

**MOTION TO RECOMMIT H.R. 4718, WITH  
INSTRUCTIONS  
OFFERED BY M\_\_\_\_.**

M\_\_\_\_\_ moves to recommit the bill H.R. 4718 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Page 3, line 22, strike “or”.

Page 3, line 24, strike “and” and insert “or”.

Page 3, after line 24, insert the following:

1                                   “(VI) which is qualified res-  
2                                   taurant property, and”.

Page 4, line 2, strike the period and insert “, and”.

Page 4, after line 2, insert the following:

3                                   “(iii) which is placed in service by the  
4                                   taxpayer before January 1, 2016.”.

Page 13, line 20, strike the quotation marks and final period.

Page 13, after line 20, insert the following (and re-designate the succeeding provisions accordingly):

1           “(F) TERMINATION.—This paragraph shall  
2           not apply to any tree or vine planted or grafted  
3           after December 31, 2015.”.

4           (d) SPECIAL RULE FOR INVERTED DOMESTIC COR-  
5           PORATIONS.—Section 168(k) of such Code, as amended  
6           by this Act, is amended by adding at the end the following  
7           new paragraph:

8           “(6) SPECIAL RULE FOR INVERTED DOMESTIC  
9           CORPORATIONS.—

10           “(A) IN GENERAL.—In the case of a tax-  
11           payer which is, or is a member of an expanded  
12           affiliated group which includes, an inverted do-  
13           mestic corporation, paragraphs (1), (4), and (5)  
14           shall not apply.

15           “(B) INVERTED DOMESTIC CORPORA-  
16           TION.—For purposes of paragraph (6), the  
17           term ‘inverted domestic corporation’ means any  
18           foreign corporation—

19           “(i) which, pursuant to a plan or a se-  
20           ries of related transactions, completes after  
21           May 8, 2014, the direct or indirect acquisi-  
22           tion of—

23           “(I) substantially all of the prop-  
24           erties held directly or indirectly by a  
25           domestic corporation, or

1                   “(II) substantially all of the as-  
2                   sets of, or substantially all of the  
3                   properties constituting a trade or  
4                   business of, a domestic partnership,  
5                   and

6                   “(ii) more than 50 percent of the  
7                   stock (by vote or value) of which, after  
8                   such acquisition, is held—

9                   “(I) in the case of an acquisition  
10                  with respect to a domestic corpora-  
11                  tion, by former shareholders of the  
12                  domestic corporation by reason of  
13                  holding stock in the domestic corpora-  
14                  tion, or

15                  “(II) in the case of an acquisition  
16                  with respect to a domestic partner-  
17                  ship, by former partners of the do-  
18                  mestic partnership by reason of hold-  
19                  ing a capital or profits interest in the  
20                  domestic partnership, or

21                  “(iii) the management and control of  
22                  the expanded affiliated group of which,  
23                  after such acquisition, occurs (directly or  
24                  indirectly) primarily within the United

1 States, and such expanded affiliated group  
2 has significant domestic business activities.

3 “(C) EXCEPTION FOR CORPORATIONS  
4 WITH SUBSTANTIAL BUSINESS ACTIVITIES IN  
5 FOREIGN COUNTRY OF ORGANIZATION.—A for-  
6 eign corporation shall not be treated as an in-  
7 verted domestic corporation for purposes of this  
8 paragraph if after the acquisition the expanded  
9 affiliated group which includes the entity has  
10 substantial business activities in the foreign  
11 country in which or under the law of which the  
12 entity is created or organized when compared to  
13 the total business activities of such expanded  
14 affiliated group. For purposes of the preceding  
15 sentence, the term ‘substantial business activi-  
16 ties’ shall have the meaning given such term  
17 under section 7874 regulations in effect on May  
18 8, 2014, except that the Secretary may issue  
19 regulations increasing the threshold percent in  
20 any of the tests under such regulations for de-  
21 termining if business activities constitute sub-  
22 stantial business activities for purposes of this  
23 subparagraph.

24 “(D) MANAGEMENT AND CONTROL.—For  
25 purposes of subparagraph (B)(iii)—

1           “(i) IN GENERAL.—The Secretary  
2           shall prescribe regulations for purposes of  
3           determining cases in which the manage-  
4           ment and control of an expanded affiliated  
5           group is to be treated as occurring, directly  
6           or indirectly, primarily within the United  
7           States. The regulations prescribed under  
8           the preceding sentence shall apply to peri-  
9           ods after May 8, 2014.

10           “(ii) EXECUTIVE OFFICERS AND SEN-  
11           IOR MANAGEMENT.—Such regulations shall  
12           provide that the management and control  
13           of an expanded affiliated group shall be  
14           treated as occurring, directly or indirectly,  
15           primarily within the United States if sub-  
16           stantially all of the executive officers and  
17           senior management of the expanded affili-  
18           ated group who exercise day-to-day respon-  
19           sibility for making decisions involving stra-  
20           tegic, financial, and operational policies of  
21           the expanded affiliated group are based or  
22           primarily located within the United States.  
23           Individuals who in fact exercise such day-  
24           to-day responsibilities shall be treated as

1 executive officers and senior management  
2 regardless of their title.

3 “(E) SIGNIFICANT DOMESTIC BUSINESS  
4 ACTIVITIES.—For purposes of subparagraph  
5 (B)(iii), an expanded affiliated group has sig-  
6 nificant domestic business activities if at least  
7 25 percent of—

8 “(i) the employees of the group are  
9 based in the United States,

10 “(ii) the employee compensation in-  
11 curred by the group is incurred with re-  
12 spect to employees based in the United  
13 States,

14 “(iii) the assets of the group are lo-  
15 cated in the United States, or

16 “(iv) the income of the group is de-  
17 rived in the United States,

18 determined in the same manner as such deter-  
19 minations are made for purposes of determining  
20 substantial business activities under regulations  
21 referred to in subparagraph (C) as in effect on  
22 May 8, 2014, but applied by treating all ref-  
23 erences in such regulations to ‘foreign country’  
24 and ‘relevant foreign country’ as references to  
25 ‘the United States’. The Secretary may issue

1 regulations decreasing the threshold percent in  
2 any of the tests under such regulations for de-  
3 termining if business activities constitute sig-  
4 nificant domestic business activities for pur-  
5 poses of this paragraph.

6 “(F) EXPANDED AFFILIATED GROUP.—  
7 For purposes of this paragraph, the term ‘ex-  
8 panded affiliated group’ has the meaning given  
9 such term in section 7874(c).”.

