

# Union Calendar No. 288

118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7024

**[Report No. 118–353, Part I]**

To make improvements to the child tax credit, to provide tax incentives to promote economic growth, to provide special rules for the taxation of certain residents of Taiwan with income from sources within the United States, to provide tax relief with respect to certain Federal disasters, to make improvements to the low-income housing tax credit, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 17, 2024

Mr. SMITH of Missouri introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

JANUARY 23, 2024

Reported from the Committee on Ways and Means with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

JANUARY 23, 2024

Committee on Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on January 17, 2024]

# **A BILL**

To make improvements to the child tax credit, to provide tax incentives to promote economic growth, to provide special rules for the taxation of certain residents of Taiwan with income from sources within the United States, to provide tax relief with respect to certain Federal disasters, to make improvements to the low-income housing tax credit, and for other purposes.

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; TABLE OF CONTENTS; ETC.**

4        (a) *SHORT TITLE.*—*This Act may be cited as the “Tax*  
 5 *Relief for American Families and Workers Act of 2024”.*

6        (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*  
 7 *expressly provided, whenever in this Act an amendment or*  
 8 *repeal is expressed in terms of an amendment to, or repeal*  
 9 *of, a section or other provision, the reference shall be consid-*  
 10 *ered to be made to a section or other provision of the Inter-*  
 11 *nal Revenue Code of 1986.*

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

*Sec. 1. Short title; table of contents; etc.*

**TITLE I—TAX RELIEF FOR WORKING FAMILIES**

*Sec. 101. Per-child calculation of refundable portion of child tax credit.*

*Sec. 102. Increase in refundable portion.*

*Sec. 103. Inflation of credit amount.*

*Sec. 104. Rule for determination of earned income.*

*Sec. 105. Special rule for certain early-filed 2023 returns.*

**TITLE II—AMERICAN INNOVATION AND GROWTH**

*Sec. 201. Deduction for domestic research and experimental expenditures.*

*Sec. 202. Extension of allowance for depreciation, amortization, or depletion in*  
*determining the limitation on business interest.*

*Sec. 203. Extension of 100 percent bonus depreciation.*

*Sec. 204. Increase in limitations on expensing of depreciable business assets.*

**TITLE III—INCREASING GLOBAL COMPETITIVENESS**

**Subtitle A—United States-Taiwan Expedited Double-Tax Relief Act**

*Sec. 301. Short title.*

*Sec. 302. Special rules for taxation of certain residents of Taiwan.*

**Subtitle B—United States-Taiwan Tax Agreement Authorization Act**

*Sec. 311. Short title.*

*Sec. 312. Definitions.*

- Sec. 313. Authorization to negotiate and enter into agreement.*  
*Sec. 314. Consultations with Congress.*  
*Sec. 315. Approval and implementation of agreement.*  
*Sec. 316. Submission to Congress of agreement and implementation policy.*  
*Sec. 317. Consideration of approval legislation and implementing legislation.*  
*Sec. 318. Relationship of agreement to Internal Revenue Code of 1986.*  
*Sec. 319. Authorization of subsequent tax agreements relative to Taiwan.*  
*Sec. 320. United States treatment of double taxation matters with respect to Taiwan.*

**TITLE IV—ASSISTANCE FOR DISASTER-IMPACTED COMMUNITIES**

- Sec. 401. Short title.*  
*Sec. 402. Extension of rules for treatment of certain disaster-related personal casualty losses.*  
*Sec. 403. Exclusion from gross income for compensation for losses or damages resulting from certain wildfires.*  
*Sec. 404. East Palestine disaster relief payments.*

**TITLE V—MORE AFFORDABLE HOUSING**

- Sec. 501. State housing credit ceiling increase for low-income housing credit.*  
*Sec. 502. Tax-exempt bond financing requirement.*

**TITLE VI—TAX ADMINISTRATION AND ELIMINATING FRAUD**

- Sec. 601. Increase in threshold for requiring information reporting with respect to certain payees.*  
*Sec. 602. Enforcement provisions with respect to COVID-related employee retention credits.*

1                   **TITLE I—TAX RELIEF FOR**  
2                   **WORKING FAMILIES**

3   **SEC. 101. PER-CHILD CALCULATION OF REFUNDABLE POR-**  
4                   **TION OF CHILD TAX CREDIT.**

5           (a) *IN GENERAL.*—Subparagraph (A) of section  
6 24(h)(5) is amended to read as follows:

7                   “(A) *IN GENERAL.*—In applying subsection  
8                   (d)—

9                                   “(i) the amount determined under  
10                                   paragraph (1)(A) of such subsection with  
11                                   respect to any qualifying child shall not ex-  
12                                   ceed \$1,400, and such paragraph shall be

1                   *applied without regard to paragraph (4) of*  
2                   *this subsection, and*

3                   “*(ii) paragraph (1)(B) of such sub-*  
4                   *section shall be applied by multiplying each*  
5                   *of—*

6                                 “*(I) the amount determined under*  
7                                 *clause (i) thereof, and*

8                                 “*(II) the excess determined under*  
9                                 *clause (ii) thereof,*

10                   *by the number of qualifying children of the*  
11                   *taxpayer.”.*

12            **(b) CONFORMING AMENDMENT.**—*The heading of para-*  
13 *graph (5) of section 24(h) is amended by striking “MAX-*  
14 *IMUM AMOUNT OF” and inserting “SPECIAL RULES FOR”.*

15            **(c) EFFECTIVE DATE.**—*The amendments made by this*  
16 *section shall apply to taxable years beginning after Decem-*  
17 *ber 31, 2022.*

18    **SEC. 102. INCREASE IN REFUNDABLE PORTION.**

19            **(a) IN GENERAL.**—*Paragraph (5) of section 24(h) is*  
20 *amended by redesignating subparagraph (B) as subpara-*  
21 *graph (C) and by inserting after subparagraph (A) the fol-*  
22 *lowing new subparagraph:*

23                                 “*(B) AMOUNTS FOR 2023, 2024, AND 2025.—*

24                   *In the case of a taxable year beginning after*

1           2022, subparagraph (A) shall be applied by sub-  
2           stituting for ‘\$1,400’—

3                   “(i) in the case of taxable year 2023,  
4                   ‘\$1,800’,

5                   “(ii) in the case of taxable year 2024,  
6                   ‘\$1,900’, and

7                   “(iii) in the case of taxable year 2025,  
8                   ‘\$2,000’.”.

9           (b) *CONFORMING AMENDMENT.*—Subparagraph (C) of  
10          section 24(h)(5), as redesignated by subsection (a), is  
11          amended by inserting “and before 2023” after “2018”.

12          (c) *EFFECTIVE DATE.*—The amendments made by this  
13          section shall apply to taxable years beginning after Decem-  
14          ber 31, 2022.

15          **SEC. 103. INFLATION OF CREDIT AMOUNT.**

16          (a) *IN GENERAL.*—Paragraph (2) of section 24(h) is  
17          amended—

18                  (1) by striking “AMOUNT.—Subsection” and in-  
19                  serting “AMOUNT.—

20                          “(A) *IN GENERAL.*—Subsection”, and

21                  (2) by adding at the end the following new sub-  
22                  paragraph:

23                          “(B) *ADJUSTMENT FOR INFLATION.*—In the  
24                          case of a taxable year beginning after 2023, the  
25                          \$2,000 amounts in subparagraph (A) and para-

1           graph (5)(B)(iii) shall each be increased by an  
2           amount equal to—

3                   “(i) such dollar amount, multiplied by

4                           “(ii) the cost-of-living adjustment de-  
5                           termined under section 1(f)(3) for the cal-  
6                           endar year in which the taxable year be-  
7                           gins, determined by substituting ‘2022’ for  
8                           ‘2016’ in subparagraph (A)(ii) thereof.

9           If any increase under this clause is not a mul-  
10          tiple of \$100, such increase shall be rounded to  
11          the next lowest multiple of \$100.”.

12          (b) *EFFECTIVE DATE.*—The amendments made by this  
13          section shall apply to taxable years beginning after Decem-  
14          ber 31, 2023.

15          **SEC. 104. RULE FOR DETERMINATION OF EARNED INCOME.**

16          (a) *IN GENERAL.*—Paragraph (6) of section 24(h) of  
17          the Internal Revenue Code of 1986 is amended—

18                   (1) by striking “*CREDIT.—Subsection*” and in-  
19                   serting “*CREDIT.—*

20                           “(A) *IN GENERAL.—Subsection*”, and

21                           (2) by adding at the end the following new sub-  
22                   paragraphs

23                           “(B) *RULE FOR DETERMINATION OF*  
24                   *EARNED INCOME.—*

1           “(i) *IN GENERAL.*—*In the case of a*  
2           *taxable year beginning after 2023, if the*  
3           *earned income of the taxpayer for such tax-*  
4           *able year is less than the earned income of*  
5           *the taxpayer for the preceding taxable year,*  
6           *subsection (d)(1)(B)(i) may, at the election*  
7           *of the taxpayer, be applied by sub-*  
8           *stituting—*

9                     “(I) *the earned income for such*  
10                    *preceding taxable year, for*

11                   “(II) *the earned income for the*  
12                    *current taxable year.*

13           “(ii) *APPLICATION TO JOINT RE-*  
14           *URNS.*—*For purposes of clause (i), in the*  
15           *case of a joint return, the earned income of*  
16           *the taxpayer for the preceding taxable year*  
17           *shall be the sum of the earned income of*  
18           *each spouse for such preceding taxable*  
19           *year.”.*

20           (b) *ERRORS TREATED AS MATHEMATICAL ERRORS.*—

21           *Paragraph (2) of section 6213(g) of the Internal Revenue*  
22           *Code of 1986 is amended by striking “and” at the end of*  
23           *subparagraph (U), by striking the period at the end of sub-*  
24           *paragraph (V) and inserting “, and”, and by inserting after*  
25           *subparagraph (V) the following new subparagraph:*



1           “(W) in the case of a taxpayer electing the  
2           application of section 24(h)(6)(B) for any tax-  
3           able year, an entry on a return of earned income  
4           pursuant to such section which is inconsistent  
5           with the amount of such earned income deter-  
6           mined by the Secretary for the preceding taxable  
7           year.”.

8           (c) *EFFECTIVE DATE.*—The amendments made by this  
9           section shall apply to taxable years beginning after Decem-  
10          ber 31, 2023.

11       **SEC. 105. SPECIAL RULE FOR CERTAIN EARLY-FILED 2023**  
12                               **RETURNS.**

13           In the case of an individual who claims, on the tax-  
14          payer’s return of tax for the first taxable year beginning  
15          after December 31, 2022, a credit under section 24 of the  
16          Internal Revenue Code of 1986 which is determined without  
17          regard to the amendments made by sections 101 and 102  
18          of this Act, the Secretary of the Treasury (or the Secretary’s  
19          delegate) shall, to the maximum extent practicable—

20                       (1) redetermine the amount of such credit (after  
21                       taking into account such amendments) on the basis of  
22                       the information provided by the taxpayer on such re-  
23                       turn, and

1           (2) to the extent that such redetermination re-  
2           sults in an overpayment of tax, credit or refund such  
3           overpayment as expeditiously as possible.

4                           **TITLE II—AMERICAN**  
5                           **INNOVATION AND GROWTH**

6   **SEC. 201. DEDUCTION FOR DOMESTIC RESEARCH AND EX-**  
7                           **PERIMENTAL EXPENDITURES.**

8           (a) *DELAY OF AMORTIZATION OF DOMESTIC RE-*  
9   *SEARCH AND EXPERIMENTAL EXPENDITURES.*—Section  
10 *174 is amended by adding at the end the following new*  
11 *subsection:*

12           “(e) *SUSPENSION OF APPLICATION OF SECTION TO DO-*  
13 *MESTIC RESEARCH AND EXPERIMENTAL EXPENDITURES.*—  
14 *In the case of any domestic research or experimental ex-*  
15 *penditures (as defined in section 174A(b)), this section—*  
16           “(1) *shall apply to such expenditures paid or in-*  
17           *curring in taxable years beginning after December 31,*  
18           *2025, and*

19           “(2) *shall not apply to such expenditures paid or*  
20           *incurred in taxable years beginning on or before such*  
21           *date.”.*

22           (b) *REINSTATEMENT OF EXPENSING FOR DOMESTIC*  
23 *RESEARCH AND EXPERIMENTAL EXPENDITURES.*—Part VI  
24 *of subchapter B of chapter 1 is amended by inserting after*  
25 *section 174 the following new section:*

1 **“SEC. 174A. TEMPORARY RULES FOR DOMESTIC RESEARCH**  
2 **AND EXPERIMENTAL EXPENDITURES.**

3 “(a) *TREATMENT AS EXPENSES.*—Notwithstanding  
4 *section 263, there shall be allowed as a deduction any do-*  
5 *mestic research or experimental expenditures which are*  
6 *paid or incurred by the taxpayer during the taxable year.*

7 “(b) *DOMESTIC RESEARCH OR EXPERIMENTAL EX-*  
8 *PENDITURES.*—For purposes of this section, the term ‘do-  
9 *mestic research or experimental expenditures’ means re-*  
10 *search or experimental expenditures paid or incurred by the*  
11 *taxpayer in connection with the taxpayer’s trade or busi-*  
12 *ness other than such expenditures which are attributable to*  
13 *foreign research (within the meaning of section*  
14 *41(d)(4)(F)).*

15 “(c) *AMORTIZATION OF CERTAIN DOMESTIC RE-*  
16 *SEARCH AND EXPERIMENTAL EXPENDITURES.*—

17 “(1) *IN GENERAL.*—At the election of the tax-  
18 *payer, made in accordance with regulations or other*  
19 *guidance provided by the Secretary, in the case of do-*  
20 *mestic research or experimental expenditures which*  
21 *would (but for subsection (a)) be chargeable to capital*  
22 *account but not chargeable to property of a character*  
23 *which is subject to the allowance under section 167*  
24 *(relating to allowance for depreciation, etc.) or section*  
25 *611 (relating to allowance for depletion), subsection*  
26 *(a) shall not apply and the taxpayer shall—*

1           “(A) charge such expenditures to capital ac-  
2           count, and

3           “(B) be allowed an amortization deduction  
4           of such expenditures ratably over such period of  
5           not less than 60 months as may be selected by  
6           the taxpayer (beginning with the month in  
7           which the taxpayer first realizes benefits from  
8           such expenditures).

