘more than 50 percent’
19 shall be substituted for ‘at least 80 percent’ each
20 place it appears therein) then, except as otherwise
21 provided by the Secretary, such election shall apply
22 to all members of such controlled group.”.

23 (b) **DEDUCTION LIMITED BY PAYROLL INCREASE**
24 **AND PROPERTY PLACED IN SERVICE.**—Subsection (b) of
25 section 965 of such Code is amended to read as follows:

1 “(b) DEDUCTION LIMITED BY PAYROLL IN-
2 CREASE.—

3 “(1) IN GENERAL.—The amount of dividends
4 taken into account under subsection (a) for any tax-
5 able year shall not exceed an amount equal to the
6 reinvestment amount of such employer (if any) for
7 such taxable year.

8 “(2) REINVESTMENT AMOUNT.—For purposes
9 of this subsection—

10 “(A) IN GENERAL.—The term ‘reinvest-
11 ment amount’ means the sum of—

12 “(i) the employer’s payroll increase
13 for the calendar year ending during the
14 taxable year, plus

15 “(ii) the basis of qualified property
16 placed in service by the taxpayer during
17 the taxable year.

18 “(B) PAYROLL INCREASE.—

19 “(i) IN GENERAL.—The term ‘payroll
20 increase’ means, with respect to an em-
21 ployer for a calendar year, the excess (if
22 any) of—

23 “(I) the aggregate amount of
24 wages paid by such employer to all
25 employees for such calendar year, over

1 “(II) aggregate amount of infla-
2 tion adjusted wages paid by such em-
3 ployer to all employees for the pre-
4 ceding calendar year.

5 “(ii) WAGES.—The term ‘wages’ has
6 the meaning given such term by section
7 3121(a) for purposes of section 3111(a).

8 “(iii) INFLATION ADJUSTED WAGES.—
9 The term ‘inflation adjusted wages’ means
10 an amount equal to—

11 “(I) wages with respect to an em-
12 ployee, multiplied by

13 “(II) the cost-of-living adjust-
14 ment determined under section 1(f)(3)
15 for the calendar year for which the re-
16 duction in deposits under this section
17 is being determined occurs, deter-
18 mined by substituting ‘calendar year
19 2010’ for ‘calendar year 1992’ in sub-
20 paragraph (B) thereof.

21 “(C) QUALIFIED PROPERTY.—The term
22 ‘qualified property’ means any tangible personal
23 property with respect to which depreciation (or
24 amortization in lieu of depreciation) is allow-
25 able.

1 “(3) BONUS REINVESTMENT AMOUNT FOR
2 2012.—In the case of any taxable year beginning in
3 2012, the taxpayer may elect to increase the rein-
4 vestment amount for such taxable year by an
5 amount equal to—

6 “(A) the employer’s payroll increase for
7 the calendar year ending during the preceding
8 taxable year, plus

9 “(B) the basis of qualified property placed
10 in service by the taxpayer during the preceding
11 taxable year after the mid-point of such pre-
12 ceding taxable year.

13 “(4) ADJUSTMENTS FOR CERTAIN ACQUISI-
14 TIONS, ETC.—Under regulations prescribed by the
15 Secretary—

16 “(A) ACQUISITIONS.—If an employer ac-
17 quires the major portion of a trade or business
18 of another person (hereafter in this paragraph
19 referred to as the ‘predecessor’) or the major
20 portion of a separate unit of a trade or business
21 of a predecessor, then, for purposes of applying
22 this section for any calendar year ending after
23 such acquisition, the amount of wages or com-
24 pensation deemed paid by the employer during
25 periods before such acquisition shall be in-

1 creased by so much of such wages or compensa-
2 tion paid by the predecessor with respect to the
3 acquired trade or business as is attributable to
4 the portion of such trade or business acquired
5 by the employer.

6 “(B) DISPOSITIONS.—If—

7 “(i) an employer disposes of the major
8 portion of any trade or business of the em-
9 ployer or the major portion of a separate
10 unit of a trade or business of the employer
11 in a transaction to which subparagraph
12 (A) applies, and

13 “(ii) the employer furnishes the ac-
14 quiring person such information as is nec-
15 essary for the application of subparagraph
16 (A),

17 then, for purposes of applying this section for
18 any calendar year ending after such disposition,
19 the amount of wages or compensation deemed
20 paid by the employer during periods before such
21 disposition shall be reduced by so much of such
22 wages as is attributable to such trade or busi-
23 ness or separate unit.”.

24 (c) CONFORMING AMENDMENTS.—

1 (1) Subsection (e) of section 965 of such Code
2 is amended by striking paragraphs (1) and (2) and
3 by redesignating paragraphs (3), (4), and (5) as
4 paragraphs (1), (2), and (3), respectively.

5 (2) Subparagraph (B) of section 965(c)(5) of
6 such Code is amended—

7 (A) by striking “shall be limited to one
8 \$5,000,000,000 amount in subsection
9 (b)(1)(A)” and inserting “shall be treated as
10 one employer for purposes of determining the
11 amount of any limitation under subsection (b)”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2011.

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