(Mr. BLUNT) was added as a cosponsor of S. 1990, a bill to require the Transportation Security Administration to comply with the Uniformed Services Employment and Reemployment Rights Act.

S. 2043

At the request of Mr. RUBIO, the names of the Senator from North Carolina (Mr. BURR), the Senator from South Carolina (Mr. GRAHAM) and the Senator from Maine (Ms. SNOWE) were added as cosponsors of S. 2043, a bill to amend title XXVII of the Public Health Service Act to provide religious conscience protections for individuals and organizations.

S. 2053

At the request of Mr. BENNET, the name of the Senator from North Carolina (Mrs. HAGAN) was added as a cosponsor of S. 2053, a bill to encourage transit-oriented development, and for other purposes.

S. 2059

At the request of Mr. WHITEHOUSE, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 2059, a bill to reduce the deficit by imposing a minimum effective tax rate for high-income taxpayers.

S. 2062

At the request of Mr. PAUL, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 2062, a bill to amend the Lacey Act Amendments of 1981 to repeal certain provisions relating to criminal penalties and violations of foreign laws, and for other purposes.

S.J. RES. 19

At the request of Mr. HATCH, the name of the Senator from North Dakota (Mr. HOEVEN) was added as a cosponsor of S.J. Res. 19, a joint resolution proposing an amendment to the Constitution of the United States authorizing Congress to prohibit the physical desecration of the flag of the United States.

S. RES. 310

At the request of Ms. MIKULSKI, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. Res. 310, a resolution designating 2012 as the ''Year of the Girl'' and congratulating Girl Scouts of the USA on its 100th anniversary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HELLER:

S. 2080. A bill to authorize depository institutions, depository institution holding companies, Fannie Mae, and Freddie Mac to lease foreclosed property held by such entities for up to 5 years, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Mr. HELLER. Mr. President, when our Nation's economy was thriving, Nevada was at the heart of the construction boom. Buildings and homes were going up across the State. Neighborhoods were growing, schools were being built at record rates, and the construction industry was flourishing. All of this activity drove investments into other areas of the economy, and for many life was good in Nevada. But when the crisis hit, the highs that my State experienced were matched by the lows that followed.

Nevada now leads the Nation in unemployment with more than 160,000 Nevadans looking for a job. Many can no longer afford their homes. Nevadans are being forced into bankruptcy and facing foreclosure. While Nevada is home to some of the most resilient, hard-working people in the country, almost one-quarter of Nevadans are so frustrated that they have simply given up hope for better employment.

Much of the difficulty Nevadans are experiencing can be traced back to the crisis in my State. The ill effects of the depressed housing market are widespread. High rates of foreclosures are devastating to families, neighborhoods, and entire communities. Families who have been foreclosed upon are already having a hard time paying their bills. Add to those difficulties the time spent finding a new place and the costs of moving and their problems are compounded. Time spent fighting the bank to avoid foreclosure and relocating would likely be better used to find a job or better paying employment.

One of the biggest problems distressed home owners are facing is the programs that have been put into place to help keep people in their homes that have not lived up to expectations. My office spends a great deal of time with Nevadans on the cusp of losing their homes, looking for help, and trying to keep families in their homes. It is truly heart wrenching to hear some of these stories. These homeowners do not want to foreclose, and obviously they do not want to lose their homes.

I recently received this e-mail from a constituent in Reno who is fighting to keep their home. I would like to share that with you.

> We hoped for a win-win situation but in the end all we got was a nightmare in which everyone loses: my sister and I obviously lose, our neighborhood loses as another house sits vacant with a rusting metal sign in the front, our State loses as the housing plight increases again, the bank loses because they lose a customer who just needed another chance and, most importantly, democracy loses as the plutocrats roll over another family.

When families move, their children often have to change schools. So now not only are children forced to move from their homes, they are also leaving behind their schools and their neighborhoods. This kind of destabilization is harmful for families who are already struggling.

Consider the effects of foreclosures on neighborhoods and communities. The widespread availability of housing is flooding the real estate inventory in Nevada. This is forcing down home values and making it difficult for other people to sell their homes as well. In February 2006 the average home in Nevada was valued at $309,000. Today the home values have dropped to $120,000.

Homes left vacant and uncared for can quickly become an eyesore, pushing low home values even lower. This means others in the neighborhood can have a difficult time selling their homes if they want to move. If they find a better job elsewhere, for example, they may not be able to take it because they cannot sell their homes for a reasonable price, if they are able to sell them at all.

Today I am introducing legislation to help reverse these destabilizing forces. The bill I am introducing today, the Keeping Families in their Home Act, will help address large unsold housing inventories and give families a chance to stay in their homes. This bill would allow banks, Fannie Mae and Freddie Mac, to enter into long-term leases, including an option to purchase properties acquired through foreclosure with the prior homeowner or any individual.

By providing an opportunity for the homeowner to stay in their home, the bank is giving families a chance to regain sound financial footing. This commonsense solution helps provide some much needed stability is available for all families.

While I believe this bill is a good step in the right direction, let me be clear: much more needs to be done to help the housing problems facing Nevada. The programs already in place simply have not done enough and have not lived up to expectations.

I was pleased to see reports of growth in our economy, but people in my State continue to suffer. Back home Nevadans still believe there are no jobs. Small businesses are trying to survive while gridlock in Washington is making it harder for employers to know what is expected in the coming year. Crushing regulations are bringing Nevada's growth industries to a halt. In order for Nevada to experience real long-term recovery, Washington needs to fundamentally change the way it works. Congress needs to stop overspending. Republicans and Democrats should come together to close unfair loopholes and make the Tax Code easier for businesses to understand and to follow. This bill is just one solution to help turn around this housing crisis. It is also an idea that both Republicans and Democrats can support.

I look forward to working with my colleagues to pass this bill and others into law so that we can help families dealing with foreclosures across the country. As I have said before, moving forward I welcome any and all ideas on how to fix the housing crisis in this country. Nevadans cannot afford to wait any longer.

In the meantime, I urge my colleagues to seriously consider supporting this bill. This legislation can go a long way toward helping families, stabilizing neighborhoods, and stem

any further reduction in home prices. I hope Senators will join me in this endeavor so the President can sign this bill into law and help families who badly need it.

By Mr. ROCKEFELLER:

S. 2088. A bill to amend the Internal Revenue Code of 1986 to permanently double the amount of start-up expenses entrepreneurs can deduct from their taxes; to the Committee on Finance.

Mr. ROCKEFELLER. Mr. President, today I am introducing the Small Business Start-up Support Act of 2012, legislation that will promote small business growth in my home state of West Virginia, and around the country.

Since the recession, I have met with countless business owners, as well as those who dream of starting a small business. One of the common themes of these conversations is the difficulty these individuals have raising capital, particularly when a business is in its infancy.

This legislation helps those individuals out, by expanding a successful provision of the tax code that allows business owners to deduct up to $5,000 of start-up costs. These start-up costs are things like legal and marketing costs that are necessary to get a business up and running, but put a strain on an already tight budget. My bill would expand this deduction so that individuals can deduct up to $10,000 of start-up costs.