9           “(2) *TIME FOR AND SCOPE OF ELECTION.*—The  
10          election provided by paragraph (1) may be made for  
11          any taxable year, but only if made not later than the  
12          time prescribed by law for filing the return for such  
13          taxable year (including extensions thereof). The meth-  
14          od so elected, and the period selected by the taxpayer,  
15          shall be adhered to in computing taxable income for  
16          the taxable year for which the election is made and  
17          for all subsequent taxable years unless, with the ap-  
18          proval of the Secretary, a change to a different meth-  
19          od (or to a different period) is authorized with respect  
20          to part or all of such expenditures. The election shall  
21          not apply to any expenditure paid or incurred during  
22          any taxable year before the taxable year for which the  
23          taxpayer makes the election.

24          “(d) *ELECTION TO CAPITALIZE EXPENSES.*—In the  
25          case of a taxpayer which elects (at such time and in such

1 manner as the Secretary may provide) the application of  
2 this subsection, subsections (a) and (c) shall not apply and  
3 domestic research or experimental expenditures shall be  
4 chargeable to capital account. Such election shall not apply  
5 to any expenditure paid or incurred during any taxable  
6 year before the taxable year for which the taxpayer makes  
7 the election and may be made with respect to part of the  
8 expenditures paid or incurred during any taxable year only  
9 with the approval of the Secretary.

10 “(e) *SPECIAL RULES.*—

11 “(1) *LAND AND OTHER PROPERTY.*—*This section*  
12 *shall not apply to any expenditure for the acquisition*  
13 *or improvement of land, or for the acquisition or im-*  
14 *provement of property to be used in connection with*  
15 *the research or experimentation and of a character*  
16 *which is subject to the allowance under section 167*  
17 *(relating to allowance for depreciation, etc.) or section*  
18 *611 (relating to allowance for depletion); but for pur-*  
19 *poses of this section allowances under section 167,*  
20 *and allowances under section 611, shall be considered*  
21 *as expenditures.*

22 “(2) *EXPLORATION EXPENDITURES.*—*This sec-*  
23 *tion shall not apply to any expenditure paid or in-*  
24 *curring for the purpose of ascertaining the existence,*

1 *location, extent, or quality of any deposit of ore or*  
2 *other mineral (including oil and gas).*

3 “(3) *SOFTWARE DEVELOPMENT.*—*For purposes*  
4 *of this section, any amount paid or incurred in con-*  
5 *nection with the development of any software shall be*  
6 *treated as a research or experimental expenditure.*

7 “(f) *TERMINATION.*—

8 “(1) *IN GENERAL.*—*This section shall not apply*  
9 *to amounts paid or incurred in taxable years begin-*  
10 *ning after December 31, 2025.*

11 “(2) *CHANGE IN METHOD OF ACCOUNTING.*—*In*  
12 *the case of a taxpayer’s first taxable year beginning*  
13 *after December 31, 2025, paragraph (1) (and the cor-*  
14 *responding application of section 174) shall be treated*  
15 *as a change in method of accounting for purposes of*  
16 *section 481 and—*

17 “(A) *such change shall be treated as initi-*  
18 *ated by the taxpayer,*

19 “(B) *such change shall be treated as made*  
20 *with the consent of the Secretary, and*

21 “(C) *such change shall be applied only on*  
22 *a cut-off basis for any domestic research or ex-*  
23 *perimental expenditures paid or incurred in tax-*  
24 *able years beginning after December 31, 2025,*

1           *and no adjustment under section 481(a) shall be*  
2           *made.”.*

3           (c) *COORDINATION WITH CERTAIN OTHER PROVI-*  
4           *SIONS.—*

5           (1) *RESEARCH CREDIT.—*

6                   (A) *Section 41(d)(1)(A) is amended by in-*  
7                   *serting “or domestic research or experimental ex-*  
8                   *penditures under section 174A” after “section*  
9                   *174”.*

10                   (B) *Section 280C(c)(1) is amended to read*  
11                   *as follows:*

12                           “(1) *IN GENERAL.—The domestic research or ex-*  
13                           *perimental expenditures otherwise taken into account*  
14                           *under section 174 or 174A (as the case may be) shall*  
15                           *be reduced by the amount of the credit allowed under*  
16                           *section 41(a).”.*

17                   (2) *AMT ADJUSTMENT.—Section 56(b)(2) is*  
18                   *amended by striking “174(a)” each place it appears*  
19                   *and inserting “174A(a)”.*

20                   (3) *OPTIONAL 10-YEAR WRITEOFF.—Section*  
21                   *59(e)(2)(B) is amended by striking “section 174(a)*  
22                   *(relating to research and experimental expenditures)”*  
23                   *and inserting “section 174A(a) (relating to temporary*  
24                   *rules for domestic research and experimental expendi-*  
25                   *tures)”.*

1           (4) *QUALIFIED SMALL ISSUE BONDS.*—Section  
2           144(a)(4)(C)(iv) is amended by striking “174(a)” and  
3           inserting “174A(a)”.

4           (5) *START-UP EXPENDITURES.*—Section  
5           195(c)(1) is amended by striking “or 174” in the last  
6           sentence and inserting “174, or 174A”.

7           (6) *CAPITAL EXPENDITURES.*—

8                   (A) Section 263(a)(1)(B) is amended by in-  
9                   serting “or 174A” after “174”.

10                   (B) Section 263A(c)(2) is amended by in-  
11                   serting “or 174A” after “174”.

12           (7) *ACTIVE BUSINESS COMPUTER SOFTWARE*  
13           *ROYALTIES.*—Section 543(d)(4)(A)(i) is amended by  
14           inserting “174A,” after “174,”.

15           (8) *SOURCE RULES.*—Section 864(g)(2) is  
16           amended in the last sentence—

17                   (A) by striking “treated as deferred expenses  
18                   under subsection (b) of section 174” and insert-  
19                   ing “allowed as an amortization deduction  
20                   under section 174(a) or section 174A(c),”, and

21                   (B) by striking “such subsection” and in-  
22                   serting “such section (as the case may be)”.

23           (9) *BASIS ADJUSTMENT.*—Section 1016(a)(14) is  
24           amended by striking “deductions as deferred expenses  
25           under section 174(b)(1) (relating to research and ex-



1        *perimental expenditures)” and inserting “deductions*  
 2        *under section 174 or 174A”.*

3            (10) *SMALL BUSINESS STOCK.—Section*  
 4        *1202(e)(2)(B) is amended by striking “research and*  
 5        *experimental expenditures under section 174” and in-*  
 6        *serting “specified research or experimental expendi-*  
 7        *tures under section 174 or domestic research or exper-*  
 8        *imental expenditures under section 174A”.*

9        (d) *CONFORMING AMENDMENTS.—*

10            (1) *Section 13206 of Public Law 115–97 is*  
 11        *amended by striking subsection (b) (relating to*  
 12        *change in method of accounting).*

13            (2) *The table of sections for part VI of sub-*  
 14        *chapter B of chapter 1 is amended by inserting after*  
 15        *the item relating to section 174 the following new*  
 16        *item:*

      “*Sec. 174A. Temporary rules for domestic research and experimental expendi-*  
       *tures.”.*”

17        (e) *EFFECTIVE DATE.—*

18            (1) *IN GENERAL.—Except as otherwise provided*  
 19        *in this subsection, the amendments made by this sec-*  
 20        *tion shall apply to amounts paid or incurred in tax-*  
 21        *able years beginning after December 31, 2021.*

22            (2) *COORDINATION WITH RESEARCH CREDIT.—*  
 23        *The amendment made by subsection (c)(1)(B) shall*

1       *apply to taxable years beginning after December 31,*  
2       *2022.*

3               (3) *REPEAL OF SUPERCEDED CHANGE IN METH-*  
4       *OD OF ACCOUNTING RULES.—The amendment made*  
5       *by subsection (d)(1) shall take effect as if included in*  
6       *Public Law 115–97.*

7               (4) *NO INFERENCE WITH RESPECT TO COORDINA-*  
8       *TION WITH RESEARCH CREDIT FOR PRIOR PERIODS.—*  
9       *The amendment made by subsection (c)(1)(B) shall*  
10       *not be construed to create any inference with respect*  
11       *to the proper application of section 280C(c) of the In-*  
12       *ternal Revenue Code of 1986 with respect to taxable*  
13       *years beginning before January 1, 2023.*

14       (f) *TRANSITION RULES.—*

15               (1) *IN GENERAL.—Except as otherwise provided*  
16       *by the Secretary, an election made under subsection*  
17       *(c) or (d) of section 174A of the Internal Revenue*  
18       *Code of 1986 (as added by this section) for the tax-*  
19       *payer’s first taxable year beginning after December*  
20       *31, 2021, shall not fail to be treated as timely made*  
21       *(or as made on the return) if made during the 1-year*  
22       *period beginning on the date of the enactment of this*  
23       *Act on an amended return for the taxpayer’s first*  
24       *taxable year beginning after December 31, 2021, or in*  
25       *such other manner as the Secretary may provide.*

1           (2) *ELECTION REGARDING TREATMENT AS*  
2 *CHANGE IN METHOD OF ACCOUNTING.*—*In the case of*  
3 *any taxpayer which (as of the date of the enactment*  
4 *of this Act) had adopted a method of accounting pro-*  
5 *vided by section 174 of the Internal Revenue Code of*  
6 *1986 (as in effect prior to the amendments made by*  
7 *this section) for the taxpayer’s first taxable year be-*  
8 *ginning after December 31, 2021, and elects the ap-*  
9 *plication of this paragraph—*

10           (A) *the amendments made by this section*  
11 *shall be treated as a change in method of ac-*  
12 *counting for purposes of section 481 of such*  
13 *Code,*

14           (B) *such change shall be treated as initiated*  
15 *by the taxpayer for the taxpayer’s immediately*  
16 *succeeding taxable year,*

17           (C) *such change shall be treated as made*  
18 *with the consent of the Secretary,*

19           (D) *such change shall be applied on a modi-*  
20 *fied cut-off basis, taking into account for pur-*  
21 *poses of section 481(a) of such Code only the do-*  
22 *mestic research or experimental expenditures (as*  
23 *defined in section 174A(b) of such Code (as*  
24 *added by this section) and determined by apply-*  
25 *ing the rules of section 174A(e) of such Code)*

1           *paid or incurred in the taxpayer's first taxable*  
2           *year beginning after December 31, 2021, and not*  
3           *allowed as a deduction in such taxable year, and*

4           *(E) in the case of a taxpayer which elects*  
5           *the application of this subparagraph, the amount*  
6           *of such change (as determined under subpara-*  
7           *graph (D)) shall be taken into account ratably*  
8           *over the 2-taxable-year period beginning with the*  
9           *taxable year referred to in subparagraph (B).*

10          (3) *ELECTION REGARDING 10-YEAR WRITEOFF.—*

11           *(A) IN GENERAL.—Except as otherwise pro-*  
12           *vided by the Secretary, an eligible taxpayer*  
13           *which files, during the 1-year period beginning*  
14           *on the date of the enactment of this Act, an*  
15           *amended income tax return for the taxable year*  
16           *described in subparagraph (B)(ii) may elect the*  
17           *application of section 59(e) of the Internal Rev-*  
18           *enue Code of 1986 with respect to qualified ex-*  
19           *penditures described in section 59(e)(2)(B) of*  
20           *such Code (as amended by subsection (c)(3))*  
21           *with respect to such taxable year. Such election*  
22           *shall be filed with such amended income tax re-*  
23           *turn and shall be effective only to the extent that*  
24           *such election would have been effective if filed*  
25           *with the original income tax return for such tax-*

1           able year (determined after taking into account  
2           the amendment made by subsection (c)(3)).

