

112TH CONGRESS
1ST SESSION

H. R. 937

To amend the Internal Revenue Code of 1986 to reduce the corporate rate of tax and to change to a more territorial method of taxing corporations.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2011

Mr. SCOTT of South Carolina 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 reduce the corporate rate of tax and to change to a more territorial method of taxing corporations.

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 “The Rising Tides Act
5 of 2011”.

6 **SEC. 2. CORPORATE INCOME TAX RATE REDUCED TO 23**
7 **PERCENT.**

8 (a) IN GENERAL.—Paragraph (1) of section 11(b) of
9 the Internal Revenue Code of 1986 is amended—

1 (1) by adding “and” at the end of subpara-
2 graph (A),

3 (2) by striking “25 percent” in subparagraph
4 (B) and inserting “23 percent”, and

5 (3) by striking “but does not exceed \$75,000”
6 and all that follows through “or (ii) \$100,000”.

7 (b) PERSONAL SERVICE CORPORATIONS.—Para-
8 graph (2) of section 11(b) of such Code is amended by
9 striking “35 percent” and inserting “23 percent”.

10 (c) CONFORMING AMENDMENTS.—

11 (1) Subsection (a) of section 1201 of such Code
12 is amended—

13 (A) by striking “35 percent (determined
14 without regard to the last 2 sentences of section
15 11(b))” and inserting “23 percent”, and

16 (B) by striking “35 percent” each place it
17 appears (other than in the matter preceding
18 paragraph (1)) and inserting “23 percent”.

19 (2) Paragraphs (1), (2), and (6) of section
20 1445(e) of such Code are each amended by striking
21 “35 percent” and inserting “23 percent”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 the date of the enactment of this Act.

1 **SEC. 3. TEMPORARY DIVIDENDS RECEIVED DEDUCTION**
2 **FOR DIVIDENDS RECEIVED BY CORPORA-**
3 **TIONS FROM CONTROLLED FOREIGN COR-**
4 **PORATIONS MADE PERMANENT.**

5 (a) IN GENERAL.—Section 965 of the Internal Rev-
6 enue Code of 1986 is amended—

7 (1) by striking subsection (b) and by redesign-
8 ating subsections (c), (d), (e), and (f) as sub-
9 sections (b), (c), (d), and (e), respectively,

10 (2) in subsection (b) (as so redesignated) by
11 striking paragraphs (1), (2), and (5) and by redesign-
12 ating paragraphs (3) and (4) as paragraphs (1)
13 and (2), respectively,

14 (3) in subsection (c) (as so redesignated) by
15 striking paragraph (3) and by redesignating para-
16 graph (4) as paragraph (3), and

17 (4) by striking subsection (e) (as so redesign-
18 ated) and inserting the following:

19 “(e) ELECTION.—

20 “(1) IN GENERAL.—An election under this sec-
21 tion shall be made at such time and in such manner
22 as the Secretary may prescribe. Any such election
23 shall apply to all dividends received from controlled
24 foreign corporations for the first taxable year for
25 which such election was made and all taxable years

1 thereafter, and, once made, may be revoked only
2 with the consent of the Secretary.

3 “(2) CONTROLLED GROUPS.—If an election
4 under this section is made by a member of a con-
5 trolled group of corporations (within the meaning of
6 section 1563(a), except that ‘more than 50 percent’
7 shall be substituted for ‘at least 80 percent’ each
8 place it appears therein) then, except as otherwise
9 provided by the Secretary, such election shall apply
10 to all members of such controlled group.”.

11 (b) CLERICAL AMENDMENTS.—

12 (1) The heading for section 965 of such Code
13 is amended by striking “**TEMPORARY DIVIDENDS**”
14 and inserting “**DIVIDENDS**”.

15 (2) The item relating to section 965 in the table
16 of sections for subpart F of part III of subchapter
17 N of chapter 1 of such Code is amended to read as
18 follows:

“Sec. 965. Dividends received deduction.”.

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

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