

119TH CONGRESS
1ST SESSION

H. R. 368

To amend the Internal Revenue Code of 1986 to provide that certain bona fide residents of the Virgin Islands who are shareholders of corporations organized under the laws of the Virgin Islands are not treated as United States persons for purposes of determining certain inclusions in gross income with respect to such corporations.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 2025

Ms. PLASKETT 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 provide that certain bona fide residents of the Virgin Islands who are shareholders of corporations organized under the laws of the Virgin Islands are not treated as United States persons for purposes of determining certain inclusions in gross income with respect to such 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 “Territorial Tax Parity
5 and Fairness Act”.

1 **SEC. 2. CERTAIN BONA FIDE RESIDENTS OF VIRGIN IS-**
2 **LANDS.**

3 (a) IN GENERAL.—Section 957(c) of the Internal
4 Revenue Code of 1986 is amended by striking “and” at
5 the end of paragraph (1), by redesignating paragraph (2)
6 as paragraph (3), and by inserting after paragraph (1)
7 the following new paragraph:

8 “(2) with respect to a corporation organized
9 under the laws of the Virgin Islands, such term does
10 not include an individual who is a bona fide resident
11 of the Virgin Islands, if a dividend received by such
12 individual during the taxable year from such cor-
13 poration would, for purposes of section 934(b)(1), be
14 treated as income derived from sources within the
15 Virgin Islands, and”.

16 (b) CONFORMING AMENDMENT.—Section 957(c) of
17 such Code is amended by striking “paragraph (2)” in the
18 last sentence and inserting “paragraph (3)”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years of foreign corpora-
21 tions beginning after December 31, 2024, and taxable
22 years of individuals within which or with which such tax-
23 able years of foreign corporations end.

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