3           (B) *ELIGIBLE TAXPAYER.*—For purposes of  
4           subparagraph (A), the term “eligible taxpayer”  
5           means any taxpayer which—

6                   (i) does not elect the application of  
7                   paragraph (2), and

8                   (ii) filed an income tax return for such  
9                   taxpayer’s first taxable year beginning after  
10                  December 31, 2021, before the earlier of—

11                           (I) the due date for such return,  
12                           and

13                           (II) the date of the enactment of  
14                           this Act.

15           (4) *ELECTION REGARDING COORDINATION WITH*  
16           *RESEARCH CREDIT.*—Except as otherwise provided by  
17           the Secretary, an eligible taxpayer (as defined in  
18           paragraph (3)(B) without regard to clause (i) thereof)  
19           which files, during the 1-year period beginning on the  
20           date of the enactment of this Act, an amended income  
21           tax return for the taxpayer’s first taxable year begin-  
22           ning after December 31, 2021, may, notwithstanding  
23           subparagraph (C) of section 280C(c)(2) of the Inter-  
24           nal Revenue Code of 1986 make, or revoke, on such

1        *amended return the election under such section for*  
2        *such taxable year.*

3    **SEC. 202. EXTENSION OF ALLOWANCE FOR DEPRECIATION,**  
4                    **AMORTIZATION, OR DEPLETION IN DETER-**  
5                    **MINING THE LIMITATION ON BUSINESS IN-**  
6                    **TEREST.**

7        *(a) IN GENERAL.—Section 163(j)(8)(A)(v) is amended*  
8        *by striking “January 1, 2022” and inserting “January 1,*  
9        *2026”.*

10       *(b) EFFECTIVE DATE.—*

11                *(1) IN GENERAL.—Except as otherwise provided*  
12        *in this subsection, the amendment made by this sec-*  
13        *tion shall apply to taxable years beginning after De-*  
14        *cember 31, 2023.*

15                *(2) ELECTION TO APPLY EXTENSION RETRO-*  
16        *ACTIVELY.—In the case of a taxpayer which elects (at*  
17        *such time and in such manner as the Secretary may*  
18        *provide) the application of this paragraph, para-*  
19        *graph (1) shall be applied by substituting “December*  
20        *31, 2021” for “December 31, 2023”.*

21    **SEC. 203. EXTENSION OF 100 PERCENT BONUS DEPRECIA-**  
22                    **TION.**

23        *(a) IN GENERAL.—Section 168(k)(6)(A) is amended—*

24                *(1) in clause (i)—*

1           (A) by striking “2023” and inserting  
2           “2026”, and

3           (B) by adding “and” at the end, and  
4           (2) by striking clauses (ii), (iii), and (iv), and  
5           redesignating clause (v) as clause (ii).

6           (b) *PROPERTY WITH LONGER PRODUCTION PERI-*  
7 *ODS.—Section 168(k)(6)(B) is amended—*

8           (1) in clause (i)—

9           (A) by striking “2024” and inserting  
10           “2027”, and

11           (B) by adding “and” at the end, and  
12           (2) by striking clauses (ii), (iii), and (iv), and  
13           redesignating clause (v) as clause (ii).

14           (c) *PLANTS BEARING FRUITS AND NUTS.—Section*  
15 *168(k)(6)(C) is amended—*

16           (1) in clause (i)—

17           (A) by striking “2023” and inserting  
18           “2026”, and

19           (B) by adding “and” at the end, and  
20           (2) by striking clauses (ii), (iii), and (iv), and  
21           redesignating clause (v) as clause (ii).

22           (d) *EFFECTIVE DATES.—*

23           (1) *IN GENERAL.—Except as otherwise provided*  
24           *in this subsection, the amendments made by this sec-*

1        *tion shall apply to property placed in service after*  
2        *December 31, 2022.*

3                (2) *PLANTS BEARING FRUITS AND NUTS.—The*  
4        *amendments made by subsection (c) shall apply to*  
5        *specified plants planted or grafted after December 31,*  
6        *2022.*

7        **SEC. 204. INCREASE IN LIMITATIONS ON EXPENSING OF DE-**  
8                **PRECIABLE BUSINESS ASSETS.**

9        (a) *IN GENERAL.—Section 179(b) is amended—*

10                (1) *by striking “\$1,000,000” in paragraph (1)*  
11        *and inserting “\$1,290,000”, and*

12                (2) *by striking “\$2,500,000” in paragraph (2)*  
13        *and inserting “\$3,220,000”.*

14        (b) *INFLATION ADJUSTMENT.—Section 179(b)(6) is*  
15        *amended—*

16                (1) *by striking “2018” and inserting “2024*  
17        *(2018 in the case of the dollar amount in paragraph*  
18        *(5)(A))”, and*

19                (2) *by striking “‘calendar year 2017’ and in-*  
20        *serting “‘calendar year 2024’ (‘calendar year 2017’*  
21        *in the case of the dollar amount in paragraph*  
22        *(5)(A))”.*

23        (c) *EFFECTIVE DATE.—The amendments made by this*  
24        *section shall apply to property placed in service in taxable*  
25        *years beginning after December 31, 2023.*



1 **TITLE III—INCREASING GLOBAL**  
2 **COMPETITIVENESS**  
3 **Subtitle A—United States-Taiwan**  
4 **Expedited Double-Tax Relief Act**

5 **SEC. 301. SHORT TITLE.**

6 *This subtitle may be cited as the “United States-Tai-*  
7 *wan Expedited Double-Tax Relief Act”.*

8 **SEC. 302. SPECIAL RULES FOR TAXATION OF CERTAIN RESI-**  
9 **DENTS OF TAIWAN.**

10 *(a) IN GENERAL.—Subpart D of part II of subchapter*  
11 *N of chapter 1 is amended by inserting after section 894*  
12 *the following new section:*

13 **“SEC. 894A. SPECIAL RULES FOR QUALIFIED RESIDENTS OF**  
14 **TAIWAN.**

15 *“(a) CERTAIN INCOME FROM UNITED STATES*  
16 *SOURCES.—*

17 *“(1) INTEREST, DIVIDENDS, AND ROYALTIES,*  
18 *ETC.—*

19 *“(A) IN GENERAL.—In the case of interest*  
20 *(other than original issue discount), dividends,*  
21 *royalties, amounts described in section*  
22 *871(a)(1)(C), and gains described in section*  
23 *871(a)(1)(D) received by or paid to a qualified*  
24 *resident of Taiwan—*

1           “(i) sections 871(a), 881(a), 1441(a),  
2           1441(c)(5), and 1442(a) shall each be ap-  
3           plied by substituting ‘the applicable per-  
4           centage (as defined in section  
5           894A(a)(1)(C))’ for ‘30 percent’ each place  
6           it appears, and

7           “(ii) sections 871(a), 881(a), and  
8           1441(c)(1) shall each be applied by sub-  
9           stituting ‘a United States permanent estab-  
10          lishment of a qualified resident of Taiwan’  
11          for ‘a trade or business within the United  
12          States’ each place it appears.

13          “(B) EXCEPTIONS.—

14                 “(i) IN GENERAL.—Subparagraph (A)  
15                 shall not apply to—

16                         “(I) any dividend received from  
17                         or paid by a real estate investment  
18                         trust which is not a qualified REIT  
19                         dividend,

20                         “(II) any amount subject to sec-  
21                         tion 897,

22                         “(III) any amount received from  
23                         or paid by an expatriated entity (as  
24                         defined in section 7874(a)(2)) to a for-

1            *eign related person (as defined in sec-*  
2            *tion 7874(d)(3)), and*

3            *“(IV) any amount which is in-*  
4            *cluded in income under section 860C to*  
5            *the extent that such amount does not*  
6            *exceed an excess inclusion with respect*  
7            *to a REMIC.*

8            *“(ii) QUALIFIED REIT DIVIDEND.—For*  
9            *purposes of clause (i)(I), the term ‘qualified*  
10           *REIT dividend’ means any dividend re-*  
11           *ceived from or paid by a real estate invest-*  
12           *ment trust if such dividend is paid with re-*  
13           *spect to a class of shares that is publicly*  
14           *traded and the recipient of the dividend is*  
15           *a person who holds an interest in any class*  
16           *of shares of the real estate investment trust*  
17           *of not more than 5 percent.*

18           *“(C) APPLICABLE PERCENTAGE.—For pur-*  
19           *poses of applying subparagraph (A)(i)—*

20           *“(i) IN GENERAL.—Except as provided*  
21           *in clause (ii), the term ‘applicable percent-*  
22           *age’ means 10 percent.*

23           *“(ii) SPECIAL RULES FOR DIVI-*  
24           *DENDS.— In the case of any dividend in re-*  
25           *spect of stock received by or paid to a quali-*

1 *fied resident of Taiwan, the applicable per-*  
2 *centage shall be 15 percent (10 percent in*  
3 *the case of a dividend which meets the re-*  
4 *quirements of subparagraph (D) and is re-*  
5 *ceived by or paid to an entity taxed as a*  
6 *corporation in Taiwan).*

7 *“(D) REQUIREMENTS FOR LOWER DIVIDEND*  
8 *RATE.—*

9 *“(i) IN GENERAL.—The requirements*  
10 *of this subparagraph are met with respect*  
11 *to any dividend in respect of stock in a cor-*  
12 *poration if, at all times during the 12-*  
13 *month period ending on the date such stock*  
14 *becomes ex-dividend with respect to such*  
15 *dividend—*

16 *“(I) the dividend is derived by a*  
17 *qualified resident of Taiwan, and*

18 *“(II) such qualified resident of*  
19 *Taiwan has held directly at least 10*  
20 *percent (by vote and value) of the total*  
21 *outstanding shares of stock in such cor-*  
22 *poration.*

23 *For purposes of subclause (II), a person*  
24 *shall be treated as directly holding a share*  
25 *of stock during any period described in the*

1           *preceding sentence if the share was held by*  
2           *a corporation from which such person later*  
3           *acquired that share and such corporation*  
4           *was, at the time the share was acquired,*  
5           *both a connected person to such person and*  
6           *a qualified resident of Taiwan.*

7           “(i) *EXCEPTION FOR RICS AND*  
8           *REITS.—Notwithstanding clause (i), the re-*  
9           *quirements of this subparagraph shall not*  
10           *be treated as met with respect to any divi-*  
11           *dend paid by a regulated investment com-*  
12           *pany or a real estate investment trust.*

13           “(2) *QUALIFIED WAGES.—*

14           “(A) *IN GENERAL.—No tax shall be imposed*  
15           *under this chapter (and no amount shall be*  
16           *withheld under section 1441(a) or chapter 24)*  
17           *with respect to qualified wages paid to a quali-*  
18           *fied resident of Taiwan who—*

19           “(i) *is not a resident of the United*  
20           *States (determined without regard to sub-*  
21           *section (c)(3)(E)), or*

22           “(ii) *is employed as a member of the*  
23           *regular component of a ship or aircraft op-*  
24           *erated in international traffic.*

25           “(B) *QUALIFIED WAGES.—*

1           “(i) *IN GENERAL.*—*The term ‘qualified*  
2           *wages’ means wages, salaries, or similar re-*  
3           *munerations with respect to employment in-*  
4           *volving the performance of personal services*  
5           *within the United States which—*

6                     “(I) *are paid by (or on behalf of)*  
7                     *any employer other than a United*  
8                     *States person, and*

9                     “(II) *are not borne by a United*  
10                    *States permanent establishment of any*  
11                    *person other than a United States per-*  
12                    *son.*

13           “(ii) *EXCEPTIONS.*—*Such term shall*  
14           *not include directors’ fees, income derived as*  
15           *an entertainer or athlete, income derived as*  
16           *a student or trainee, pensions, amounts*  
17           *paid with respect to employment with the*  
18           *United States, any State (or political sub-*  
19           *division thereof), or any possession of the*  
20           *United States (or any political subdivision*  
21           *thereof), or other amounts specified in regu-*  
22           *lations or guidance under subsection*  
23           *(f)(1)(F).*

24                    “(3) *INCOME DERIVED FROM ENTERTAINMENT*  
25            *OR ATHLETIC ACTIVITIES.—*

1           “(A) *IN GENERAL.*—No tax shall be imposed  
2           under this chapter (and no amount shall be  
3           withheld under section 1441(a) or chapter 24)  
4           with respect to income derived by an entertainer  
5           or athlete who is a qualified resident of Taiwan  
6           from personal activities as such performed in the  
7           United States if the aggregate amount of gross  
8           receipts from such activities for the taxable year  
9           do not exceed \$30,000.

10           “(B) *EXCEPTION.*—Subparagraph (A) shall  
11           not apply with respect to—

12                   “(i) income which is qualified wages  
13                   (as defined in paragraph (2)(B), deter-  
14                   mined without regard to clause (ii) thereof),  
15                   or

16                   “(ii) income which is effectively con-  
17                   nected with a United States permanent es-  
18                   tablishment.

