

117TH CONGRESS
1ST SESSION

H. R. 4940

To amend the Internal Revenue Code of 1986 to impose a tax on real profits of certain corporations.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 2021

Mr. BEYER 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 impose a tax on real profits of certain 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 “Real Corporate Profits
5 Tax Act of 2021”.

6 **SEC. 2. IMPOSITION OF ADDITIONAL TAX ON REAL COR-**
7 **PORATE PROFITS.**

8 (a) IMPOSITION OF TAX.—

1 “(2) GROUP OF ENTITIES.—For purposes of
2 this subsection—

3 “(A) if the financial results of a taxpayer
4 are reported on the applicable financial state-
5 ment for a group of entities, such statement
6 shall be treated as the applicable financial
7 statement of the taxpayer, and

8 “(B) if the taxpayer files a consolidated re-
9 turn for any taxable year, adjusted net book in-
10 come for such taxable year shall take into ac-
11 count items on the taxpayer’s applicable finan-
12 cial statement which are properly allocable to
13 members of such group included on such re-
14 turn.

15 “(3) APPLICABLE FINANCIAL STATEMENT.—
16 For purposes of this subsection, the term ‘applicable
17 financial statement’ has the meaning given such
18 term under section 451(b)(3).

19 “(d) EXCEPTION.—Subsection (a) shall not apply to
20 a corporation subject to the tax imposed under subchapter
21 M (relating to regulated investment companies and real
22 estate investment trusts).

23 “(e) APPLICATION TO FOREIGN CORPORATIONS.—In
24 the case of a foreign corporation, the tax imposed by sub-
25 section (a) shall apply only to those items on the tax-

1 payer’s applicable financial statement as are properly allo-
2 cable to the income of the taxpayer which is effectively
3 connected with the conduct of a trade or business within
4 the United States (as determined under rules similar to
5 the rules in section 882).

6 “(f) REGULATIONS.—The Secretary shall prescribe
7 such regulations and guidance as necessary to carry out
8 the purposes of this section, including regulations and
9 guidance related to the application of this section to con-
10 solidated financial statements.

11 **“SEC. 1477. CREDIT FOR INCOME TAXES PAID.**

12 “(a) IN GENERAL.—In the case of a taxpayer other
13 than an S corporation, there shall be allowed a credit
14 against the tax imposed by section 1476 for any taxable
15 year an amount equal to 33 percent of so much of the
16 taxpayer’s net regular tax liability for the taxable year as
17 exceeds the product of—

18 “(1) the highest rate of tax specified in section
19 11, and

20 “(2) the dollar amount described in section
21 1476(a).

22 “(b) NET REGULAR TAX LIABILITY.—For purposes
23 of this section, the term ‘net regular tax liability’ means
24 the regular tax liability imposed under chapter 1 reduced

1 by the sum of the credits allowable under subparts A, B
2 and D of part IV of subchapter A of chapter 1.”.

3 (2) CLERICAL AMENDMENT.—The table of
4 chapter for the Internal Revenue Code of 1986 is
5 amended to read as follows:

“CHAPTER 4A—TAX ON CORPORATE BOOK INCOME”.

6 (b) DENIAL OF INCOME TAX DEDUCTION.—Section
7 275(a)(1) of the Internal Revenue Code of 1986 is amend-
8 ed by striking “and” at the end of paragraph (2), by strik-
9 ing the period at the end of paragraph (3) and inserting
10 “; and”, and by adding at the end the following new para-
11 graph:

12 “(4) the tax imposed by chapter 4A.”.

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

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