

117TH CONGRESS 1ST SESSION H.R. 2031

To amend the Internal Revenue Code of 1986 to encourage the transfer of intangible property from controlled foreign corporations to United States shareholders.

IN THE HOUSE OF REPRESENTATIVES

March 18, 2021

Mr. LaHood (for himself and Mr. Ferguson) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to encourage the transfer of intangible property from controlled foreign corporations to United States shareholders.

1 Be it enacted by the Senate and House of Representa2 tives of the United States of America in Congress assembled,
3 SECTION 1. SPECIAL RULES FOR TRANSFERS OF INTAN4 GIBLE PROPERTY FROM CONTROLLED FOR5 EIGN CORPORATIONS TO UNITED STATES
6 SHAREHOLDERS.
7 (a) IN GENERAL.—Subpart F of part III of sub8 chapter N of chapter 1 of the Internal Revenue Code of

1	1986 is amended by adding at the end the following new
2	section:
3	"SEC. 966. TRANSFERS OF INTANGIBLE PROPERTY TO
4	UNITED STATES SHAREHOLDERS.
5	"(a) In General.—If a controlled foreign corpora-
6	tion holds intangible property on the date of the enact-
7	ment of this section and thereafter distributes such prop-
8	erty to a domestic corporation which is a United States
9	shareholder with respect to such controlled foreign cor-
10	poration—
11	"(1) for purposes of part I of subchapter C and
12	any other provision of this title specified by the Sec-
13	retary, the fair market value of such property on the
14	date of such distribution shall be treated as not ex-
15	ceeding the adjusted basis of such property imme-
16	diately before such distribution, and
17	"(2) if any portion of such distribution is not
18	a dividend—
19	"(A) no gain shall be recognized by such
20	United States shareholder with respect to such
21	distribution, and
22	"(B) the adjusted basis of such property in
23	the hands of such United States shareholder
24	immediately after such distribution shall be the
25	adjusted basis of such property in the hands of

1	such controlled foreign corporation immediately
2	before such distribution reduced by the amount
3	(if any) of gain not recognized by reason of
4	subparagraph (A) (determined after the appli-
5	cation of paragraph (1)).
6	"(b) Intangible Property.—For purposes of this
7	section, the term 'intangible property' means any—
8	"(1) patent, copyright, license, invention, for
9	mula, process, design, pattern, know-how, or format
10	"(2) method, program, system, procedure, cam-
11	paign, survey, study, forecast, estimate, or technical
12	data,
13	"(3) computer software (as defined in section
14	197(e)(3)(B), or
15	"(4) any similar item, which has substantia
16	value independent of the services of any individual."
17	(b) Conforming Amendments.—
18	(1) Section 197(f)(2)(B)(i) of such Code is
19	amended by inserting "966(a)," after "731,".
20	(2) The table of sections for subpart F of part
21	III of subchapter N of chapter 1 of such Code is
22	amended by adding at the end the following new
23	item:
	"Sec. 966. Transfers of intangible property to United States shareholders.".
24	(a) Freedomy Dame The amondments made by

24 (c) Effective Date.—The amendments made by 25 this section shall apply to distributions made in taxable

- 1 years of foreign corporations beginning after December
- 2 31, 2021, and to taxable years of United States share-
- 3 holders in which or with which such taxable years of for-

4 eign corporations end.

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