19           “(b) *INCOME CONNECTED WITH A UNITED STATES*  
20 *PERMANENT ESTABLISHMENT OF A QUALIFIED RESIDENT*  
21 *OF TAIWAN.*—

22           “(1) *IN GENERAL.*—

23                   “(A) *IN GENERAL.*—In lieu of applying sec-  
24                   tions 871(b) and 882, a qualified resident of  
25                   Taiwan that carries on a trade or business with-

1           *in the United States through a United States*  
2           *permanent establishment shall be taxable as pro-*  
3           *vided in section 1, 11, 55, or 59A, on its taxable*  
4           *income which is effectively connected with such*  
5           *permanent establishment.*

6           “(B) *DETERMINATION OF TAXABLE IN-*  
7           *COME.—In determining taxable income for pur-*  
8           *poses of paragraph (1), gross income includes*  
9           *only gross income which is effectively connected*  
10           *with the permanent establishment.*

11           “(2) *TREATMENT OF DISPOSITIONS OF UNITED*  
12           *STATES REAL PROPERTY.—In the case of a qualified*  
13           *resident of Taiwan, section 897(a) shall be applied—*

14           “(A) *by substituting ‘carried on a trade or*  
15           *business within the United States through a*  
16           *United States permanent establishment’ for ‘were*  
17           *engaged in a trade or business within the United*  
18           *States’, and*

19           “(B) *by substituting ‘such United States*  
20           *permanent establishment’ for ‘such trade or busi-*  
21           *ness’.*

22           “(3) *TREATMENT OF BRANCH PROFITS TAXES.—*  
23           *In the case of any corporation which is a qualified*  
24           *resident of Taiwan, section 884 shall be applied—*



1           “(A) by substituting ‘10 percent’ for ‘30  
2           percent ’ in subsection (a) thereof, and

3           “(B) by substituting ‘a United States per-  
4           manent establishment of a qualified resident of  
5           Taiwan’ for ‘the conduct of a trade or business  
6           within the United States’ in subsection (d)(1)  
7           thereof.

8           “(4) *SPECIAL RULE WITH RESPECT TO INCOME*  
9           *DERIVED FROM CERTAIN ENTERTAINMENT OR ATH-*  
10          *LETIC ACTIVITIES.—*

11          “(A) *IN GENERAL.—*Paragraph (1) shall  
12          not apply to the extent that the income is de-  
13          rived—

14                 “(i) in respect of entertainment or ath-  
15                 letic activities performed in the United  
16                 States, and

17                 “(ii) by a qualified resident of Taiwan  
18                 who is not the entertainer or athlete per-  
19                 forming such activities.

20          “(B) *EXCEPTION.—*Subparagraph (A) shall  
21          not apply if the person described in subpara-  
22          graph (A)(ii) is contractually authorized to des-  
23          ignate the individual who is to perform such ac-  
24          tivities.

1           “(5) *SPECIAL RULE WITH RESPECT TO CERTAIN*  
2           *AMOUNTS.—Paragraph (1) shall not apply to any in-*  
3           *come which is wages, salaries, or similar remunera-*  
4           *tion with respect to employment or with respect to*  
5           *any amount which is described in subsection*  
6           *(a)(2)(B)(i).*

7           “(c) *QUALIFIED RESIDENT OF TAIWAN.—For purposes*  
8           *of this section—*

9           “(1) *IN GENERAL.—The term ‘qualified resident*  
10           *of Taiwan’ means any person who—*

11           “(A) *is liable to tax under the laws of Tai-*  
12           *wan by reason of such person’s domicile, resi-*  
13           *dence, place of management, place of incorpora-*  
14           *tion, or any similar criterion,*

15           “(B) *is not a United States person (deter-*  
16           *mined without regard to paragraph (3)(E)), and*

17           “(C) *in the case of an entity taxed as a cor-*  
18           *poration in Taiwan, meets the requirements of*  
19           *paragraph (2).*

20           “(2) *LIMITATION ON BENEFITS FOR CORPORATE*  
21           *ENTITIES OF TAIWAN.—*

22           “(A) *IN GENERAL.—Subject to subpara-*  
23           *graphs (E) and (F), an entity meets the require-*  
24           *ments of this paragraph only if it—*

1           “(i) meets the ownership and income  
2 requirements of subparagraph (B),

3           “(ii) meets the publicly traded require-  
4 ments of subparagraph (C), or

5           “(iii) meets the qualified subsidiary re-  
6 quirements of subparagraph (D).

7           “(B) OWNERSHIP AND INCOME REQUIRE-  
8 MENTS.—The requirements of this subparagraph  
9 are met for an entity if—

10           “(i) at least 50 percent (by vote and  
11 value) of the total outstanding shares of  
12 stock in such entity are owned directly or  
13 indirectly by qualified residents of Taiwan,  
14 and

15           “(ii) less than 50 percent of such enti-  
16 ty’s gross income (and in the case of an en-  
17 tity that is a member of a tested group, less  
18 than 50 percent of the tested group’s gross  
19 income) is paid or accrued, directly or indi-  
20 rectly, in the form of payments that are de-  
21 ductible for purposes of the income taxes  
22 imposed by Taiwan, to persons who are  
23 not—

24           “(I) qualified residents of Taiwan,  
25 or

1                   “(II) *United States persons who*  
2                   *meet such requirements with respect to*  
3                   *the United States as determined by the*  
4                   *Secretary to be equivalent to the re-*  
5                   *quirements of this subsection (deter-*  
6                   *mined without regard to paragraph*  
7                   *(1)(B)) with respect to residents of*  
8                   *Taiwan.*

9                   “(C) *PUBLICLY TRADED REQUIREMENTS.—*  
10                  *An entity meets the requirements of this sub-*  
11                  *paragraph if—*

12                   “(i) *the principal class of its shares*  
13                   *(and any disproportionate class of shares)*  
14                   *of such entity are primarily and regularly*  
15                   *traded on an established securities market*  
16                   *in Taiwan, or*

17                   “(ii) *the primary place of management*  
18                   *and control of the entity is in Taiwan and*  
19                   *all classes of its outstanding shares de-*  
20                   *scribed in clause (i) are regularly traded on*  
21                   *an established securities market in Taiwan.*

22                   “(D) *QUALIFIED SUBSIDIARY REQUIRE-*  
23                  *MENTS.—An entity meets the requirement of this*  
24                  *subparagraph if—*

1           “(i) at least 50 percent (by vote and  
2           value) of the total outstanding shares of the  
3           stock of such entity are owned directly or  
4           indirectly by 5 or fewer entities—

5                   “(I) which meet the requirements  
6                   of subparagraph (C), or

7                   “(II) which are United States  
8                   persons the principal class of the  
9                   shares (and any disproportionate class  
10                  of shares) of which are primarily and  
11                  regularly traded on an established se-  
12                  curities market in the United States,  
13                  and

14                  “(ii) the entity meets the requirements  
15                  of clause (ii) of subparagraph (B).

16                  “(E) ONLY INDIRECT OWNERSHIP THROUGH  
17                  QUALIFYING INTERMEDIARIES COUNTED.—

18                  “(i) IN GENERAL.—Stock in an entity  
19                  owned by a person indirectly through 1 or  
20                  more other persons shall not be treated as  
21                  owned by such person in determining  
22                  whether the person meets the requirements  
23                  of subparagraph (B)(i) or (D)(i) unless all  
24                  such other persons are qualifying inter-  
25                  mediate owners.

1           “(ii) *QUALIFYING INTERMEDIATE OWN-*  
2           *ERS.—The term ‘qualifying intermediate*  
3           *owner’ means a person that is—*

4                     “(I) *a qualified resident of Tai-*  
5                     *wan, or*

6                     “(II) *a resident of any other for-*  
7                     *ign country (other than a foreign*  
8                     *country that is a foreign country of*  
9                     *concern) that has in effect a com-*  
10                    *prehensive convention with the United*  
11                    *States for the avoidance of double tax-*  
12                    *ation.*

13           “(iii) *SPECIAL RULE FOR QUALIFIED*  
14           *SUBSIDIARIES.—For purposes of applying*  
15           *subparagraph (D)(i), the term ‘qualifying*  
16           *intermediate owner’ shall include any per-*  
17           *son who is a United States person who*  
18           *meets such requirements with respect to the*  
19           *United States as determined by the Sec-*  
20           *retary to be equivalent to the requirements*  
21           *of this subsection (determined without re-*  
22           *gard to paragraph (1)(B)) with respect to*  
23           *residents of Taiwan.*

24           “(F) *CERTAIN PAYMENTS NOT INCLUDED.—*

25           *In determining whether the requirements of sub-*

1 paragraph (B)(ii) or (D)(ii) are met with re-  
2 spect to an entity, the following payments shall  
3 not be taken into account:

4 “(i) *Arm’s-length payments by the en-*  
5 *tity in the ordinary course of business for*  
6 *services or tangible property.*

7 “(ii) *In the case of a tested group,*  
8 *intra-group transactions.*

9 “(3) *DUAL RESIDENTS.—*

10 “(A) *RULES FOR DETERMINATION OF STA-*  
11 *TUS.—*

12 “(i) *IN GENERAL.—An individual who*  
13 *is an applicable dual resident and who is*  
14 *described in subparagraph (B), (C), or (D)*  
15 *shall be treated as a qualified resident of*  
16 *Taiwan.*

17 “(ii) *APPLICABLE DUAL RESIDENT.—*  
18 *For purposes of this paragraph, the term*  
19 *‘applicable dual resident’ means an indi-*  
20 *vidual who—*

21 “(I) *is not a United States cit-*  
22 *izen,*

23 “(II) *is a resident of the United*  
24 *States (determined without regard to*  
25 *subparagraph (E)), and*

1                   “(III) would be a qualified resi-  
2                   dent of Taiwan but for paragraph  
3                   (1)(B).

4                   “(B) *PERMANENT HOME*.—An individual is  
5                   described in this subparagraph if such indi-  
6                   vidual—

7                   “(i) has a permanent home available to  
8                   such individual in Taiwan, and

9                   “(ii) does not have a permanent home  
10                  available to such individual in the United  
11                  States.

12                  “(C) *CENTER OF VITAL INTERESTS*.—An  
13                  individual is described in this subparagraph if—

14                  “(i) such individual has a permanent  
15                  home available to such individual in both  
16                  Taiwan and the United States, and

17                  “(ii) such individual’s personal and  
18                  economic relations (center of vital interests)  
19                  are closer to Taiwan than to the United  
20                  States.

21                  “(D) *HABITUAL ABODE*.—An individual is  
22                  described in this subparagraph if—

23                  “(i) such individual—



1           “(I) does not have a permanent  
2           home available to such individual in  
3           either Taiwan or the United States, or

4           “(II) has a permanent home  
5           available to such individual in both  
6           Taiwan and the United States but  
7           such individual’s center of vital inter-  
8           ests under subparagraph (C)(ii) cannot  
9           be determined, and

10          “(ii) such individual has a habitual  
11          abode in Taiwan and not the United States.

12          “(E) UNITED STATES TAX TREATMENT OF  
13          QUALIFIED RESIDENT OF TAIWAN.—Notwith-  
14          standing section 7701, an individual who is  
15          treated as a qualified resident of Taiwan by rea-  
16          son of this paragraph for all or any portion of  
17          a taxable year shall not be treated as a resident  
18          of the United States for purposes of computing  
19          such individual’s United States income tax li-  
20          ability for such taxable year or portion thereof.

21          “(4) RULES OF SPECIAL APPLICATION.—

22          “(A) DIVIDENDS.—For purposes of apply-  
23          ing this section to any dividend, paragraph  
24          (2)(D) shall be applied without regard to clause  
25          (ii) thereof.

