

## MOTION TO RECOMMIT WITH INSTRUCTIONS

M. \_\_\_\_\_ moves to recommit the bill H.R. 3038 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

At the end of the bill, add the following:

1 **TITLE IV—STOP CORPORATE EX-**  
2 **PATRIATION AND INVEST IN**  
3 **AMERICA’S INFRASTRUCTURE**  
4 **ACT**

5 **SEC. 4001. SHORT TITLE.**

6 This title may be cited as the “Stop Corporate Expa-  
7 triation and Invest in America’s Infrastructure Act of  
8 2015”.

9 **SEC. 4002. MODIFICATIONS TO RULES RELATING TO IN-**  
10 **VERTED CORPORATIONS.**

11 (a) IN GENERAL.—Subsection (b) of section 7874 of  
12 the Internal Revenue Code of 1986 is amended to read  
13 as follows:

14 “(b) INVERTED CORPORATIONS TREATED AS DO-  
15 MESTIC CORPORATIONS.—

1           “(1) IN GENERAL.—Notwithstanding section  
2           7701(a)(4), a foreign corporation shall be treated for  
3           purposes of this title as a domestic corporation if—

4                   “(A) such corporation would be a surro-  
5                   gate foreign corporation if subsection (a)(2)  
6                   were applied by substituting ‘80 percent’ for  
7                   ‘60 percent’, or

8                   “(B) such corporation is an inverted do-  
9                   mestic corporation.

10           “(2) INVERTED DOMESTIC CORPORATION.—For  
11           purposes of this subsection, a foreign corporation  
12           shall be treated as an inverted domestic corporation  
13           if, pursuant to a plan (or a series of related trans-  
14           actions)—

15                   “(A) the entity completes after May 8,  
16                   2014, the direct or indirect acquisition of—

17                           “(i) substantially all of the properties  
18                           held directly or indirectly by a domestic  
19                           corporation, or

20                           “(ii) substantially all of the assets of,  
21                           or substantially all of the properties consti-  
22                           tuting a trade or business of, a domestic  
23                           partnership, and

24                   “(B) after the acquisition, either—

1 “(i) more than 50 percent of the stock  
2 (by vote or value) of the entity is held—

3 “(I) in the case of an acquisition  
4 with respect to a domestic corpora-  
5 tion, by former shareholders of the  
6 domestic corporation by reason of  
7 holding stock in the domestic corpora-  
8 tion, or

9 “(II) in the case of an acquisition  
10 with respect to a domestic partner-  
11 ship, by former partners of the do-  
12 mestic partnership by reason of hold-  
13 ing a capital or profits interest in the  
14 domestic partnership, or

15 “(ii) the management and control of  
16 the expanded affiliated group which in-  
17 cludes the entity occurs, directly or indi-  
18 rectly, primarily within the United States,  
19 and such expanded affiliated group has  
20 significant domestic business activities.

21 “(3) EXCEPTION FOR CORPORATIONS WITH  
22 SUBSTANTIAL BUSINESS ACTIVITIES IN FOREIGN  
23 COUNTRY OF ORGANIZATION.—A foreign corporation  
24 described in paragraph (2) shall not be treated as an  
25 inverted domestic corporation if after the acquisition

1 the expanded affiliated group which includes the en-  
2 tity has substantial business activities in the foreign  
3 country in which or under the law of which the enti-  
4 ty is created or organized when compared to the  
5 total business activities of such expanded affiliated  
6 group. For purposes of subsection (a)(2)(B)(iii) and  
7 the preceding sentence, the term ‘substantial busi-  
8 ness activities’ shall have the meaning given such  
9 term under regulations in effect on May 8, 2014, ex-  
10 cept that the Secretary may issue regulations in-  
11 creasing the threshold percent in any of the tests  
12 under such regulations for determining if business  
13 activities constitute substantial business activities for  
14 purposes of this paragraph.

15 “(4) MANAGEMENT AND CONTROL.—For pur-  
16 poses of paragraph (2)(B)(ii)—

17 “(A) IN GENERAL.—The Secretary shall  
18 prescribe regulations for purposes of deter-  
19 mining cases in which the management and  
20 control of an expanded affiliated group is to be  
21 treated as occurring, directly or indirectly, pri-  
22 marily within the United States. The regula-  
23 tions prescribed under the preceding sentence  
24 shall apply to periods after May 8, 2014.

1           “(B) EXECUTIVE OFFICERS AND SENIOR  
2           MANAGEMENT.—Such regulations shall provide  
3           that the management and control of an ex-  
4           panded affiliated group shall be treated as oc-  
5           curring, directly or indirectly, primarily within  
6           the United States if substantially all of the ex-  
7           ecutive officers and senior management of the  
8           expanded affiliated group who exercise day-to-  
9           day responsibility for making decisions involving  
10          strategic, financial, and operational policies of  
11          the expanded affiliated group are based or pri-  
12          marily located within the United States. Indi-  
13          viduals who in fact exercise such day-to-day re-  
14          sponsibilities shall be treated as executive offi-  
15          cers and senior management regardless of their  
16          title.

17          “(5) SIGNIFICANT DOMESTIC BUSINESS ACTIVI-  
18          TIES.—For purposes of paragraph (2)(B)(ii), an ex-  
19          panded affiliated group has significant domestic  
20          business activities if at least 25 percent of—

21                 “(A) the employees of the group are based  
22                 in the United States,

23                 “(B) the employee compensation incurred  
24                 by the group is incurred with respect to employ-  
25                 ees based in the United States,

1           “(C) the assets of the group are located in  
2           the United States, or

3           “(D) the income of the group is derived in  
4           the United States,

5           determined in the same manner as such determina-  
6           tions are made for purposes of determining substan-  
7           tial business activities under regulations referred to  
8           in paragraph (3) as in effect on May 8, 2014, but  
9           applied by treating all references in such regulations  
10          to ‘foreign country’ and ‘relevant foreign country’ as  
11          references to ‘the United States’. The Secretary may  
12          issue regulations decreasing the threshold percent in  
13          any of the tests under such regulations for deter-  
14          mining if business activities constitute significant  
15          domestic business activities for purposes of this  
16          paragraph.”.

17          (b) CONFORMING AMENDMENTS.—

18                 (1) Clause (i) of section 7874(a)(2)(B) of such  
19                 Code is amended by striking “after March 4, 2003,”  
20                 and inserting “after March 4, 2003, and before May  
21                 9, 2014,”.

22                 (2) Subsection (c) of section 7874 of such Code  
23                 is amended—

24                         (A) in paragraph (2)—

1                   (i) by striking “subsection  
2                   (a)(2)(B)(ii)” and inserting “subsections  
3                   (a)(2)(B)(ii) and (b)(2)(B)(i)”, and  
4                   (ii) by inserting “or (b)(2)(A)” after  
5                   “(a)(2)(B)(i)” in subparagraph (B),  
6                   (B) in paragraph (3), by inserting “or  
7                   (b)(2)(B)(i), as the case may be,” after  
8                   “(a)(2)(B)(ii)”,  
9                   (C) in paragraph (5), by striking “sub-  
10                  section (a)(2)(B)(ii)” and inserting “sub-  
11                  sections (a)(2)(B)(ii) and (b)(2)(B)(i)”, and  
12                  (D) in paragraph (6), by inserting “or in-  
13                  verted domestic corporation, as the case may  
14                  be,” after “surrogate foreign corporation”.  
15           (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years ending after May  
17 8, 2014.