For a business to survive, and thrive, its owner has to do their homework during its infancy. They have to study things like supply chains and distribution models. They have to develop marketing plans. Each of these things has a cost that is incurred before a business makes dollar one. That is when a business owner is most in need of assistance and that is why this credit was first enacted.

A temporary expansion of the start-up deduction was enacted in 2008, and it was one of many actions this Congress took to help business owners weather the recession and keep their doors open. President Obama included a permanent extension of this provision in his ''Startup America'' legislative agenda and I am committed to seeing it become law.

I ask my colleagues to join me in supporting this important legislation and thank the chair for allowing me to speak on this issue.

By Mr. ENZI:

S. 2091. A bill to amend the Internal Revenue Code of 1986 to reform the international tax system of the United States, and for other purposes; to the Committee on Finance.

Mr. ENZI. Mr. President, I rise to speak about a bill I am introducing today, the United States Job Creation and International Tax Reform Act of 2012. The name says it all. This is a bill that would incentivize American companies to create jobs in the United States while at the same time leveling the playing field for U.S. companies in the global marketplace. This bill would reform and modernize the rules for taxing the global operations of American companies and would help America become a more attractive location to base a business that serves customers all over the world.

Unfortunately, our current tax rules do just the opposite. In fact, many businesses could be better off if they were headquartered outside the United States. That is not right, and Congress should fix it. This bill would do that.

I wish to thank Senator HATCH and members of his staff who have been helpful in working through the complexities of this international tax.

I also wish to mention Eric Oman, a member of my staff and a CPA, who worked with me in developing this legislation. He has lived overseas and worked with the U.S. tax laws overseas. That is the kind of expertise we need to reform international tax law.

I wish to thank all who testified before the Finance Committee, especially Scott Naatjes, who is the vice president and general tax counsel of Cargill. This man has dealt with the complex accounting of foreign earnings and the money to be repatriated to the United States, an actual practitioner whom we relied on. He gave us insight into years of records that have to be reviewed for a single item in the complex web of the current international tax system in order to bring the money back to the United States.

Finally, I wish to thank DAVE CAMP, the chairman of the House, Ways, and Means Committee, who kick-started the discussion on tax reform when he released his discussion draft last October.

Enacted in the 1960s, our current international tax rules have passed their expiration date. Many of the U.S. major trading partners, including Canada, Japan, the United Kingdom, and most of Europe have moved to what are called territorial tax systems. That is actually a word for a global tax system. These types of tax systems tax the income generated within their borders and exempt foreign earnings from tax.

The United States, on the other hand, taxes the worldwide income of U.S. companies and provides deferral of the U.S. tax until the foreign earnings are brought home. Deferral of the tax until the earnings are brought home encourages them not to bring the money home. It actually incentivizes them to leave their money abroad and to expand over there. Because the United States has nearly the highest corporate tax rate in the world, companies don't bring those earnings back and, as I said, reinvest outside the United States. That certainly is not a recipe for U.S. growth and U.S. job creation.

The dominance of U.S.-headquartered companies in the global marketplace is waning. Thirty-six percent of the Fortune Global 500 companies were headquartered in the United States in 2000. In 2009, that number dropped to 28 percent. That is from 36 percent to 28 percent among the Fortune Global 500 companies headquartered in the United States. Clearly, America is losing ground and our current international tax rules are a big part of the problem.

The bill I am introducing would help to right the ship by pulling our international tax rules into the 21st century so U.S. companies are not at a competitive disadvantage with foreign companies because of American tax rules that are outdated by changes most other countries have already made. The bill would give U.S. companies incentives to create jobs in the United States and undertake activities in the United States in order to win globally.

First, if the foreign earnings have already been subject to a tax in a foreign country, this bill would provide a 95-percent exemption from the U.S. tax on those foreign earnings. This would allow for American-managed capital to be put to the most productive use and help stabilize our economy.

Second, this bill would allow foreign earnings that are currently sitting overseas to be brought back to America at a reduced rate—not a zero tax rate but a greatly reduced rate—and with the ability to pay that, the taxes that are owed in installments. That gets the cash back now and still gets some taxation for us instead of leaving it all overseas. This provision would serve as a transition to the new territorial system by allowing U.S. companies to unlock a significant amount of capital currently being held offshore and quickly move into the new territorial system, and that means more jobs and a better economy. It also emphasizes one of the things I talk about with any of the tax changes—as one of the few accountants—we have to transition into these things if we want the companies stable enough that they can exist through the change in the Tax Code, and that provides for a transition as well.

Third, this bill would reduce the U.S. tax burden on income generated by American companies from ideas and innovations. This bill would encourage companies to develop and keep rights to ideas and inventions in the United States. When families tune in to ''60 Minutes'' on Sunday evenings, they would hear fewer stories about how U.S. companies are moving their profits to tax haven countries and avoiding U.S. tax on those earnings. Families would hear fewer stories about how the U.S. multinational companies set up post office boxes in the Cayman Islands and Switzerland without a single employee or officer of the company anywhere on site and attribute a significant portion of their foreign earnings to those jurisdictions.

Instead, families would hear more stories about how U.S. companies are generating the ideas and inventions of tomorrow right here in America.

This bill can be a first step in tax reform. We have a lot of work to do in many other areas of tax law in order to make it simpler, fairer, and more transparent. We need to be looking at the individual tax system, the corporate tax system, and particularly how we tax the passthrough entities such as partnerships and S corporations that have to pay the tax on the money when it is still invested in the business.

I also recognize, as we move forward in these other areas, it may be appropriate to make changes to this bill. This is exactly how the legislative process should work, and I look forward to getting back to conducting the Senate's business in regular order, where we work through the issues in the committee first and offer amendments to improve the bills that ultimately come to the Senate floor, where there is a shot for everybody else to make amendments.

But today with the introduction of this bill, we move from discussion to action with respect to a single piece of the tax reform. The Simpson-Bowles deficit commission recommended a move to a territorial system, and I am glad to be moving the conversation forward on this recommendation with the introduction of this bill. I hope this bill will begin a discussion, a discussion of fairness that needs to begin yesterday.

I hope Members and their staff will review the bill and the detailed explanation we have prepared. I also ask that all interested stakeholders review the bill and reach out to my staff and the staff of the Finance Committee to discuss what they like, what they don't like, and their suggestions for improvements. That is the way bills are supposed to work.

The international tax rules are not easy or simple and reforming them will be a heavy lift. But those things are worth doing, and when they are worth doing, they are rarely easy or simple.

I look forward to joining with my colleagues to pass international tax reforms that our American companies and our country desperately need.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 2091

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''United States Job Creation and International Tax Reform Act of 2012''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—PARTICIPATION EXEMPTION SYSTEM FOR TAXATION OF FOREIGN INCOME

SEC. 101. DEDUCTION FOR DIVIDENDS RECEIVED BY DOMESTIC CORPORATIONS FROM CERTAIN FOREIGN CORPORATIONS.

(a) ALLOWANCE OF DEDUCTION.—Part VIII of subchapter B of chapter 1 is amended by inserting after section 245 the following new section:

''SEC. 245A. DIVIDENDS RECEIVED BY DOMESTIC CORPORATIONS FROM CERTAIN FOREIGN CORPORATIONS.