1           “(B) *ITEMS OF INCOME EMANATING FROM*  
2           *AN ACTIVE TRADE OR BUSINESS IN TAIWAN.—*

3           *For purposes of this section—*

4           “(i) *IN GENERAL.—Notwithstanding*  
5           *the preceding paragraphs of this subsection,*  
6           *if an entity taxed as a corporation in Tai-*  
7           *wan is not a qualified resident of Taiwan*  
8           *but meets the requirements of subpara-*  
9           *graphs (A) and (B) of paragraph (1), any*  
10           *qualified item of income such entity derived*  
11           *from the United States shall be treated as*  
12           *income of a qualified resident of Taiwan.*

13           “(ii) *QUALIFIED ITEMS OF INCOME.—*

14           “(I) *IN GENERAL.—The term*  
15           *‘qualified item of income’ means any*  
16           *item of income which emanates from,*  
17           *or is incidental to, the conduct of an*  
18           *active trade or business in Taiwan*  
19           *(other than operating as a holding*  
20           *company, providing overall super-*  
21           *vision or administration of a group of*  
22           *companies, providing group financing,*  
23           *or making or managing investments*  
24           *(unless such making or managing in-*  
25           *vestments is carried on by a bank, in-*

1                    *surance company, or registered securi-*  
2                    *ties dealer in the ordinary course of its*  
3                    *business as such)).*

4                    “(II) *SUBSTANTIAL ACTIVITY RE-*  
5                    *QUIREMENT.*—*An item of income*  
6                    *which is derived from a trade or busi-*  
7                    *ness conducted in the United States or*  
8                    *from a connected person shall be a*  
9                    *qualified item of income only if the*  
10                   *trade or business activity conducted in*  
11                   *Taiwan to which the item is related is*  
12                   *substantial in relation to the same or*  
13                   *a complementary trade or business ac-*  
14                   *tivity carried on in the United States.*  
15                   *For purposes of applying this sub-*  
16                   *clause, activities conducted by persons*  
17                   *that are connected to the entity de-*  
18                   *scribed in clause (i) shall be deemed to*  
19                   *be conducted by such entity.*

20                   “(iii) *EXCEPTION.*—*This subparagraph*  
21                   *shall not apply to any item of income de-*  
22                   *ived by an entity if at least 50 percent (by*  
23                   *vote or value) of such entity is owned (di-*  
24                   *rectly or indirectly) or controlled by resi-*  
25                   *dents of a foreign country of concern.*

1       “(d) *OTHER DEFINITIONS AND SPECIAL RULES.—For*  
2 *purposes of this section—*

3               “(1) *UNITED STATES PERMANENT ESTABLISH-*  
4 *MENT.—*

5                       “(A) *IN GENERAL.—The term ‘United*  
6 *States permanent establishment’ means, with re-*  
7 *spect to a qualified resident of Taiwan, a perma-*  
8 *nent establishment of such resident which is*  
9 *within the United States.*

10                      “(B) *SPECIAL RULE.—The determination of*  
11 *whether there is a permanent establishment of a*  
12 *qualified resident of Taiwan within the United*  
13 *States shall be made without regard to whether*  
14 *an entity which is taxed as a corporation in*  
15 *Taiwan and which is a qualified resident of Tai-*  
16 *wan controls or is controlled by—*

17                               “(i) *a domestic corporation, or*

18                               “(ii) *any other person that carries on*  
19 *business in the United States (whether*  
20 *through a permanent establishment or oth-*  
21 *erwise).*

22               “(2) *PERMANENT ESTABLISHMENT.—*

23                       “(A) *IN GENERAL.—The term ‘permanent*  
24 *establishment’ means a fixed place of business*

1           *through which a trade or business is wholly or*  
2           *partly carried on. Such term shall include—*

3                     “(i) *a place of management,*

4                     “(ii) *a branch,*

5                     “(iii) *an office,*

6                     “(iv) *a factory,*

7                     “(v) *a workshop, and*

8                     “(vi) *a mine, an oil or gas well, a*  
9                     *quarry, or any other place of extraction of*  
10                    *natural resources.*

11                   “(B) *SPECIAL RULES FOR CERTAIN TEM-*  
12                    *PORARY PROJECTS.—*

13                    “(i) *IN GENERAL.—A building site or*  
14                    *construction or installation project, or an*  
15                    *installation or drilling rig or ship used for*  
16                    *the exploration or exploitation of the sea bed*  
17                    *and its subsoil and their natural resources,*  
18                    *constitutes a permanent establishment only*  
19                    *if it lasts, or the activities of the rig or ship*  
20                    *lasts, for more than 12 months.*

21                    “(ii) *DETERMINATION OF 12-MONTH*  
22                    *PERIOD.—For purposes of clause (i), the pe-*  
23                    *riod over which a building site or construc-*  
24                    *tion or installation project of a person lasts*  
25                    *shall include any period of more than 30*

1           *days during which such person does not*  
2           *carry on activities at such building site or*  
3           *construction or installation project but con-*  
4           *ected activities are carried on at such*  
5           *building site or construction or installation*  
6           *project by one or more connected persons.*

7           “(C) *HABITUAL EXERCISE OF CONTRACT*  
8           *AUTHORITY TREATED AS PERMANENT ESTAB-*  
9           *LISHMENT.—Notwithstanding subparagraphs (A)*  
10          *and (B), where a person (other than an agent of*  
11          *an independent status to whom subparagraph*  
12          *(D)(ii) applies) is acting on behalf of a trade or*  
13          *business of a qualified resident of Taiwan and*  
14          *has and habitually exercises an authority to con-*  
15          *clude contracts that are binding on the trade or*  
16          *business, that trade or business shall be deemed*  
17          *to have a permanent establishment in the coun-*  
18          *try in which such authority is exercised in re-*  
19          *spect of any activities that the person undertakes*  
20          *for the trade or business, unless the activities of*  
21          *such person are limited to those described in sub-*  
22          *paragraph (D)(i) that, if exercised through a*  
23          *fixed place of business, would not make this fixed*  
24          *place of business a permanent establishment*  
25          *under the provisions of that subparagraph.*

1                   “(D) *EXCLUSIONS.*—

2                   “*(i) IN GENERAL.*—*Notwithstanding*  
3                   *subparagraphs (A) and (B), the term ‘per-*  
4                   *manent establishment’ shall not include—*

5                   “*(I) the use of facilities solely for*  
6                   *the purpose of storage, display, or de-*  
7                   *livery of goods or merchandise belong-*  
8                   *ing to the trade or business,*

9                   “*(II) the maintenance of a stock*  
10                   *of goods or merchandise belonging to*  
11                   *the trade or business solely for the pur-*  
12                   *pose of storage, display, or delivery,*

13                   “*(III) the maintenance of a stock*  
14                   *of goods or merchandise belonging to*  
15                   *the trade or business solely for the pur-*  
16                   *pose of processing by another trade or*  
17                   *business,*

18                   “*(IV) the maintenance of a fixed*  
19                   *place of business solely for the purpose*  
20                   *of purchasing goods or merchandise, or*  
21                   *of collecting information, for the trade*  
22                   *or business,*

23                   “*(V) the maintenance of a fixed*  
24                   *place of business solely for the purpose*  
25                   *of carrying on, for the trade or busi-*

1                    *ness, any other activity of a pre-*  
2                    *paratory or auxiliary character, or*

3                    *“(VI) the maintenance of a fixed*  
4                    *place of business solely for any com-*  
5                    *bination of the activities mentioned in*  
6                    *subclauses (I) through (V), provided*  
7                    *that the overall activity of the fixed*  
8                    *place of business resulting from this*  
9                    *combination is of a preparatory or*  
10                   *auxiliary character.*

11                   *“(ii) BROKERS AND OTHER INDE-*  
12                   *PENDENT AGENTS.—A trade or business*  
13                   *shall not be considered to have a permanent*  
14                   *establishment in a country merely because*  
15                   *it carries on business in such country*  
16                   *through a broker, general commission agent,*  
17                   *or any other agent of an independent sta-*  
18                   *tus, provided that such persons are acting*  
19                   *in the ordinary course of their business as*  
20                   *independent agents.*

21                   *“(3) TESTED GROUP.—The term ‘tested group’*  
22                   *includes, with respect to any entity taxed as a cor-*  
23                   *poration in Taiwan, such entity and any other entity*  
24                   *taxed as a corporation in Taiwan that—*



1           “(A) participates as a member with such  
2           entity in a tax consolidation, fiscal unity, or  
3           similar regime that requires members of the  
4           group to share profits or losses, or

5           “(B) shares losses with such entity pursuant  
6           to a group relief or other loss sharing regime.

7           “(4) *CONNECTED PERSON*.—Two persons shall be  
8           ‘connected persons’ if one owns, directly or indirectly,  
9           at least 50 percent of the interests in the other (or,  
10          in the case of a corporation, at least 50 percent of the  
11          aggregate vote and value of the corporation’s shares)  
12          or another person owns, directly or indirectly, at least  
13          50 percent of the interests (or, in the case of a cor-  
14          poration, at least 50 percent of the aggregate vote and  
15          value of the corporation’s shares) in each person. In  
16          any case, a person shall be connected to another if,  
17          based on all the relevant facts and circumstances, one  
18          has control of the other or both are under the control  
19          of the same person or persons.

20          “(5) *FOREIGN COUNTRY OF CONCERN*.—The term  
21          ‘foreign country of concern’ has the meaning given  
22          such term under paragraph (7) of section 9901 of the  
23          William M. (Mac) Thornberry National Defense Au-  
24          thorization Act for Fiscal Year 2021 (15 U.S.C.

1 4651(7)), as added by section 103(a)(4) of the CHIPS  
2 Act of 2022).

3 “(6) *PARTNERSHIPS; BENEFICIARIES OF ES-*  
4 *TATES AND TRUSTS.*—For purposes of this section—

5 “(A) a qualified resident of Taiwan which  
6 is a partner of a partnership which carries on  
7 a trade or business within the United States  
8 through a United States permanent establish-  
9 ment shall be treated as carrying on such trade  
10 or business through such permanent establish-  
11 ment, and

12 “(B) a qualified resident of Taiwan which  
13 is a beneficiary of an estate or trust which car-  
14 ries on a trade or business within the United  
15 States through a United States permanent estab-  
16 lishment shall be treated as carrying on such  
17 trade or business through such permanent estab-  
18 lishment.

19 “(7) *DENIAL OF BENEFITS FOR CERTAIN PAY-*  
20 *MENTS THROUGH HYBRID ENTITIES.*—For purposes of  
21 this section, rules similar to the rules of section 894(c)  
22 shall apply.

23 “(e) *APPLICATION.*—

24 “(1) *IN GENERAL.*—This section shall not apply  
25 to any period unless the Secretary has determined

1       *that Taiwan has provided benefits to United States*  
2       *persons for such period that are reciprocal to the ben-*  
3       *efits provided to qualified residents of Taiwan under*  
4       *this section.*

5               “(2) *PROVISION OF RECIPROCIITY.—The Presi-*  
6       *dent or his designee is authorized to exchange letters,*  
7       *enter into an agreement, or take other necessary and*  
8       *appropriate steps relative to Taiwan for the recip-*  
9       *rocal provision of the benefits described in this sec-*  
10       *tion.*

11       “(f) *REGULATIONS OR OTHER GUIDANCE.—*

12               “(1) *IN GENERAL.—The Secretary shall issue*  
13       *such regulations or other guidance as may be nec-*  
14       *essary or appropriate to carry out the provisions of*  
15       *this section, including such regulations or guidance*  
16       *for—*

17                       “(A) *determining—*

18                               “(i) *what constitutes a United States*  
19                               *permanent establishment of a qualified resi-*  
20                               *dent of Taiwan, and*

21                               “(ii) *income that is effectively con-*  
22                               *nected with such a permanent establish-*  
23                               *ment,*

24                       “(B) *preventing the abuse of the provisions*  
25       *of this section by persons who are not (or who*

1           *should not be treated as) qualified residents of*  
2           *Taiwan,*

3           “(C) *requirements for record keeping and*  
4           *reporting,*

5           “(D) *rules to assist withholding agents or*  
6           *employers in determining whether a foreign per-*  
7           *son is a qualified resident of Taiwan for pur-*  
8           *poses of determining whether withholding or re-*  
9           *porting is required for a payment (and, if with-*  
10          *holding is required, whether it should be applied*  
11          *at a reduced rate),*

12          “(E) *the application of subsection*  
13          *(a)(1)(D)(i) to stock held by predecessor owners,*

14          “(F) *determining what amounts are to be*  
15          *treated as qualified wages for purposes of sub-*  
16          *section (a)(2),*

17          “(G) *determining the amounts to which sub-*  
18          *section (a)(3) applies,*

19          “(H) *defining established securities market*  
20          *for purposes of subsection (c),*

21          “(I) *the application of the rules of sub-*  
22          *section (c)(4)(B),*

23          “(J) *the application of subsection (d)(6)*  
24          *and section 1446,*

1           “(K) determining ownership interests held  
2           by residents of a foreign country of concern, and

3           “(L) determining the starting and ending  
4           dates for periods with respect to the application  
5           of this section under subsection (e), which may  
6           be separate dates for taxes withheld at the source  
7           and other taxes.

