

114TH CONGRESS  
1ST SESSION

# S. 663

To repeal the violation of sovereign nations' laws and privacy matters.

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IN THE SENATE OF THE UNITED STATES

MARCH 4, 2015

Mr. PAUL (for himself and Mr. WICKER) introduced the following bill; which  
was read twice and referred to the Committee on Finance

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## A BILL

To repeal the violation of sovereign nations' laws and privacy  
matters.

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. REPEAL OF WITHHOLDING AND REPORTING**  
4 **WITH RESPECT TO CERTAIN FOREIGN AC-**  
5 **COUNTS.**

6 (a) IN GENERAL.—The Internal Revenue Code of  
7 1986 is amended by striking chapter 4.

8 (b) CONFORMING AMENDMENTS FOR RULES FOR  
9 ELECTRONICALLY FILED RETURNS.—Section 6011(e)(4)  
10 of such Code is amended—

1           (1) by striking “(as defined in section  
2           1471(d)(5))” and inserting “(as defined in section  
3           6038D(h)(3))”, and

4           (2) by striking “or 1474(a)”.

5           (c) CONFORMING AMENDMENT RELATED TO SUB-  
6           STITUTE DIVIDENDS.—Section 871(l) of such Code is  
7           amended by striking “chapters 3 and 4” both places it  
8           appears and inserting “chapter 3”.

9           (d) OTHER CONFORMING AMENDMENTS.—

10           (1) Section 6414 of such Code is amended by  
11           striking “or 4”.

12           (2) Paragraph (1) of section 6501(b) of such  
13           Code is amended by striking “4,”.

14           (3) Paragraph (2) of section 6501(b) of such  
15           Code is amended—

16                   (A) by striking “4,”, and

17                   (B) by striking “AND WITHHOLDING TAXES”  
18           in the heading and inserting “TAXES AND TAX  
19           IMPOSED BY CHAPTER 3”.

20           (4) Paragraph (3) of section 6513(b) of such  
21           Code is amended—

22                   (A) by striking “or 4”, and

23                   (B) by striking “or 1474(b)”.

24           (5) Section 6513(c) of such Code is amended by  
25           striking “4,”.

1           (6) Section 6611(e)(4) of the Internal Revenue  
2 Code of 1986 is amended by striking “or 4”.

3           (7) Paragraph (1) of section 6724(d) of such  
4 Code is amended by striking “under chapter 4 or”.

5           (8) Paragraph (2) of section 6724(d) of such  
6 Code is amended by striking “or 4”.

7           (e) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to payments made after the date  
9 of the enactment of this Act.

10 **SEC. 2. REPEAL OF INFORMATION REPORTING WITH RE-**  
11 **SPECT TO FOREIGN FINANCIAL ASSETS.**

12           (a) IN GENERAL.—Subpart A of part III of sub-  
13 chapter A of chapter 61 of the Internal Revenue Code of  
14 1986 is amended by striking section 6038D.

15           (b) REPEAL OF MODIFICATION OF STATUTE OF LIM-  
16 ITATIONS FOR SIGNIFICANT OMISSION OF INCOME IN  
17 CONNECTION WITH FOREIGN ASSETS.—

18           (1) Paragraph (1) of section 6501(e) of the In-  
19 ternal Revenue Code of 1986 is amended by striking  
20 subparagraph (A) and by redesignating subpara-  
21 graphs (B) and (C) as subparagraphs (A) and (B),  
22 respectively.

23           (2) Subparagraph (A) of section 6501(e) of  
24 such Code, as redesignated by paragraph (1), is

1 amended by striking all that precedes clause (i) and  
2 inserting the following:

3 “(A) GENERAL RULE.—If the taxpayer  
4 omits from gross income an amount properly  
5 included therein which is in excess of 25 per-  
6 cent of the amount of gross income stated in  
7 the return, the tax may be assessed, or a pro-  
8 ceeding in court for the collection of such tax  
9 may be begun without assessment, at any time  
10 within 6 years after the return was filed. For  
11 purposes of this subparagraph—”.

12 (3) Paragraph (2) of section 6501(e) of such  
13 Code is amended by striking “and such amount is  
14 described in clause (i) or (ii) of section  
15 6501(e)(1)(A)” and inserting “which is in excess of  
16 25 percent of the amount of gross income stated in  
17 its return”.

18 (4) Paragraph (8) of section 6501(c) is amend-  
19 ed—

20 (A) by striking “pursuant to an election  
21 under section 1295(b) or”,

22 (B) by striking “1298(f)”, and

23 (C) by striking “6038D,”.

24 (c) CLERICAL AMENDMENT.—The table of sections  
25 for subpart A of part III of subchapter A of chapter 61

1 of such Code is amended by striking the item related to  
2 section 6038D.

3 (d) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as provided in para-  
5 graph (2), the amendments made by this section  
6 shall apply to taxable years ending after the date of  
7 the enactment of this Act.

8 (2) RETURNS.—The amendments made by sub-  
9 section (b) shall apply to returns filed after the date  
10 of the enactment of this Act.

11 **SEC. 3. REPEAL OF PENALTIES FOR UNDERPAYMENTS AT-**  
12 **TRIBUTABLE TO UNDISCLOSED FOREIGN FI-**  
13 **NANCIAL ASSETS.**

14 (a) IN GENERAL.—Section 6662 of the Internal Rev-  
15 enue Code of 1986 is amended—

16 (1) in subsection (b), by striking paragraph (7),  
17 and

18 (2) by striking subsection (j).

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

1 **SEC. 4. REPEAL OF REPORTING OF ACTIVITIES WITH RE-**  
2 **SPECT TO PASSIVE FOREIGN INVESTMENT**  
3 **COMPANIES.**

4 (a) **IN GENERAL.**—Section 1298 of the Internal Rev-  
5 enue Code of 1986 is amended by striking subsection (f)  
6 and by redesignating subsection (g) as subsection (f).

7 (b) **CONFORMING AMENDMENT.**—Section 1291(e) of  
8 such Code is amended by striking “and (d)” and inserting  
9 “, (d), and (f)”.

10 (c) **EFFECTIVE DATE.**—The amendments made by  
11 this section shall take effect on the date of the enactment  
12 of this Act.

13 **SEC. 5. REPEAL OF REPORTING REQUIREMENT FOR**  
14 **UNITED STATES OWNERS OF FOREIGN**  
15 **TRUSTS.**

16 (a) **IN GENERAL.**—Paragraph (1) of section 6048(b)  
17 is amended by striking “shall submit such information as  
18 the Secretary may prescribe with respect to such trust for  
19 such year and”.

20 (b) **EFFECTIVE DATE.**—The amendments made by  
21 this section shall apply to taxable years ending after the  
22 date of the enactment of this Act.

1 **SEC. 6. REPEAL OF MINIMUM PENALTY WITH RESPECT TO**  
2 **FAILURE TO REPORT ON CERTAIN FOREIGN**  
3 **TRUSTS.**

4 (a) **IN GENERAL.**—Section 6677(a) of the Internal  
5 Revenue Code of 1986 is amended—

6 (1) by striking “the greater of \$10,000 or”,  
7 and

8 (2) by striking the last sentence and inserting  
9 the following: “In no event shall the penalty under  
10 this subsection with respect to any failure exceed the  
11 gross reportable amount.”.

12 (b) **EFFECTIVE DATE.**—The amendments made by  
13 this section shall apply to notices and returns required to  
14 be filed after the date of the enactment of this Act.

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