''(a) IN GENERAL.—In the case of any dividend received from a controlled foreign corporation by a domestic corporation which is a United States shareholder with respect to such controlled foreign corporation, there shall be allowed as a deduction an amount equal to 95 percent of the qualified foreign-source portion of the dividend.

''(b) TREATMENT OF ELECTING NONCONTROLLED SECTION 902 CORPORATIONS AS CONTROLLED FOREIGN CORPORATIONS.—

''(1) IN GENERAL.—If a domestic corporation elects the application of this subsection for any noncontrolled section 902 corporation with respect to the domestic corporation, then, for purposes of this title—

''(A) the noncontrolled section 902 corporation shall be treated as a controlled foreign corporation with respect to the domestic corporation, and

''(B) the domestic corporation shall be treated as a United States shareholder with respect to the noncontrolled section 902 corporation.

''(2) ELECTION.—

''(A) TIME OF ELECTION.—Any election under this subsection with respect to any noncontrolled section 902 corporation shall be made not later than the due date for filing the return of tax for the first taxable year of the taxpayer with respect to which the foreign corporation is a noncontrolled section 902 corporation with respect to the taxpayer (or, if later, the first taxable year of the taxpayer for which this section is in effect).

''(B) REVOCATION OF ELECTION.—Any election under this subsection, once made, may be revoked only with the consent of the Secretary.

''(C) CONTROLLED GROUPS.—If a domestic corporation making an election under this subsection with respect to any noncontrolled section 902 corporation is a member of a controlled group of corporations (within the meaning of section 1563(a), except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears therein), then, except as otherwise provided by the Secretary, such election shall apply to all members of such group.

''(c) QUALIFIED FOREIGN-SOURCE PORTION OF DIVIDENDS.—For purposes of this section—

''(1) QUALIFIED FOREIGN-SOURCE PORTION.—

''(A) IN GENERAL.—The qualified foreign-source portion of any dividend is an amount which bears the same ratio to such dividend as—

''(i) the post-2012 undistributed qualified foreign earnings, bears to

''(ii) the total post-2012 undistributed earnings.

''(B) POST-2012 UNDISTRIBUTED EARNINGS.—The term 'post-2012 undistributed earnings' means the amount of the earnings and profits of a controlled foreign corporation (computed in accordance with sections 964(a) and 986) accumulated in taxable years beginning after December 31, 2012—

''(i) as of the close of the taxable year of the controlled foreign corporation in which the dividend is distributed, and

''(ii) without diminution by reason of dividends distributed during such taxable years.

''(C) POST-2012 UNDISTRIBUTED QUALIFIED FOREIGN EARNINGS.—The term 'post-2012 undistributed qualified foreign earnings' means the portion of the post-2012 undistributed earnings which is attributable to income other than—

''(i) income described in section 245(a)(5)(A), or

''(ii) dividends described in section 245(a)(5)(B).

''(2) ORDERING RULE FOR DISTRIBUTIONS OF EARNINGS AND PROFITS.—Distributions shall be treated as first made out of earnings and profits of a controlled foreign corporation which are not post-2012 undistributed earnings and then out of post-2012 undistributed earnings.

''(d) DISALLOWANCE OF FOREIGN TAX CREDIT, ETC.—

''(1) IN GENERAL.—No credit shall be allowed under section 901 for any taxes paid or accrued (or treated as paid or accrued) with respect to the qualified foreign-source portion of any dividend.

''(2) DENIAL OF DEDUCTION.—No deduction shall be allowed under this chapter for any tax for which credit is not allowable under section 901 by reason of paragraph (1).

''(3) COORDINATION WITH SECTION 78.—Section 78 shall not apply to any tax for which credit is not allowable under section 901 by reason of paragraph (1).

''(4) TREATMENT OF NONDEDUCTIBLE PORTION IN APPLYING FOREIGN TAX CREDIT LIMIT.—For purposes of applying the limitation under section 904(a), the remaining 5 percent of the qualified foreign-source portion of any dividend with respect to which a deduction is not allowable to the domestic corporation under subsection (a) shall be treated as income from sources within the United States.

''(e) SPECIAL RULES FOR HYBRID DIVIDENDS.—

''(1) IN GENERAL.—Subsection (a) shall not apply to any dividend received by a United States shareholder from a controlled foreign corporation if the dividend is a hybrid dividend.

''(2) HYBRID DIVIDENDS OF TIERED CONTROLLED FOREIGN CORPORATIONS.—If a controlled foreign corporation with respect to which a domestic corporation is a United States shareholder receives a hybrid dividend from any other controlled foreign corporation with respect to which such domestic corporation is also a United States shareholder, then, notwithstanding any other provision of this title—

''(A) the hybrid dividend shall be treated for purposes of section 951(a)(1)(A) as subpart F income of the receiving controlled foreign corporation for the taxable year of the controlled foreign corporation in which the dividend was received, and

''(B) the United States shareholder shall include in gross income an amount equal to the shareholder's pro rata share (determined in the same manner as under section 951(a)(2)) of the subpart F income described in subparagraph (A) .

''(3) DENIAL OF FOREIGN TAX CREDIT, ETC.—The rules of subsection (d) shall apply to any hybrid dividend received by, or any amount included under paragraph (2) in the gross income of, a United States shareholder, except that, for purposes of applying subsection (d)(4), all of such dividend or amount shall be treated as income from sources within the United States.

''(4) HYBRID DIVIDEND.—The term 'hybrid dividend' means an amount received from a controlled foreign corporation—

''(A) which is treated as a dividend for purposes of this title, and

''(B) for which the controlled foreign corporation received a deduction (or similar tax benefit) under the laws of the country in which the controlled foreign corporation was created or organized.

''(f) DEFINITIONS.—For purposes of this section—

''(1) UNITED STATES SHAREHOLDER.—The term 'United States shareholder' has the meaning given such term in section 951(b).

''(2) CONTROLLED FOREIGN CORPORATION.—The term 'controlled foreign corporation' has the meaning given such term in section 957(a).

''(3) NONCONTROLLED SECTION 902 CORPORATION.—The term 'noncontrolled section 902 corporation' has the meaning given such term in section 904(d)(2)(E)(i).

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the provisions of this section.''.

(b) APPLICATION OF HOLDING PERIOD REQUIREMENT.—Subsection (c) of section 246 is amended—

(1) by striking ''or 245'' in paragraph (1) and inserting ''245, or 245A'', and

(2) by adding at the end the following new paragraph:

''(5) SPECIAL RULES FOR QUALIFIED FOREIGN-SOURCE PORTION OF DIVIDENDS RECEIVED FROM CONTROLLED FOREIGN CORPORATIONS.—

''(A) 1-YEAR HOLDING PERIOD REQUIREMENT.—For purposes of section 245A—

''(i) paragraph (1)(A) shall be applied—

''(I) by substituting '365 days' for '45 days' each place it appears, and

''(II) by substituting '731-day period' for '91-day period', and

''(ii) paragraph (2) shall not apply.

''(B) STATUS MUST BE MAINTAINED DURING HOLDING PERIOD.—For purposes of section 245A, the holding period requirement of this subsection shall be treated as met only if—

''(i) the controlled foreign corporation referred to in section 245A(a) is a controlled foreign corporation at all times during such period, and

''(ii) the taxpayer is a United States shareholder (as defined in section 951) with respect to such controlled foreign corporation at all times during such period.

''(C) SPECIAL RULES FOR ELECTING NONCONTROLLED SECTION 902 CORPORATIONS.—In the case of an election under section 245A(b) to treat a noncontrolled section 902 corporation as a controlled foreign corporation, the requirements of subparagraph (B) shall be treated as met for any continuous period ending on the day before the effective date of the election for which the taxpayer met the ownership requirements of section 904(d)(2)(E) with respect to such corporation.''.

(c) APPLICATION OF RULES GENERALLY APPLICABLE TO DEDUCTIONS FOR DIVIDENDS RECEIVED.—

(1) TREATMENT OF DIVIDENDS FROM TAX-EXEMPT CORPORATIONS.—Paragraph (1) of section 246(a) is amended by striking ''and 245'' and inserting ''245, and 245A''.

(2) ASSETS GENERATING TAX-EXEMPT PORTION OF DIVIDEND NOT TAKEN INTO ACCOUNT IN ALLOCATING AND APPORTIONING DEDUCTIBLE EXPENSES.—Paragraph (3) of section 864(e) is amended by striking ''or 245(a)'' and inserting '', 245(a), or 245A''.

(3) COORDINATION WITH SECTION 1059.—Subparagraph (B) of section 1059(b)(2) is amended by striking ''or 245'' and inserting ''245, or 245A''.

(d) CONFORMING AMENDMENTS.—

(1) Clause (vi) of section 56(g)(4)(C) is amended by inserting ''245A or'' before ''965''.

(2) Subsection (b) of section 951 is amended—

(A) by striking ''subpart'' and inserting ''title'', and

(B) by adding at the end the following: ''Such term shall include, with respect to any entity treated as a controlled foreign corporation under section 245A(b), any domestic corporation treated as a United States shareholder with respect to such entity under such section.''.

(3) Subsection (a) of section 957 is amended—

(A) by striking ''subpart'' in the matter preceding paragraph (1) and inserting ''title'', and

(B) by adding at the end the following: ''Such term shall include any entity treated as a controlled foreign corporation under section 245A(b).''.

(4) The table of sections for part VIII of subchapter B of chapter 1 is amended by inserting after the item relating to section 245 the following new item:

''Sec. 245A. Dividends received by domestic corporations from certain foreign corporations.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2012, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 102. APPLICATION OF DIVIDENDS RECEIVED DEDUCTION TO CERTAIN SALES AND EXCHANGES OF STOCK.

(a) SALES BY UNITED STATES PERSONS OF STOCK IN CFC.—Section 1248 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) COORDINATION WITH DIVIDENDS RECEIVED DEDUCTION.—

''(1) IN GENERAL.—In the case of the sale or exchange by a domestic corporation of stock in a foreign corporation held for 1 year or more, any amount received by the domestic corporation which is treated as a dividend by reason of this section shall be treated as a dividend for purposes of applying section 245A.

''(2) LOSSES DISALLOWED.—If a domestic corporation—

''(A) sells or exchanges stock in a foreign corporation in a taxable year of the domestic corporation with or within which a taxable year of the foreign corporation beginning after December 31, 2012, ends, and

''(B) met the ownership requirements of subsection (a)(2) with respect to such stock, no deduction shall be allowed to the domestic corporation with respect to any loss from the sale or exchange.''.

(b) SALE BY A CFC OF A LOWER TIER CFC.—Section 964(e) is amended by adding at the end the following new paragraph:

''(4) COORDINATION WITH DIVIDENDS RECEIVED DEDUCTION.—

''(A) IN GENERAL.—If, for any taxable year of a controlled foreign corporation beginning after December 31, 2012, any amount is treated as a dividend under paragraph (1) by reason of a sale or exchange by the controlled foreign corporation of stock in another foreign corporation held for 1 year or more, then, notwithstanding any other provision of this title—

''(i) the qualified foreign-source portion of such dividend shall be treated for purposes of section 951(a)(1)(A) as subpart F income of the selling controlled foreign corporation for such taxable year,

''(ii) a United States shareholder with respect to the selling controlled foreign corporation shall include in gross income for the taxable year of the shareholder with or within which such taxable year of the controlled foreign corporation ends an amount equal to the shareholder's pro rata share (determined in the same manner as under section 951(a)(2)) of the amount treated as subpart F income under clause (i), and

''(iii) the deduction under section 245A(a) shall be allowable to the United States shareholder with respect to the subpart F income included in gross income under clause (ii) in the same manner as if such subpart F income were a dividend received by the shareholder from the selling controlled foreign corporation.

''(B) EFFECT OF LOSS ON EARNINGS AND PROFITS.—For purposes of this title, in the case of a sale or exchange by a controlled foreign corporation of stock in another foreign corporation in a taxable year of the selling controlled foreign corporation beginning after December 31, 2012, to which this paragraph would apply if gain were recognized, the earnings and profits of the selling controlled foreign corporation shall not be reduced by reason of any loss from such sale or exchange.

''(C) QUALIFIED FOREIGN-SOURCE PORTION.—For purposes of this paragraph, the qualified foreign-source portion of any amount treated as a dividend under paragraph (1) shall be determined in the same manner as under section 245A(c).''.

SEC. 103. DEDUCTION FOR FOREIGN INTANGIBLE INCOME DERIVED FROM TRADE OR BUSINESS WITHIN THE UNITED STATES.

(a) IN GENERAL.—Part VIII of subchapter B of chapter 1 is amended by adding at the end the following new section:

''SEC. 250. FOREIGN INTANGIBLE INCOME DERIVED FROM TRADE OR BUSINESS WITHIN THE UNITED STATES.

''(a) IN GENERAL.—In the case of a domestic corporation, there shall be allowed as a deduction an amount equal to 50 percent of the qualified foreign intangible income of such domestic corporation for the taxable year.

''(b) QUALIFIED FOREIGN INTANGIBLE INCOME.—

''(1) IN GENERAL.—The term 'qualified foreign intangible income' means, with respect to any domestic corporation, foreign intangible income which is derived by the domestic corporation from the active conduct of a trade or business within the United States with respect to the intangible property giving rise to the income.

''(2) REQUIREMENTS RELATING TO TRADE OR BUSINESS WITHIN THE UNITED STATES.—For purposes of this section, foreign intangible income shall be treated as derived by a domestic corporation from the active conduct of a trade or business within the United States only if—

''(A) the domestic corporation developed, created, or produced within the United States the intangible property giving rise to the income, or

''(B) in any case in which the domestic corporation acquired such intangible property, the domestic corporation added substantial value to the property through the active conduct of such trade or business within the United States.

''(c) FOREIGN INTANGIBLE INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'foreign intangible income' means any intangible income which is derived in connection with—

''(A) property which is sold, leased, licensed, or otherwise disposed of for use, consumption, or disposition outside the United States, or

''(B) services provided with respect to persons or property located outside the United States.

''(2) EXCEPTIONS FOR CERTAIN INCOME.—The following amounts shall not be taken into account in computing foreign intangible income:

''(A) Any amount treated as received by the domestic corporation under section 367(d)(2) with respect to any intangible property.

''(B) Any payment under a cost-sharing arrangement entered into under section 482.

''(C) Any amount received from a controlled foreign corporation with respect to which the domestic corporation is a United States shareholder to the extent such amount is attributable or properly allocable to income which is—

''(i) effectively connected with the conduct of a trade or business within the United States and subject to tax under this chapter, or

''(ii) subpart F income.

For purposes of clause (ii), amounts not otherwise treated as subpart F income shall be so treated if the amount creates (or increases) a deficit which under section 952(c) may reduce the subpart F income of the payor or any other controlled foreign corporation.

''(3) INTANGIBLE INCOME.—The term 'intangible income' means gross income from—

''(A) the sale, lease, license, or other disposition of property in which intangible property is used directly or indirectly, or

''(B) the provision of services related to intangible property or in connection with property in which intangible property is used directly or indirectly,

to the extent that such gross income is properly attributable to such intangible property.

''(4) DEDUCTIONS TO BE TAKEN INTO ACCOUNT.—The gross income of a domestic corporation taken into account under this subsection shall be reduced, under regulations prescribed by the Secretary, so as to take into account deductions properly allocable to such income.

''(5) INTANGIBLE PROPERTY.—The term 'intangible property' has the meaning given such term by section 936(h)(3)(B).

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the provisions of this section.''.

(b) CONFORMING AMENDMENT.—The table of sections for part VIII of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 250. Foreign intangible income derived from trade or business within the United States.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of domestic corporations beginning after December 31, 2012.

SEC. 104. TREATMENT OF DEFERRED FOREIGN INCOME UPON TRANSITION TO PARTICIPATION EXEMPTION SYSTEM OF TAXATION.

(a) IN GENERAL.—Section 965 is amended to read as follows:

''SEC. 965. TREATMENT OF DEFERRED FOREIGN INCOME UPON TRANSITION TO PARTICIPATION EXEMPTION SYSTEM OF TAXATION.

''(a) DEDUCTION ALLOWED.—In the case of a domestic corporation which elects the application of this section to any controlled foreign corporation with respect to which it is a United States shareholder, there shall be allowed as a deduction for the taxable year of the United States shareholder with or within which the first taxable year of the controlled foreign corporation beginning after December 31, 2012, ends an amount equal to 70 percent of the amount determined under subsection (b) for the taxable year.

''(b) ELIGIBLE AMOUNT.—For purposes of subsection (a)—

''(1) IN GENERAL.—The amount determined under this subsection for a United States shareholder with respect to any controlled foreign corporation for the taxable year of the shareholder described in subsection (a) is the lesser of—

''(A) the shareholder's pro rata share of the earnings and profits of the controlled foreign corporation described in section 959(c)(3) as of the close of the taxable year preceding the first taxable year of the controlled foreign corporation beginning after December 31, 2012, or

''(B) an amount equal to the sum of—

''(i) the dividends received by the shareholder during such taxable year from the controlled foreign corporation which are attributable to the earnings and profits described in subparagraph (A), plus

''(ii) the increase in subpart F income required to be included in gross income of the shareholder for the taxable year by reason of the election under paragraph (2).

''(2) ELECTION OF DEEMED SUBPART F INCLUSION.—A United States shareholder may elect for purposes of paragraph (1)(B)(ii) to treat all (or any portion) of the shareholder's pro rata share of the earnings and profits of a controlled foreign corporation described in paragraph (1)(A) as subpart F income includible in the gross income of the shareholder for the taxable year of the shareholder described in subsection (a).

''(3) ORDERING RULE.—For purposes of paragraph (1)(B)(i), distributions shall be treated as first made out of earnings and profits of a controlled foreign corporation described in paragraph (1)(A).

''(4) DIVIDEND.—The term 'dividend' shall not include amounts includible in gross income as a dividend under section 78.

''(c) DISALLOWANCE OF FOREIGN TAX CREDIT, ETC.—In the case of a domestic corporation making an election under subsection (a) with respect to any controlled foreign corporation—

''(1) IN GENERAL.—No credit shall be allowed under section 901 for any taxes paid or accrued (or treated as paid or accrued) with respect to the earnings and profits taken into account in determining the amount under subsection (b).

''(2) DENIAL OF DEDUCTION.—No deduction shall be allowed under this chapter for any tax for which credit is not allowable under section 901 by reason of paragraph (1).

''(3) COORDINATION WITH SECTION 78.—Section 78 shall not apply to any tax for which credit is not allowable under section 901 by reason of paragraph (1).

''(4) TREATMENT OF NONDEDUCTIBLE PORTION IN APPLYING FOREIGN TAX CREDIT LIMIT.—For purposes of applying the limitation under section 904(a), the remaining 30 percent of the amount determined under subsection (b) with respect to which a deduction is not allowable under subsection (a) shall be treated as income from sources within the United States.

''(d) ELECTION TO PAY LIABILITY FOR DEEMED SUBPART F INCOME IN INSTALLMENTS.—

''(1) IN GENERAL.—In the case of a United States shareholder with respect to 1 or more controlled foreign corporations to which elections under subsections (a) and (b)(2) apply, such United States shareholder may elect to pay the net tax liability determined with respect to its deemed subpart F inclusions with respect to such corporations under subsection (b)(2) for the taxable year described in subsection (a) in 2 or more (but not exceeding 8) equal installments.

''(2) DATE FOR PAYMENT OF INSTALLMENTS.—If an election is made under paragraph (1), the first installment shall be paid on the due date (determined without regard to any extension of time for filing the return) for the return of tax for the taxable year for which the election was made and each succeeding installment shall be paid on the due date (as so determined) for the return of tax for the taxable year following the taxable year with respect to which the preceding installment was made.

''(3) ACCELERATION OF PAYMENT.—If there is an addition to tax for failure to pay timely assessed with respect to any installment required under this subsection, a liquidation or sale of substantially all the assets of the taxpayer (including in a title 11 or similar case), a cessation of business by the taxpayer, or any similar circumstance, then the unpaid portion of all remaining installments shall be due on the date of such event (or in the case of a title 11 or similar case, the day before the petition is filed).

''(4) PRORATION OF DEFICIENCY TO INSTALLMENTS.—If an election is made under paragraph (1) to pay the net tax liability described in paragraph (1) in installments and a deficiency has been assessed which increases such net tax liability, the increase shall be prorated to the installments payable under paragraph (1). The part of the increase so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as, and as a part of, such installment. The part of the increase so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

''(5) TIME FOR PAYMENT OF INTEREST.—Interest payable under section 6601 on the unpaid portion of any amount of tax the time for payment of which as been extended under this subsection shall be paid annually at the same time as, and as part of, each installment payment of such tax. In the case of a deficiency to which paragraph (4) applies, interest with respect to such deficiency which is assigned under the preceding sentence to

any installment the date for payment of which has arrived on or before the date of the assessment of the deficiency, shall be paid upon notice and demand from the Secretary.

''(6) NET TAX LIABILITY FOR DEEMED SUBPART F INCLUSIONS.—For purposes of this subsection—

''(A) IN GENERAL.—The net tax liability described in paragraph (1) with respect to any United States shareholder for any taxable year is the excess (if any) of—

''(i) such taxpayer's net income tax for the taxable year, over

''(ii) such taxpayer's net income tax for such taxable year determined as if the elections under subsection (b)(2) with respect to 1 or more controlled foreign corporations had not been made.

''(B) NET INCOME TAX.—The term 'net income tax' means the net income tax (as defined in section 38(c)(1)) reduced by the credit allowed under section 38.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) ELECTIONS.—Any election under subsection (a), (b)(2), or (d)(1) shall be made not later than the due date (including extensions) for the return of tax for the taxable year for which made and shall be made in such manner as the Secretary may provide.

''(2) SECTION NOT TO APPLY TO NONCONTROLLED SECTION 902 CORPORATIONS TREATED AS CFCS.—No election may be made under subsection (a) with respect to a controlled foreign corporation which was a noncontrolled section 902 corporation which a United States shareholder elected under section 245A(b) to treat as a controlled foreign corporation.

''(3) PRO RATA SHARE.—A shareholder's pro rata share of any earnings and profits shall be determined in the same manner as under section 951(a)(2).''

(b) CONFORMING AMENDMENTS.—

(1) Clause (vi) of section 56(g)(4)(C), as amended by this Act, is amended—

(A) by striking ''965'' and inserting ''965(b)'', and

(B) by inserting ''AND INCLUSIONS'' after ''CERTAIN DISTRIBUTIONS'' in the heading thereof.

(2) Paragraph (2) of section 6601(b) is amended—

(A) by striking ''section 6156(a)'' in the matter preceding subparagraph (A) and inserting ''section 965(d)(1) or 6156(a)'', and

(B) by striking ''section 6156(b)'' in subparagraph (A) and inserting ''section 965(d)(2) or 6156(b), as the case may be''.

(3) The table of section for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 965 and inserting the following:

''Sec. 965. Treatment of deferred foreign income upon transition to participation exemption system of taxation.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2012, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

TITLE II—OTHER INTERNATIONAL TAX REFORMS

Subtitle A—Modifications of Subpart F

SEC. 201. TREATMENT OF LOW-TAXED FOREIGN INCOME AS SUBPART F INCOME.

(a) IN GENERAL.—Subsection (a) of section 952 is amended by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) low-taxed income (as defined under subsection (e)),''.

(b) LOW-TAXED INCOME.—Section 952 is amended by adding at the end the following new subsection:

''(e) LOW-TAXED INCOME.—

''(1) IN GENERAL.—For purposes of subsection (a), except as provided in paragraph (2), the term 'low-taxed income' means, with respect to any taxable year of a controlled foreign corporation, the entire gross income of the controlled foreign corporation unless the taxpayer establishes to the satisfaction of the Secretary that such income was subject to an effective rate of income tax (determined under rules similar to the rules of section 954(b)(4)) imposed by a foreign country in excess of one-half of the highest rate of tax under section 11(b) for taxable years of United States corporations beginning in the same calendar year as the taxable year of the controlled foreign corporation begins.

''(2) EXCEPTION FOR QUALIFIED BUSINESS INCOME.—For purposes of paragraph (1), qualified business income—

''(A) shall be taken into account in determining the effective rate of income tax at which the entire gross income of the controlled foreign corporation is taxed, but

''(B) the amount of gross income treated as low-taxed income under paragraph (1) shall be reduced by the amount of the qualified business income.

''(3) QUALIFIED BUSINESS INCOME.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified business income' means, with respect to any controlled foreign corporation, income derived by the controlled foreign corporation in a foreign country but only if—

''(i) such income is attributable to the active conduct of a trade or business of such corporation in such foreign country,

''(ii) the corporation maintains an office or fixed place of business in such foreign country, and

''(iii) officers and employees of the corporation physically located at such office or place of business in such foreign country conducted (or significantly contributed to the conduct of) activities within the foreign country which are substantial in relation to the activities necessary for the active conduct of the trade or business to which such income is attributable.

''(B) EXCEPTION FOR INTANGIBLE INCOME.—For purposes of subparagraph (A), qualified business income of a controlled foreign corporation shall not include intangible income (as defined in section 250(c)(3)).

''(4) DETERMINATION OF EFFECTIVE RATE OF FOREIGN INCOME TAX AND QUALIFIED BUSINESS INCOME.—

''(A) COUNTRY-BY-COUNTRY DETERMINATION.—For purposes of determining the effective rate of income tax imposed by any foreign country under paragraph (1) and qualified business income under paragraph (3), each such paragraph shall be applied separately with respect to—

''(i) each foreign country in which a controlled foreign corporation conducts any trade or business, and

''(ii) the entire gross income and qualified business income derived with respect to such foreign country.

''(B) TREATMENT OF LOSSES.—For purposes of determining the effective rate of income tax imposed by any foreign country under paragraph (1)—

''(i) such effective rate shall be determined without regard to any losses carried to the relevant taxable year, and

''(ii) to the extent the income of the controlled foreign corporation reduces losses in the relevant taxable year, such effective rate shall be treated as being the effective rate which would have been imposed on such income without regard to such losses.

''(5) DEDUCTIONS TO BE TAKEN INTO ACCOUNT.—The gross income of a controlled foreign corporation taken into account under this subsection shall be reduced, under regulations prescribed by the Secretary, so as to take into account deductions (including taxes) properly allocable to such income.''.

(c) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 952 is amended—

(A) by striking ''paragraph (4)'' in the next to last sentence and inserting ''paragraph (5)'', and

(B) by striking ''paragraph (5)'' in the last sentence and inserting ''paragraph (6)''.

(2) Subsection (d) of section 952 is amended by striking ''subsection (a)(5)'' and inserting ''subsection (a)(6)''.

(3) Paragraphs (1) and (2) of section 999(c) are each amended by striking ''section 952(a)(3)'' and inserting ''section 952(a)(4)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2012, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 202. PERMANENT EXTENSION OF LOOK-THRU RULE FOR CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—Section 954(c)(6)(C) is amended by striking ''and before January 1, 2012,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2011, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 203. PERMANENT EXTENSION OF EXCEPTIONS FOR ACTIVE FINANCING INCOME.

(a) EXCEPTION FROM INSURANCE INCOME.—Section 953(e)(10) is amended—

(1) by striking ''and before January 1, 2012,'', and

(2) by striking the last sentence.

(b) EXCEPTION FROM FOREIGN PERSONAL HOLDING COMPANY INCOME.—Section 954(h)(9) is amended by striking ''and before January 1, 2012,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2011, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 204. FOREIGN BASE COMPANY INCOME NOT TO INCLUDE SALES OR SERVICES INCOME.

(a) REPEAL.—Paragraphs (2) and (3) of section 954(a) are repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 954(d) is amended by adding at the end the following new paragraph:

''(5) TERMINATION.—This subsection shall not apply to taxable years of foreign corporations beginning after December 31, 2012, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.''.

(2) Section 954(e) is amended by adding at the end the following new paragraph:

''(3) TERMINATION.—This subsection shall not apply to taxable years of foreign corporations beginning after December 31, 2012, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2012, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

Subtitle B—Modifications Related to Foreign Tax Credit

SEC. 211. MODIFICATION OF APPLICATION OF SECTIONS 902 AND 960 WITH RESPECT TO POST-2012 EARNINGS.

(a) SECTION 902 NOT TO APPLY TO DIVIDENDS FROM POST-2012 EARNINGS.—Section 902 is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) SECTION NOT TO APPLY TO DIVIDENDS FROM POST-2012 EARNINGS.—

''(1) IN GENERAL.—This section shall not apply to the portion of any dividend paid by a foreign corporation to the extent such portion is made out of earnings and profits of the foreign corporation (computed in accordance with sections 964(a) and 986) accumulated in taxable years beginning after December 31, 2012.

''(2) COORDINATION WITH DISTRIBUTIONS FROM PRE-2013 EARNINGS AND PROFITS.—For purposes of this section—

''(A) ORDERING RULE.—Any distribution in a taxable year beginning after December 31, 2012, shall be treated as first made out of earnings and profits of the foreign corporation (computed in accordance with sections 964(a) and 986) accumulated in taxable years beginning before January 1, 2013.

''(B) POST-1986 UNDISTRIBUTED EARNINGS.—Post-1986 undistributed earnings shall not include earnings and profits described in paragraph (1).''

(b) DETERMINATION OF SECTION 960 CREDIT ON CURRENT YEAR BASIS.—Section 960 is amended by adding at the end the following new subsection:

''(d) DEEMED PAID CREDIT FOR SUBPART F INCLUSIONS ATTRIBUTABLE TO POST-2012 EARNINGS.—

''(1) IN GENERAL.—For purposes of this subpart, if there is included in the gross income of a domestic corporation any amount under section 951(a)—

''(A) with respect to any controlled foreign corporation with respect to which such domestic corporation is a United States shareholder, and

''(B) which is attributable to the earnings and profits of the controlled foreign corporation (computed in accordance with sections 964(a) and 986) accumulated in taxable years beginning after December 31, 2012,

then subsections (a), (b), and (c) shall not apply and such domestic corporation shall be deemed to have paid so much of such foreign corporation's foreign income taxes as are properly attributable to the amount so included.

''(2) FOREIGN INCOME TAXES.—For purposes of this subsection, the term 'foreign income taxes' means any income, war profits, or excess profits taxes paid or accrued by the controlled foreign corporation to any foreign country or possession of the United States.

''(3) REGULATIONS.—The Secretary shall provide such regulations as may be necessary or appropriate to carry out the provisions of this subsection.''.

SEC. 212. SEPARATE FOREIGN TAX CREDIT BASKET FOR FOREIGN INTANGIBLE INCOME.

(a) IN GENERAL.—Paragraph (1) of section 904(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following:

''(C) foreign intangible income (as defined in paragraph (2)(J)).''.

(b) FOREIGN INTANGIBLE INCOME.—

(1) IN GENERAL.—Section 904(d)(2) is amended by redesignating subparagraphs (J) and (K) as subparagraphs (K) and (L) and by inserting after subparagraph (I) the following:

''(J) FOREIGN INTANGIBLE INCOME.—For purposes of this section—

''(i) IN GENERAL.—The term 'foreign intangible income' has the meaning given such term by section 250(c).

''(ii) COORDINATION.—Passive category income and general category income shall not include foreign intangible income.''

(2) GENERAL CATEGORY INCOME.—Section 904(d)(2)(A)(ii) is amended by inserting ''or foreign intangible income'' after ''passive category income''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2012.

(2) TRANSITIONAL RULE.—For purposes of section 904(d)(1) of the Internal Revenue Code of 1986 (as amended by this Act)—

(A) taxes carried from any taxable year beginning before January 1, 2013, to any taxable year beginning on or after such date, with respect to any item of income, shall be treated as described in the subparagraph of such section 904(d)(1) in which such income would be described without regard to the amendments made by this section, and

(B) any carryback of taxes with respect to foreign intangible income from a taxable year beginning on or after January 1, 2013, to a taxable year beginning before such date shall be allocated to the general income category.

SEC. 213. INVENTORY PROPERTY SALES SOURCE RULE EXCEPTIONS NOT TO APPLY FOR FOREIGN TAX CREDIT LIMITATION.

(a) IN GENERAL.—Section 904 is amended by redesignating subsection (l) as subsection (m) and by inserting after subsection (k) the following new subsection:

''(l) INVENTORY PROPERTY SALES SOURCE RULE EXCEPTIONS NOT TO APPLY.—Any amount which would be treated as derived from sources without the United States by reason of the application of section 862(a)(6) or 863(b)(2) for any taxable year shall be treated as derived from sources within the United States for purposes of this section.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2012.

Subtitle C—Allocation of Interest on Worldwide Basis

SEC. 221. ACCELERATION OF ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.

Section 864(f)(6) is amended by striking ''December 31, 2020'' and inserting ''December 31,

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By Mr. WYDEN:

S. 2098. A bill to support statewide individual-level integrated postsecondary education data systems, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. WYDEN. Mr. President, when we went to college, usually things were different. Often a student took out a loan, but those loans were manageable, and usually there were jobs waiting. Today, too often that is not the case. In fact, the students today who take out loans will leave school weighed down, on average, with $25,000 worth of debt. They are going to be trying to get into a labor market where there are more than four unemployed Americans for every available job.

It has been noted that for the first time student loan debt exceeds credit card debt, and that now totals over $100 billion. Now, clearly, investment in higher education is an economic imperative. Education is the great equalizer. It enables upward economic mobility, and it breaks down class structures that impair many countries' ability to grow their economies. A highly-skilled and educated workforce is the basis for a healthy economy, and it is the linchpin to our economic future.

In every major economic decision our people make, they try to evaluate the value of that decision. Like prospective homeowners who inspect and assess the potential value of their future home, in my view future students should be able to comparison shop and choose a school and a program based on what their return on investment will be.

Our capital markets work best when we can accurately measure the value of the things we choose to invest in. We saw what happens when this is not the case when the housing bubble burst, and our economy is still struggling to recover from the mortgage meltdown. In many instances, consumers who didn't have all the facts bought a product based on misleading information and fell victim to predatory lenders looking to make a profit off that growing bubble.

Consumers must know what they can expect from their investments, and students are entitled to know the value of their education before they go out and borrow tens of thousands of dollars from the banks and from the government to finance their choices. Right now, consumers don't have this information, though the information exists. It is unavailable to students and families too often when they are making perhaps the most important decisions that affect their future—both their financial future and their career.

That is why today I am introducing the Student Right to Know Before You Go Act, which would help college students get the information they need about their education. This proposal would ensure that future students and their families can make well-informed decisions by having access to information on their expected average annual earnings after graduation; rates of remedial enrollment, credit accumulation, and graduation; the average cost, both before and after financial aid, of the program, and average debt upon graduation; and, finally, the effects of remedial education and financial aid on credential attainment and a greater understanding of what student success can mean.

For markets to work, there has to be good information available, and until now it has been extremely hard for students and families to collect this data in a cost-effective way while at the same time ensuring student privacy. However, the States, as we have seen so often—the Presiding Officer of the Senate and I have talked about this from time to time—the States have piloted their own programs and proved that the technology exists to enable our ability to generate and share this information in a way that students and consumers can use while at the same time protecting their privacy.

This technology, in my view, makes it possible to ensure a return on their investment for students, for parents, for policymakers, and taxpayers. It is going to help us create a workforce that meets the demands of the businesses that employ it and ensures that our workers can successfully compete in the global economy.

One last point, if I might. I think it is clear that access to higher education is an integral part of the step ladder to success and particularly success for the middle class who built this country. Chairman HARKIN, of course, the chairman of our committee who deals with these issues, has probably done more than any other Member in the Senate to put a focus on this issue and how important it is to grow the middle class and address the big concerns they have faced.

Middle-class people haven't had a pay raise in a full decade. It seems to me as part of the agenda—and Chairman HARKIN has had some excellent hearings on these higher education issues—one of the best ways we can come together on a bipartisan basis is to empower students and empower families to be in the best possible position to make the college choices that are going to pay off in the years ahead.

That is what this legislation, the Right to Know Before You Go Act, would do. I hope my colleagues will consider it in the days ahead.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 370—CALLING FOR DEMOCRATIC CHANGE IN SYRIA

Mr. CASEY (for himself, Mr. RUBIO, Mrs. GILLIBRAND, Mrs. BOXER, Mr. ISAKSON, Mr. DURBIN, and Mr. KYL) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 370

Whereas the Syrian Arab Republic is a signatory to the International Covenant on Civil and Political Rights (ICCPR), adopted at New York December 16, 1966, the United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, done at New York December 10, 1984, and the Universal Declaration of Human Rights, adopted at Paris, December 10, 1948.

Whereas, in March 2011, peaceful demonstrations in Syria began against the authoritarian rule of Bashar al-Assad;

Whereas, in response to the demonstrations, the Government of Syria launched a brutal crackdown, which has resulted in gross human rights violations, use of force against civilians, torture, extrajudicial killings, arbitrary executions, sexual violence, and interference with access to medical treatment;

Whereas the United Nations estimated that, as of January 25, 2012, more than 5,400 people in Syria had been killed since the violence began in March 2011;

Whereas, on August 18, 2011, President Barack Obama called upon President Bashar al-Assad to step down from power;

Whereas the Department of State has repeatedly condemned the Government of Syria's crackdown on its people, including on January 30, 2012, when Secretary of State Hillary Clinton stated ''The status quo is unsustainable. . . . The longer the Assad regime continues its attacks on the Syrian people and stands in the way of a peaceful transition, the greater the concern that instability will escalate and spill over throughout the region.'';

Whereas President Obama, on April 29, 2011, designated 3 individuals subject to sanctions for humans rights abuses in Syria: Mahir al-Assad, the brother of Syrian President Bashar al-Assad and brigade commander in the Syrian Army's 4th Armored Division; Atif Najib, the former head of the Political Security Directorate for Daraa Province and a cousin of Bashar al-Assad; and Ali Mamluk, director of Syria's General Intelligence Directorate;

Whereas, on May 18, 2011, President Obama issued an executive order sanctioning senior officials of the Syrian Arab Republic and their supporters, specifically designating seven people: President Bashar al-Assad, Vice President Farouk al-Shara, Prime Minister Adel Safar, Minister of the Interior Mohammad Ibrahim al-Shaar, Minister of Defense Ali Habib Mahmoud, Head of Syrian Military Intelligence Abdul Fatah Qudsiya, and Director of Political Security Directorate Mohammed Dib Zaitoun;

Whereas President Obama, on August 17, 2011, issued Executive Order 13582, blocking property of the Government of Syria and prohibiting certain transactions with respect to Syria;

Whereas, on December 1, 2011, the Department of the Treasury designated two individuals, Aus Aslan and Muhammad Makhluf, under Executive Order 13573 and two entities, the Military Housing Establishment and the Real Estate Bank of Syria, under Executive Order 13582;

Whereas, on May 6, 2011, the European Union's 27 countries imposed sanctions on the Government of Syria for the human rights abuses, including asset freezes and visa bans on members of the Government of Syria and an arms embargo on the country;

Whereas, on November 12, 2011, the League of Arab States voted to suspend Syria's membership in the organization;

Whereas, on December 2, 2011, the United Nations Human Rights Council passed Resolution S-18/1, which recalls General Assembly resolution A/RES/66/176 of December 19, 2011, as well as Human Rights Council resolutions S/16-1, S/17-1 and S/18-1, and further deplores the human rights situation in Syria, commends the League of Arab States, and supports implementation of its Plan of Action;

Whereas the League of Arab States approved and implemented a plan of action to send a team of international monitors to Syria, which began December 26, 2011;

Whereas, on January 28, 2012, the League of Arab States decided to suspend its international monitoring mission due to escalating violence within Syria;

Whereas, on February 4, 2012, the Russian Federation and People's Republic of China vetoed a United Nations Security Council Resolution in support of the League of Arab States' Plan of Action;

Whereas the Governments of the Russian Federation and the Islamic Republic of Iran remain major suppliers of military equipment to the Government of Syria notwithstanding that government's violent repression of demonstrators; and

Whereas the gross human rights violations perpetuated by the Government of Syria against the people of Syria represent a grave risk to regional peace and stability: Now, therefore, be it

Resolved, That the Senate—

(1) strongly condemns the ongoing, widespread, and systemic violations of human rights conducted by authorities in Syria, including the use of force against civilians, torture, extrajudicial killings, arbitrary executions, sexual violence, and interference with access to medical treatment;

(2) maintains that Bashar al-Assad has lost all claims to legitimacy due to the perpetuation of mass atrocities against the people of Syria and continued violations of human rights;

(3) calls upon Bashar al-Assad to step down from power;

(4) strongly condemns the Governments of the Russian Federation and the Islamic Republic of Iran for providing military and security equipment to the Government of Syria, which has been used to repress peaceful demonstrations and commit mass atrocities against unarmed civilian populations in Syria;

(5) commends the League of Arab States' efforts to bring about a peaceful resolution in Syria;

(6) regrets that the League of Arab States observer mission was not able to monitor the full implementation of the League of Arab States' Action Plan of November 2, 2011, due to the escalating violence in Syria;

(7) commends President Obama for authorizing targeted sanctions on human rights abusers in Syria and for extending these sanctions to 12 individuals;

(8) encourages the President to continue designating for sanctions all individuals responsible for human rights violations in Syria;

(9) urges the President to support an effective transition to democracy in Syria by identifying and providing substantial material and technical support, upon request, to Syrian organizations that are representative of the people of Syria, make demonstrable commitments to protect human rights and religious freedom, reject terrorism, cooperate with international counterterrorism and nonproliferation efforts, and abstain from destabilizing neighboring countries;

(10) urges the President to develop a plan to identify weapons stockpiles and prevent the proliferation of conventional, biological, chemical, and other types of weapons in Syria;

(11) urges the Department of State to establish a ''Friends of the Syrian People'' Contact Group of countries committed to democratic change in Syria, including Turkey, members of the League of Arab States, and members of the European Union;

(12) urges the Department of State to develop a strategy to encourage defections from the military of the Government of Syria;

(13) urges the President to diplomatically engage with the Republic of Turkey and members of the League of Arab States and the European Union to discuss options to protect the people of Syria, including the provision of robust humanitarian assistance, the viability of establishing a safe haven along the borders of Syria, and the use of all means available to monitor and publicly report on abuses inside the country; and

(14) urges the international community to mobilize in support of a post-Assad democratic and inclusive Government of Syria that holds accountable those responsible for crimes against humanity and gross violations of human rights.