8           “(2) *REGULATIONS TO BE CONSISTENT WITH*  
9           *MODEL TREATY.—Any regulations or other guidance*  
10           *issued under this section shall, to the extent practical,*  
11           *be consistent with the provisions of the United States*  
12           *model income tax convention dated February 7,*  
13           *2016.”.*

14           **(b) CONFORMING AMENDMENT TO WITHHOLDING**  
15           **TAX.—***Subchapter A of chapter 3 is amended by adding*  
16           *at the end the following new section:*

17           **“SEC. 1447. WITHHOLDING FOR QUALIFIED RESIDENTS OF**  
18           **TAIWAN.**

19           *“For reduced rates of withholding for certain residents*  
20           *of Taiwan, see section 894A.”.*

21           **(c) CLERICAL AMENDMENTS.—**

22           **(1) The table of sections for subpart D of part**  
23           **II of subchapter N of chapter 1 is amended by insert-**  
24           **ing after the item relating to section 894 the following**  
25           **new item:**

*“Sec. 894A. Special rules for qualified residents of Taiwan.”.*

1           (2) *The table of sections for subchapter A of*  
 2           *chapter 3 is amended by adding at the end the fol-*  
 3           *lowing new item:*

*“Sec. 1447. Withholding for qualified residents of Taiwan.”.*

4       ***Subtitle B—United States-Taiwan***  
 5       ***Tax Agreement Authorization Act***

6       ***SEC. 311. SHORT TITLE.***

7           *This subtitle may be cited as the “United States-Tai-*  
 8           *wan Tax Agreement Authorization Act”.*

9       ***SEC. 312. DEFINITIONS.***

10          *In this subtitle:*

11           (1) *AGREEMENT.—The term “Agreement” means*  
 12           *the tax agreement authorized by section 313(a).*

13           (2) *APPROPRIATE CONGRESSIONAL COMMIT-*  
 14           *TEES.—The term “appropriate congressional commit-*  
 15           *tees” means—*

16                   (A) *the Committee on Foreign Relations*  
 17                   *and the Committee on Finance of the Senate;*  
 18                   *and*

19                   (B) *the Committee on Ways and Means of*  
 20                   *the House of Representatives.*

21           (3) *APPROVAL LEGISLATION.—The term “ap-*  
 22           *proval legislation” means legislation that approves*  
 23           *the Agreement.*

24           (4) *IMPLEMENTING LEGISLATION.—The term*  
 25           *“implementing legislation” means legislation that*

1       *makes any changes to the Internal Revenue Code of*  
2       *1986 necessary to implement the Agreement.*

3   **SEC. 313. AUTHORIZATION TO NEGOTIATE AND ENTER**  
4       **INTO AGREEMENT.**

5       *(a) IN GENERAL.—Subsequent to a determination*  
6       *under section 894A(e)(1) of the Internal Revenue Code of*  
7       *1986 (as added by the United States-Taiwan Expedited*  
8       *Double-Tax Relief Act), the President is authorized to nego-*  
9       *tiate and enter into a tax agreement relative to Taiwan.*

10      *(b) ELEMENTS OF AGREEMENT.—*

11           *(1) CONFORMITY WITH BILATERAL INCOME TAX*  
12      *CONVENTIONS.—The President shall ensure that—*

13                   *(A) any provisions included in the Agree-*  
14                   *ment conform with provisions customarily con-*  
15                   *tained in United States bilateral income tax*  
16                   *conventions, as exemplified by the 2016 United*  
17                   *States Model Income Tax Convention; and*

18                   *(B) the Agreement does not include elements*  
19                   *outside the scope of the 2016 United States*  
20                   *Model Income Tax Convention.*

21           *(2) INCORPORATION OF TAX AGREEMENTS AND*  
22      *LAWS.—Notwithstanding paragraph (1), the Agree-*  
23      *ment may incorporate and restate provisions of any*  
24      *agreement, or existing United States law, addressing*

1       *double taxation for residents of the United States and*  
2       *Taiwan.*

3               (3) *AUTHORITY.—The Agreement shall include*  
4       *the following statement: “The Agreement is entered*  
5       *into pursuant to the United States-Taiwan Tax*  
6       *Agreement Authorization Act.”*

7               (4) *ENTRY INTO FORCE.—The Agreement shall*  
8       *include a provision conditioning entry into force*  
9       *upon—*

10               (A) *enactment of approval legislation and*  
11       *implementing legislation pursuant to section*  
12       *317; and*

13               (B) *confirmation by the Secretary of the*  
14       *Treasury that the relevant authority in Taiwan*  
15       *has approved and taken appropriate steps re-*  
16       *quired to implement the Agreement.*

17 **SEC. 314. CONSULTATIONS WITH CONGRESS.**

18               (a) *NOTIFICATION UPON COMMENCEMENT OF NEGO-*  
19       *TIATIONS.—The President shall provide written notification*  
20       *to the appropriate congressional committees of the com-*  
21       *mencement of negotiations between the United States and*  
22       *Taiwan on the Agreement at least 15 calendar days before*  
23       *commencing such negotiations.*

24               (b) *CONSULTATIONS DURING NEGOTIATIONS.—*



1           (1) *BRIEFINGS.*—Not later than 90 days after  
2           *commencement of negotiations with respect to the*  
3           *Agreement, and every 180 days thereafter until the*  
4           *President enters into the Agreement, the President*  
5           *shall provide a briefing to the appropriate congress-*  
6           *sional committees on the status of the negotiations,*  
7           *including a description of elements under negotiation.*

8           (2) *MEETINGS AND OTHER CONSULTATIONS.*—

9           (A) *IN GENERAL.*—In the course of negotia-  
10          *tions with respect to the Agreement, the Sec-*  
11          *retary of the Treasury, in coordination with the*  
12          *Secretary of State, shall—*

13               (i) *meet, upon request, with the chair-*  
14               *man or ranking member of any of the ap-*  
15               *propriate congressional committees regard-*  
16               *ing negotiating objectives and the status of*  
17               *negotiations in progress; and*

18               (ii) *consult closely and on a timely*  
19               *basis with, and keep fully apprised of the*  
20               *negotiations, the appropriate congressional*  
21               *committees.*

22          (B) *ELEMENTS OF CONSULTATIONS.*—The  
23          *consultations described in subparagraph (A)*  
24          *shall include consultations with respect to—*

1                   (i) *the nature of the contemplated*  
2                   *Agreement;*

3                   (ii) *how and to what extent the con-*  
4                   *templated Agreement is consistent with the*  
5                   *elements set forth in section 313(b); and*

6                   (iii) *the implementation of the con-*  
7                   *templated Agreement, including—*

8                               (I) *the general effect of the con-*  
9                               *templated Agreement on existing laws;*

10                              (II) *proposed changes to any ex-*  
11                              *isting laws to implement the con-*  
12                              *templated Agreement; and*

13                              (III) *proposed administrative ac-*  
14                              *tions to implement the contemplated*  
15                              *Agreement.*

16 **SEC. 315. APPROVAL AND IMPLEMENTATION OF AGREE-**  
17 **MENT.**

18           (a) *IN GENERAL.—The Agreement may not enter into*  
19 *force unless—*

20                   (1) *the President, at least 60 days before the day*  
21 *on which the President enters into the Agreement,*  
22 *publishes the text of the contemplated Agreement on*  
23 *a publicly available website of the Department of the*  
24 *Treasury; and*

1           (2) *there is enacted into law, with respect to the*  
2           *Agreement, approval legislation and implementing*  
3           *legislation pursuant to section 317.*

4           **(b) ENTRY INTO FORCE.**—*The President may provide*  
5           *for the Agreement to enter into force upon—*

6           (1) *enactment of approval legislation and imple-*  
7           *menting legislation pursuant to section 317; and*

8           (2) *confirmation by the Secretary of the Treas-*  
9           *ury that the relevant authority in Taiwan has ap-*  
10          *proved and taken appropriate steps required to imple-*  
11          *ment the Agreement.*

12       **SEC. 316. SUBMISSION TO CONGRESS OF AGREEMENT AND**  
13                               **IMPLEMENTATION POLICY.**

14          **(a) SUBMISSION OF AGREEMENT.**—*Not later than 270*  
15          *days after the President enters into the Agreement, the*  
16          *President or the President’s designee shall submit to Con-*  
17          *gress—*

18               (1) *the final text of the Agreement; and*

19               (2) *a technical explanation of the Agreement.*

20          **(b) SUBMISSION OF IMPLEMENTATION POLICY.**—*Not*  
21          *later than 270 days after the President enters into the*  
22          *Agreement, the Secretary of the Treasury shall submit to*  
23          *Congress—*

24               (1) *a description of those changes to existing*  
25          *laws that the President considers would be required in*

1        *order to ensure that the United States acts in a man-*  
2        *ner consistent with the Agreement; and*

3                *(2) a statement of anticipated administrative ac-*  
4        *tion proposed to implement the Agreement.*

5        **SEC. 317. CONSIDERATION OF APPROVAL LEGISLATION**  
6                        **AND IMPLEMENTING LEGISLATION.**

7        *(a) IN GENERAL.—The approval legislation with re-*  
8        *spect to the Agreement shall include the following: “Con-*  
9        *gress approves the Agreement submitted to Congress pursu-*  
10       *ant to section 316 of the United States-Taiwan Tax Agree-*  
11       *ment Authorization Act on \_\_\_\_\_.”, with the blank*  
12       *space being filled with the appropriate date.*

13       *(b) APPROVAL LEGISLATION COMMITTEE REFER-*  
14       *RAL.—The approval legislation shall—*

15                *(1) in the Senate, be referred to the Committee*  
16       *on Foreign Relations; and*

17                *(2) in the House of Representatives, be referred to*  
18       *the Committee on Ways and Means.*

19       *(c) IMPLEMENTING LEGISLATION COMMITTEE REFER-*  
20       *RAL.—The implementing legislation shall—*

21                *(1) in the Senate, be referred to the Committee*  
22       *on Finance; and*

23                *(2) in the House of Representatives, be referred*  
24       *to the Committee on Ways and Means.*

1 **SEC. 318. RELATIONSHIP OF AGREEMENT TO INTERNAL**  
2 **REVENUE CODE OF 1986.**

3 (a) *INTERNAL REVENUE CODE OF 1986 TO CON-*  
4 *TROL.*—No provision of the Agreement or approval legisla-  
5 tion, nor the application of any such provision to any per-  
6 son or circumstance, which is inconsistent with any provi-  
7 sion of the Internal Revenue Code of 1986, shall have effect.

8 (b) *CONSTRUCTION.*—Nothing in this subtitle shall be  
9 construed—

10 (1) *to amend or modify any law of the United*  
11 *States; or*

12 (2) *to limit any authority conferred under any*  
13 *law of the United States,*  
14 *unless specifically provided for in this subtitle.*

15 **SEC. 319. AUTHORIZATION OF SUBSEQUENT TAX AGREE-**  
16 **MENTS RELATIVE TO TAIWAN.**

17 (a) *IN GENERAL.*—Subsequent to the enactment of ap-  
18 proval legislation and implementing legislation pursuant  
19 to section 317—

20 (1) *the term “tax agreement” in section 313(a)*  
21 *shall be treated as including any tax agreement rel-*  
22 *ative to Taiwan which supplements or supersedes the*  
23 *Agreement to which such approval legislation and im-*  
24 *plementing legislation relates, and*

25 (2) *the term “Agreement” shall be treated as in-*  
26 *cluding such tax agreement.*

1       (b) *REQUIREMENTS, ETC., TO APPLY SEPARATELY.*—  
2 *The provisions of this subtitle (including section 314) shall*  
3 *be applied separately with respect to each tax agreement*  
4 *referred to in subsection (a).*

5 **SEC. 320. UNITED STATES TREATMENT OF DOUBLE TAX-**  
6 **ATION MATTERS WITH RESPECT TO TAIWAN.**

7       (a) *FINDINGS.*—*Congress makes the following findings:*

8           (1) *The United States addresses issues with re-*  
9 *spect to double taxation with foreign countries by en-*  
10 *tering into bilateral income tax conventions (known*  
11 *as tax treaties) with such countries, subject to the ad-*  
12 *vice and consent of the Senate to ratification pursu-*  
13 *ant to article II of the Constitution.*

14           (2) *The United States has entered into more*  
15 *than sixty such tax treaties, which facilitate economic*  
16 *activity, strengthen bilateral cooperation, and benefit*  
17 *United States workers, businesses, and other United*  
18 *States taxpayers.*

19           (3) *Due to Taiwan's unique status, the United*  
20 *States is unable to enter into an article II tax treaty*  
21 *with Taiwan, necessitating an agreement to address*  
22 *issues with respect to double taxation.*

23       (b) *STATEMENT OF POLICY.*—*It is the policy of the*  
24 *United States to—*

1           (1) provide for additional bilateral tax relief  
2 with respect to Taiwan, beyond that provided for in  
3 section 894A of the Internal Revenue Code of 1986 (as  
4 added by the United States-Taiwan Expedited Dou-  
5 ble-Tax Relief Act), only after entry into force of an  
6 Agreement, as provided for in section 315, and only  
7 in a manner consistent with such Agreement; and

8           (2) continue to provide for bilateral tax relief  
9 with sovereign states to address double taxation and  
10 other related matters through entering into bilateral  
11 income tax conventions, subject to the Senate’s advice  
12 and consent to ratification pursuant to article II of  
13 the Constitution.

14 **TITLE IV—ASSISTANCE FOR DIS-**  
15 **ASTER-IMPACTED COMMU-**  
16 **NITIES**

17 **SEC. 401. SHORT TITLE.**

18           This title may be cited as the “Federal Disaster Tax  
19 Relief Act of 2024”.

20 **SEC. 402. EXTENSION OF RULES FOR TREATMENT OF CER-**  
21 **TAIN DISASTER-RELATED PERSONAL CAS-**  
22 **UALTY LOSSES.**

23           For purposes of applying section 304(b) of the Tax-  
24 payer Certainty and Disaster Tax Relief Act of 2020, sec-  
25 tion 301 of such Act shall be applied by substituting “the

1 *Federal Disaster Tax Relief Act of 2024*” for “*this Act*” each  
2 *place it appears.*

3 **SEC. 403. EXCLUSION FROM GROSS INCOME FOR COM-**  
4 **PENSATION FOR LOSSES OR DAMAGES RE-**  
5 **SULTING FROM CERTAIN WILDFIRES.**

6 (a) *IN GENERAL.*—*For purposes of the Internal Rev-*  
7 *enue Code of 1986, gross income shall not include any*  
8 *amount received by an individual as a qualified wildfire*  
9 *relief payment.*

10 (b) *QUALIFIED WILDFIRE RELIEF PAYMENT.*—*For*  
11 *purposes of this section—*

12 (1) *IN GENERAL.*—*The term “qualified wildfire*  
13 *relief payment” means any amount received by or on*  
14 *behalf of an individual as compensation for losses, ex-*  
15 *penditures, or damages (including compensation for addi-*  
16 *tional living expenses, lost wages (other than com-*  
17 *ensation for lost wages paid by the employer which*  
18 *would have otherwise paid such wages), personal in-*  
19 *jury, death, or emotional distress) incurred as a re-*  
20 *sult of a qualified wildfire disaster, but only to the*  
21 *extent the losses, expenses, or damages compensated by*  
22 *such payment are not compensated for by insurance*  
23 *or otherwise.*

24 (2) *QUALIFIED WILDFIRE DISASTER.*—*The term*  
25 *“qualified wildfire disaster” means any federally de-*



1        *clared disaster (as defined in section 165(i)(5)(A) of*  
2        *the Internal Revenue Code of 1986) declared, after*  
3        *December 31, 2014, as a result of any forest or range*  
4        *fire.*

5        *(c) DENIAL OF DOUBLE BENEFIT.—Notwithstanding*  
6        *any other provision of the Internal Revenue Code of 1986—*

7                *(1) no deduction or credit shall be allowed (to the*  
8                *person for whose benefit a qualified wildfire relief*  
9                *payment is made) for, or by reason of, any expendi-*  
10               *ture to the extent of the amount excluded under this*  
11               *section with respect to such expenditure, and*

12               *(2) no increase in the basis or adjusted basis of*  
13               *any property shall result from any amount excluded*  
14               *under this subsection with respect to such property.*

15        *(d) LIMITATION ON APPLICATION.—This section shall*  
16        *only apply to qualified wildfire relief payments received by*  
17        *the individual during taxable years beginning after Decem-*  
18        *ber 31, 2019, and before January 1, 2026.*

19        **SEC. 404. EAST PALESTINE DISASTER RELIEF PAYMENTS.**

20        *(a) DISASTER RELIEF PAYMENTS TO VICTIMS OF*  
21        *EAST PALESTINE TRAIN DERAILMENT.—East Palestine*  
22        *train derailment payments shall be treated as qualified dis-*  
23        *aster relief payments for purposes of section 139(b) of the*  
24        *Internal Revenue Code of 1986.*

1           **(b) EAST PALESTINE TRAIN DERAILMENT PAY-**  
 2 **MENTS.**—*For purposes of this section, the term “East Pal-*  
 3 *estine train derailment payment” means any amount re-*  
 4 *ceived by or on behalf of an individual as compensation*  
 5 *for loss, damages, expenses, loss in real property value, clos-*  
 6 *ing costs with respect to real property (including realtor*  
 7 *commissions), or inconvenience (including access to real*  
 8 *property) resulting from the East Palestine train derail-*  
 9 *ment if such amount was provided by—*

- 10                   (1) *a Federal, State, or local government agency,*  
 11                   (2) *Norfolk Southern Railway, or*  
 12                   (3) *any subsidiary, insurer, or agent of Norfolk*  
 13                   *Southern Railway or any related person.*

14           **(c) TRAIN DERAILMENT.**—*For purposes of this section,*  
 15 *the term “East Palestine train derailment” means the de-*  
 16 *railment of a train in East Palestine, Ohio, on February*  
 17 *3, 2023.*

18           **(d) EFFECTIVE DATE.**—*This section shall apply to*  
 19 *amounts received on or after February 3, 2023.*

20           **TITLE V—MORE AFFORDABLE**  
 21   **HOUSING**

22           **SEC. 501. STATE HOUSING CREDIT CEILING INCREASE FOR**  
 23   **LOW-INCOME HOUSING CREDIT.**

24           **(a) IN GENERAL.**—*Section 42(h)(3)(I) is amended—*

1           (1) by striking “and 2021,” and inserting “2021,  
2           2023, 2024, and 2025,” and

3           (2) by striking “2018, 2019, 2020, AND 2021” in the  
4           heading and inserting “CERTAIN CALENDAR YEARS”.

5           (b) *EFFECTIVE DATE*.—The amendments made by this  
6           section shall apply to calendar years after 2022.

7           **SEC. 502. TAX-EXEMPT BOND FINANCING REQUIREMENT.**

8           (a) *IN GENERAL*.—Section 42(h)(4) is amended by  
9           striking subparagraph (B) and inserting the following:

10                   “(B) *SPECIAL RULE WHERE MINIMUM PER-*  
11                   *CENT OF BUILDINGS IS FINANCED WITH TAX-EX-*  
12                   *EMPT BONDS SUBJECT TO VOLUME CAP*.—For  
13                   purposes of subparagraph (A), paragraph (1)  
14                   shall not apply to any portion of the credit al-  
15                   lowable under subsection (a) with respect to a  
16                   building if—

17                           “(i) 50 percent or more of the aggre-  
18                           gate basis of such building and the land on  
19                           which the building is located is financed by  
20                           1 or more obligations described in subpara-  
21                           graph (A), or

22                           “(ii)(I) 30 percent or more of the ag-  
23                           gregate basis of such building and the land  
24                           on which the building is located is financed  
25                           by 1 or more qualified obligations, and

1                   “(II) 1 or more of such qualified obli-  
2                   gations—

3                   “(aa) are part of an issue the  
4                   issue date of which is after December  
5                   31, 2023, and

6                   “(bb) provide the financing for  
7                   not less than 5 percent of the aggregate  
8                   basis of such building and the land on  
9                   which the building is located.

10                   “(C) QUALIFIED OBLIGATION.—For pur-  
11                   poses of subparagraph (B)(i), the term ‘qualified  
12                   obligation’ means an obligation which is de-  
13                   scribed in subparagraph (A) and which is part  
14                   of an issue the issue date of which is before Jan-  
15                   uary 1, 2026.”.

16                   (b) EFFECTIVE DATE.—

17                   (1) IN GENERAL.—The amendment made by this  
18                   section shall apply to buildings placed in service in  
19                   taxable years beginning after December 31, 2023.

20                   (2) REHABILITATION EXPENDITURES TREATED  
21                   AS SEPARATE NEW BUILDING.—In the case of any  
22                   building with respect to which any expenditures are  
23                   treated as a separate new building under section  
24                   42(e) of the Internal Revenue Code of 1986, for pur-  
25                   poses of paragraph (1), both the existing building and

1        *the separate new building shall be treated as having*  
2        *been placed in service on the date such expenditures*  
3        *are treated as placed in service under section 42(e)(4)*  
4        *of such Code.*

5        **TITLE VI—TAX ADMINISTRATION**  
6        **AND ELIMINATING FRAUD**

7        **SEC. 601. INCREASE IN THRESHOLD FOR REQUIRING IN-**  
8                    **FORMATION REPORTING WITH RESPECT TO**  
9                    **CERTAIN PAYEES.**

10        *(a) IN GENERAL.—Sections 6041(a) is amended by*  
11        *striking “\$600” and inserting “\$1,000”.*

12        *(b) INFLATION ADJUSTMENT.—Section 6041 is amend-*  
13        *ed by adding at the end the following new subsection:*

14            *“(h) INFLATION ADJUSTMENT.—In the case of any cal-*  
15        *endar year after 2024, the dollar amount in subsection (a)*  
16        *shall be increased by an amount equal to—*

17            *“(1) such dollar amount, multiplied by*

18            *“(2) the cost-of-living adjustment determined*  
19        *under section 1(f)(3) for such calendar year, deter-*  
20        *mined by substituting ‘calendar year 2023’ for ‘cal-*  
21        *endar year 2016’ in subparagraph (A)(ii) thereof.*

22        *If any increase under the preceding sentence is not a mul-*  
23        *tiple of \$100, such increase shall be rounded to the nearest*  
24        *multiple of \$100.”.*

1       (c) *APPLICATION TO REPORTING ON REMUNERATION*  
2 *FOR SERVICES AND DIRECT SALES.*—Section 6041A is  
3 amended—

4           (1) *in subsection (a)(2), by striking “is \$600 or*  
5 *more” and inserting “equals or exceeds the dollar*  
6 *amount in effect for such calendar year under section*  
7 *6041(a)”*, and

8           (2) *in subsection (b)(1)(B), by striking “is*  
9 *\$5,000 or more” and inserting “equals or exceeds the*  
10 *dollar amount in effect for such calendar year under*  
11 *section 6041(a)”*.

12       (d) *APPLICATION TO BACKUP WITHHOLDING.*—Sec-  
13 *tion 3406(b)(6) is amended—*

14           (1) *by striking “\$600” in subparagraph (A) and*  
15 *inserting “the dollar amount in effect for such cal-*  
16 *endar year under section 6041(a)”*, and

17           (2) *by striking “ONLY WHERE AGGREGATE FOR*  
18 *CALENDAR YEAR IS \$600 OR MORE” in the heading*  
19 *and inserting “ONLY IF IN EXCESS OF THRESHOLD”*.

20       (e) *CONFORMING AMENDMENTS.*—

21           (1) *The heading of section 6041(a) is amended*  
22 *by striking “OF \$600 OR MORE” and inserting “EX-*  
23 *CEEDING THRESHOLD”*.

24           (2) *Section 6041(a) is amended by striking “tax-*  
25 *able year” and inserting “calendar year”*.

1           (f) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply with respect to payments made after De-*  
3 *cember 31, 2023.*

4 **SEC. 602. ENFORCEMENT PROVISIONS WITH RESPECT TO**  
5                   **COVID-RELATED EMPLOYEE RETENTION**  
6                   **CREDITS.**

7           (a) *INCREASE IN ASSESSABLE PENALTY ON COVID-*  
8 *ERTC PROMOTERS FOR AIDING AND ABETTING UNDER-*  
9 *STATEMENTS OF TAX LIABILITY.*—

10                   (1) *IN GENERAL.*—*If any COVID-ERTC pro-*  
11 *moter is subject to penalty under section 6701(a) of*  
12 *the Internal Revenue Code of 1986 with respect to*  
13 *any COVID-ERTC document, notwithstanding para-*  
14 *graphs (1) and (2) of section 6701(b) of such Code,*  
15 *the amount of the penalty imposed under such section*  
16 *6701(a) shall be the greater of—*

17                           (A) \$200,000 (\$10,000, in the case of a nat-  
18                           ural person), or

19                           (B) 75 percent of the gross income derived  
20                           (or to be derived) by such promoter with respect  
21                           to the aid, assistance, or advice referred to in  
22                           section 6701(a)(1) of such Code with respect to  
23                           such document.

24                   (2) *NO INFERENCE.*—*Paragraph (1) shall not be*  
25 *construed to create any inference with respect to the*

1        *proper application of the knowledge requirement of*  
2        *section 6701(a)(3) of the Internal Revenue Code of*  
3        *1986.*

4        *(b) FAILURE TO COMPLY WITH DUE DILIGENCE RE-*  
5        *QUIREMENTS TREATED AS KNOWLEDGE FOR PURPOSES OF*  
6        *ASSESSABLE PENALTY FOR AIDING AND ABETTING UNDER-*  
7        *STATEMENT OF TAX LIABILITY.—In the case of any*  
8        *COVID–ERTC promoter, the knowledge requirement of sec-*  
9        *tion 6701(a)(3) of the Internal Revenue Code of 1986 shall*  
10       *be treated as satisfied with respect to any COVID–ERTC*  
11       *document with respect to which such promoter provided aid,*  
12       *assistance, or advice, if such promoter fails to comply with*  
13       *the due diligence requirements referred to in subsection*  
14       *(c)(1).*

15       *(c) ASSESSABLE PENALTY FOR FAILURE TO COMPLY*  
16       *WITH DUE DILIGENCE REQUIREMENTS.—*

17                *(1) IN GENERAL.—Any COVID–ERTC promoter*  
18        *which provides aid, assistance, or advice with respect*  
19        *to any COVID–ERTC document and which fails to*  
20        *comply with due diligence requirements imposed by*  
21        *the Secretary with respect to determining eligibility*  
22        *for, or the amount of, any COVID-related employee*  
23        *retention tax credit, shall pay a penalty of \$1,000 for*  
24        *each such failure.*



1           (2) *DUE DILIGENCE REQUIREMENTS.*—*Except as*  
2 *otherwise provided by the Secretary, the due diligence*  
3 *requirements referred to in paragraph (1) shall be*  
4 *similar to the due diligence requirements imposed*  
5 *under section 6695(g).*

6           (3) *RESTRICTION TO DOCUMENTS USED IN CON-*  
7 *NECTION WITH RETURNS OR CLAIMS FOR REFUND.*—  
8 *Paragraph (1) shall not apply with respect to any*  
9 *COVID–ERTC document unless such document con-*  
10 *stitutes, or relates to, a return or claim for refund.*

11           (4) *TREATMENT AS ASSESSABLE PENALTY,*  
12 *ETC.*—*For purposes of the Internal Revenue Code of*  
13 *1986, the penalty imposed under paragraph (1) shall*  
14 *be treated in the same manner as a penalty imposed*  
15 *under section 6695(g).*

16           (5) *SECRETARY.*—*For purposes of this sub-*  
17 *section, the term “Secretary” means the Secretary of*  
18 *the Treasury or the Secretary’s delegate.*

19           (d) *ASSESSABLE PENALTIES FOR FAILURE TO DIS-*  
20 *CLOSE INFORMATION, MAINTAIN CLIENT LISTS, ETC.*—*For*  
21 *purposes of sections 6111, 6112, 6707 and 6708 of the Inter-*  
22 *nal Revenue Code of 1986—*

23           (1) *any COVID-related employee retention tax*  
24 *credit (whether or not the taxpayer claims such*  
25 *COVID-related employee retention tax credit) shall be*

1 *treated as a listed transaction (and as a reportable*  
2 *transaction) with respect to any COVID-ERTC pro-*  
3 *moter if such promoter provides any aid, assistance,*  
4 *or advice with respect to any COVID-ERTC docu-*  
5 *ment relating to such COVID-related employee reten-*  
6 *tion tax credit, and*

7 *(2) such COVID-ERTC promoter shall be treat-*  
8 *ed as a material advisor with respect to such trans-*  
9 *action.*

10 *(e) COVID-ERTC PROMOTER.—For purposes of this*  
11 *section—*

12 *(1) IN GENERAL.—The term “COVID-ERTC*  
13 *promoter” means, with respect to any COVID-ERTC*  
14 *document, any person which provides aid, assistance,*  
15 *or advice with respect to such document if—*

16 *(A) such person charges or receives a fee for*  
17 *such aid, assistance, or advice which is based on*  
18 *the amount of the refund or credit with respect*  
19 *to such document and, with respect to such per-*  
20 *son’s taxable year in which such person provided*  
21 *such assistance or the preceding taxable year, the*  
22 *aggregate gross receipts of such person for aid,*  
23 *assistance, and advice with respect to all*  
24 *COVID-ERTC documents exceeds 20 percent of*

1           *the gross receipts of such person for such taxable*  
2           *year, or*

3                   *(B) with respect to such person’s taxable*  
4           *year in which such person provided such assist-*  
5           *ance or the preceding taxable year—*

6                           *(i) the aggregate gross receipts of such*  
7           *person for aid, assistance, and advice with*  
8           *respect to all COVID–ERTC documents ex-*  
9           *ceeds 50 percent of the gross receipts of such*  
10           *person for such taxable year, or*

11                           *(ii) both—*

12                                   *(I) such aggregate gross receipts*  
13           *exceeds 20 percent of the gross receipts*  
14           *of such person for such taxable year,*  
15           *and*

16                                   *(II) the aggregate gross receipts of*  
17           *such person for aid, assistance, and*  
18           *advice with respect to all COVID–*  
19           *ERTC documents (determined after*  
20           *application of paragraph (3)) exceeds*  
21           *\$500,000.*

22                   (2) *EXCEPTION FOR CERTIFIED PROFESSIONAL*  
23           *EMPLOYER ORGANIZATIONS.—The term “COVID–*  
24           *ERTC promoter” shall not include a certified profes-*

1       sional employer organization (as defined in section  
2       7705).

3               (3) *AGGREGATION RULE.*—For purposes of para-  
4       graph (1)(B)(ii)(II), all persons treated as a single  
5       employer under subsection (a) or (b) of section 52 of  
6       the Internal Revenue Code of 1986, or subsection (m)  
7       or (o) of section 414 of such Code, shall be treated as  
8       1 person.

9               (4) *SHORT TAXABLE YEARS.*—In the case of any  
10       taxable year of less than 12 months, paragraph (1)  
11       shall be applied with respect to the calendar year in  
12       which such taxable year begins (in addition to apply-  
13       ing to such taxable year).

14              (f) *COVID-ERTC DOCUMENT.*—For purposes of this  
15       section, the term “COVID-ERTC document” means any re-  
16       turn, affidavit, claim, or other document related to any  
17       COVID-related employee retention tax credit, including any  
18       document related to eligibility for, or the calculation or de-  
19       termination of any amount directly related to any COVID-  
20       related employee retention tax credit.

21              (g) *COVID-RELATED EMPLOYEE RETENTION TAX*  
22       *CREDIT.*—For purposes of this section, the term “COVID-  
23       related employee retention tax credit” means—

24                      (1) any credit, or advance payment, under sec-  
25       tion 3134 of the Internal Revenue Code of 1986, and

1           (2) *any credit, or advance payment, under sec-*  
2           *tion 2301 of the CARES Act.*

3           (h) *LIMITATION ON CREDIT AND REFUND OF COVID-*  
4           *RELATED EMPLOYEE RETENTION TAX CREDITS.—Notwith-*  
5           *standing section 6511 of the Internal Revenue Code of 1986*  
6           *or any other provision of law, no credit or refund of any*  
7           *COVID-related employee retention tax credit shall be al-*  
8           *lowed or made after January 31, 2024, unless a claim for*  
9           *such credit or refund is filed by the taxpayer on or before*  
10          *such date.*

11          (i) *AMENDMENTS TO EXTEND LIMITATION ON ASSESS-*  
12          *MENT.—*

13                 (1) *IN GENERAL.—Section 3134(l) of the Inter-*  
14                 *nal Revenue Code of 1986 is amended to read as fol-*  
15                 *lows:*

16                 “(l) *EXTENSION OF LIMITATION ON ASSESSMENT.—*

17                         “(1) *IN GENERAL.—Notwithstanding section*  
18                         *6501, the limitation on the time period for the assess-*  
19                         *ment of any amount attributable to a credit claimed*  
20                         *under this section shall not expire before the date that*  
21                         *is 6 years after the latest of—*

22                                 “(A) *the date on which the original return*  
23                                 *which includes the calendar quarter with respect*  
24                                 *to which such credit is determined is filed,*

1           “(B) the date on which such return is treat-  
2           ed as filed under section 6501(b)(2), or

3           “(C) the date on which the claim for credit  
4           or refund with respect to such credit is made.

5           “(2) DEDUCTION FOR WAGES TAKEN INTO AC-  
6           COUNT IN DETERMINING IMPROPERLY CLAIMED CRED-  
7           IT.—

8           “(A) IN GENERAL.—Notwithstanding sec-  
9           tion 6511, in the case of an assessment attrib-  
10          utable to a credit claimed under this section, the  
11          limitation on the time period for credit or refund  
12          of any amount attributable to a deduction for  
13          improperly claimed ERTC wages shall not ex-  
14          pire before the time period for such assessment  
15          expires under paragraph (1).

16          “(B) IMPROPERLY CLAIMED ERTC WAGES.—  
17          For purposes of this paragraph, the term ‘im-  
18          properly claimed ERTC wages’ means, with re-  
19          spect to an assessment attributable to a credit  
20          claimed under this section, the wages with re-  
21          spect to which a deduction would not have been  
22          allowed if the portion of the credit to which such  
23          assessment relates had been properly claimed.”.

1           (2) *APPLICATION TO CARES ACT CREDIT.*—*Sec-*  
2           *tion 2301 of the CARES Act is amended by adding*  
3           *at the end the following new subsection:*

4           “(o) *EXTENSION OF LIMITATION ON ASSESSMENT.*—

5           “(1) *IN GENERAL.*—*Notwithstanding section*  
6           *6501 of the Internal Revenue Code of 1986, the limi-*  
7           *tation on the time period for the assessment of any*  
8           *amount attributable to a credit claimed under this*  
9           *section shall not expire before the date that is 6 years*  
10           *after the latest of—*

11                   “(A) *the date on which the original return*  
12                   *which includes the calendar quarter with respect*  
13                   *to which such credit is determined is filed,*

14                   “(B) *the date on which such return is treat-*  
15                   *ed as filed under section 6501(b)(2) of such Code,*  
16                   *or*

17                   “(C) *the date on which the claim for credit*  
18                   *or refund with respect to such credit is made.*

19           “(2) *DEDUCTION FOR WAGES TAKEN INTO AC-*  
20           *COUNT IN DETERMINING IMPROPERLY CLAIMED CRED-*  
21           *IT.*—

22                   “(A) *IN GENERAL.*—*Notwithstanding sec-*  
23                   *tion 6511 of such Code, in the case of an assess-*  
24                   *ment attributable to a credit claimed under this*  
25                   *section, the limitation on the time period for*

1           *credit or refund of any amount attributable to a*  
2           *deduction for improperly claimed ERTC wages*  
3           *shall not expire before the time period for such*  
4           *assessment expires under paragraph (1).*

5           “(B) *IMPROPERLY CLAIMED ERTC WAGES.*—

6           *For purposes of this paragraph, the term ‘im-*  
7           *properly claimed ERTC wages’ means, with re-*  
8           *spect to an assessment attributable to a credit*  
9           *claimed under this section, the wages with re-*  
10           *spect to which a deduction would not have been*  
11           *allowed if the portion of the credit to which such*  
12           *assessment relates had been properly claimed.”.*

13           (j) *EFFECTIVE DATES.*—

14           (1) *IN GENERAL.*—*Except as otherwise provided*  
15           *in this subsection, the provisions of this section shall*  
16           *apply to aid, assistance, and advice provided after*  
17           *March 12, 2020.*

18           (2) *DUE DILIGENCE REQUIREMENTS.*—*Sub-*  
19           *sections (b) and (c) shall apply to aid, assistance, and*  
20           *advice provided after the date of the enactment of this*  
21           *Act.*

22           (3) *LIMITATION ON CREDIT AND REFUND OF*  
23           *COVID-RELATED EMPLOYEE RETENTION TAX CRED-*  
24           *ITS.*—*Subsection (h) shall apply to credits and re-*  
25           *funds allowed or made after January 31, 2024.*



1           (4) *AMENDMENTS TO EXTEND LIMITATION ON AS-*  
2           *SESSMENT.—The amendments made by subsection (i)*  
3           *shall apply to assessments made after the date of the*  
4           *enactment of this Act.*

5           (k) *TRANSITION RULE WITH RESPECT TO REQUIRE-*  
6           *MENTS TO DISCLOSE INFORMATION, MAINTAIN CLIENT*  
7           *LISTS, ETC.—Any return under section 6111 of the Internal*  
8           *Revenue Code of 1986, or list under section 6112 of such*  
9           *Code, required by reason of subsection (d) of this section*  
10          *to be filed or maintained, respectively, with respect to any*  
11          *aid, assistance, or advice provided by a COVID–ERTC pro-*  
12          *moter with respect to a COVID–ERTC document before the*  
13          *date of the enactment of this Act, shall not be required to*  
14          *be so filed or maintained (with respect to such aid, assist-*  
15          *ance or advice) before the date which is 90 days after such*  
16          *date.*

17          (l) *PROVISIONS NOT TO BE CONSTRUED TO CREATE*  
18          *NEGATIVE INFERENCES.—*

19                 (1) *NO INFERENCE WITH RESPECT TO APPLICA-*  
20                 *TION OF KNOWLEDGE REQUIREMENT TO PRE-ENACT-*  
21                 *MENT CONDUCT OF COVID-ERTC PROMOTERS, ETC.—*  
22                 *Subsection (b) shall not be construed to create any in-*  
23                 *ference with respect to the proper application of sec-*  
24                 *tion 6701(a)(3) of the Internal Revenue Code of 1986*  
25                 *with respect to any aid, assistance, or advice provided*

1        *by any COVID-ERTC promoter on or before the date*  
2        *of the enactment of this Act (or with respect to any*  
3        *other aid, assistance, or advice to which such sub-*  
4        *section does not apply).*

5            (2) *REQUIREMENTS TO DISCLOSE INFORMATION,*  
6        *MAINTAIN CLIENT LISTS, ETC.—Subsections (d) and*  
7        *(k) shall not be construed to create any inference with*  
8        *respect to whether any COVID-related employee reten-*  
9        *tion tax credit is (without regard to subsection (d))*  
10       *a listed transaction (or reportable transaction) with*  
11       *respect to any COVID–ERTC promoter; and, for pur-*  
12       *poses of subsection (j), a return or list shall not be*  
13       *treated as required (with respect to such aid, assist-*  
14       *ance, or advice) by reason of subsection (d) if such re-*  
15       *turn or list would be so required without regard to*  
16       *subsection (d).*

17            (m) *REGULATIONS.—The Secretary (as defined in sub-*  
18       *section (c)(5)) shall issue such regulations or other guidance*  
19       *as may be necessary or appropriate to carry out the pur-*  
20       *poses of this section (and the amendments made by this sec-*  
21       *tion).*



Union Calendar No. 288

118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 7024**

[Report No. 118-353, Part I]

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## **A BILL**

To make improvements to the child tax credit, to provide tax incentives to promote economic growth, to provide special rules for the taxation of certain residents of Taiwan with income from sources within the United States, to provide tax relief with respect to certain Federal disasters, to make improvements to the low-income housing tax credit, and for other purposes.

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JANUARY 23, 2024

Reported from the Committee on Ways and Means with  
an amendment

JANUARY 23, 2024

Committee on Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed