

116TH CONGRESS  
1ST SESSION

# H. R. 410

To amend the Internal Revenue Code of 1986 to provide reimbursement for possessions of the United States with respect to the earned income tax credit and the child tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2019

Ms. PLASKETT introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide reimbursement for possessions of the United States with respect to the earned income tax credit and the child tax credit.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Territorial Economic  
5 Growth and Recovery Act of 2019”.

1 **SEC. 2. REIMBURSEMENT OF POSSESSIONS FOR COST OF**  
2 **EARNED INCOME TAX CREDIT.**

3 (a) EARNED INCOME CREDIT.—Section 32 of the In-  
4 ternal Revenue Code of 1986 is amended by adding at the  
5 end the following new subsection:

6 “(n) TREATMENT OF POSSESSIONS.—

7 “(1) PAYMENTS TO POSSESSIONS.—

8 “(A) MIRROR CODE POSSESSION.—The  
9 Secretary of the Treasury shall periodically (but  
10 not less frequently than annually) pay to each  
11 possession of the United States with a mirror  
12 code tax system amounts equal to the loss to  
13 that possession by reason of the application of  
14 this section (determined without regard to para-  
15 graph (2)) with respect to taxable years begin-  
16 ning after December 31, 2018. Such amounts  
17 shall be determined by the Secretary of the  
18 Treasury based on information provided by the  
19 government of the respective possession.

20 “(B) OTHER POSSESSIONS.—The Sec-  
21 retary of the Treasury shall periodically (but no  
22 less frequently than annually) pay to each pos-  
23 session of the United States which does not  
24 have a mirror code tax system amounts esti-  
25 mated by the Secretary of the Treasury as  
26 being equal to the aggregate benefits that would

1 have been provided to residents of such posses-  
2 sion by reason of the application of this section  
3 for taxable years beginning after December 31,  
4 2018, if a mirror code tax system had been in  
5 effect in such possession. The preceding sen-  
6 tence shall not apply with respect to any posses-  
7 sion of the United States unless such possession  
8 has a plan, which has been approved by the  
9 Secretary of the Treasury, under which such  
10 possession will promptly distribute such pay-  
11 ments to the residents of such possession.

12 “(2) COORDINATION WITH CREDIT ALLOWED  
13 AGAINST UNITED STATES INCOME TAXES.—No cred-  
14 it shall be allowed under this section for any taxable  
15 year to any person—

16 “(A) to whom a credit is allowed against  
17 taxes imposed by the possession by reason of  
18 this section (determined without regard to this  
19 paragraph) for such taxable year, or

20 “(B) who is eligible for a payment under  
21 a plan described in paragraph (1)(B) with re-  
22 spect to such taxable year.

23 “(3) DEFINITIONS AND SPECIAL RULES.—

24 “(A) POSSESSION OF THE UNITED  
25 STATES.—For purposes of this subsection, the

1 term ‘possession of the United States’ shall in-  
2 clude such possessions as are specified in sec-  
3 tion 937(a)(1) of the Internal Revenue Code of  
4 1986.

5 “(B) MIRROR CODE TAX SYSTEM.—For  
6 purposes of this subsection, the term ‘mirror  
7 code tax system’ means, with respect to any  
8 possession of the United States, the income tax  
9 system of such possession if the income tax li-  
10 ability of the residents of such possession under  
11 such system is determined by reference to the  
12 income tax laws of the United States as if such  
13 possession were the United States, and such  
14 system includes a tax credit substantially iden-  
15 tical to the credit allowed under this section.

16 “(C) TREATMENT OF PAYMENTS.—For  
17 purposes of section 1324(b)(2) of title 31,  
18 United States Code, or any similar rule of law,  
19 any payment made under this subsection shall  
20 be treated in the same manner as a refund due  
21 from the credit allowed under this section.”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply with respect to taxable years begin-  
24 ning after December 31, 2018.

1 **SEC. 3. REIMBURSEMENT OF POSSESSIONS FOR COST OF**  
2 **CHILD TAX CREDIT.**

3 (a) CHILD TAX CREDIT.—Section 24 of the Internal  
4 Revenue Code of 1986 is amended by adding at the end  
5 the following new subsection:

6 “(i) TREATMENT OF POSSESSIONS.—

7 “(1) PAYMENTS TO POSSESSIONS.—

8 “(A) MIRROR CODE POSSESSION.—The  
9 Secretary of the Treasury shall periodically (but  
10 not less frequently than annually) pay to each  
11 possession of the United States with a mirror  
12 code tax system amounts equal to the loss to  
13 that possession by reason of the application of  
14 this section (determined without regard to para-  
15 graph (2)) with respect to taxable years begin-  
16 ning after December 31, 2018. Such amounts  
17 shall be determined by the Secretary of the  
18 Treasury based on information provided by the  
19 government of the respective possession.

20 “(B) OTHER POSSESSIONS.—The Sec-  
21 retary of the Treasury shall periodically (but no  
22 less frequently than annually) pay to each pos-  
23 session of the United States which does not  
24 have a mirror code tax system amounts esti-  
25 mated by the Secretary of the Treasury as  
26 being equal to the aggregate benefits that would

1 have been provided to residents of such posses-  
 2 sion by reason of the application of this section  
 3 for taxable years beginning after December 31,  
 4 2018, if a mirror code tax system had been in  
 5 effect in such possession. The preceding sen-  
 6 tence shall not apply with respect to any posses-  
 7 sion of the United States unless such possession  
 8 has a plan, which has been approved by the  
 9 Secretary of the Treasury, under which such  
 10 possession will promptly distribute such pay-  
 11 ments to the residents of such possession.

12 “(2) COORDINATION WITH CREDIT ALLOWED  
 13 AGAINST UNITED STATES INCOME TAXES.—No cred-  
 14 it shall be allowed under this section for any taxable  
 15 year to any person—

16 “(A) to whom a credit is allowed against  
 17 taxes imposed by the possession by reason of  
 18 this section (determined without regard to this  
 19 paragraph) for such taxable year, or

20 “(B) who is eligible for a payment under  
 21 a plan described in paragraph (1)(B) with re-  
 22 spect to such taxable year.

23 “(3) DEFINITIONS AND SPECIAL RULES.—

24 “(A) POSSESSION OF THE UNITED  
 25 STATES.—For purposes of this subsection, the

1 term ‘possession of the United States’ shall in-  
2 clude such possessions as are specified in sec-  
3 tion 937(a)(1) of the Internal Revenue Code of  
4 1986.

5 “(B) MIRROR CODE TAX SYSTEM.—For  
6 purposes of this subsection, the term ‘mirror  
7 code tax system’ means, with respect to any  
8 possession of the United States, the income tax  
9 system of such possession if the income tax li-  
10 ability of the residents of such possession under  
11 such system is determined by reference to the  
12 income tax laws of the United States as if such  
13 possession were the United States, and such  
14 system includes a tax credit substantially iden-  
15 tical to the credit allowed under this section.

16 “(C) TREATMENT OF PAYMENTS.—For  
17 purposes of section 1324(b)(2) of title 31,  
18 United States Code, or any similar rule of law,  
19 any payment made under this subsection shall  
20 be treated in the same manner as a refund due  
21 from the credit allowed under this section.”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply with respect to taxable years begin-  
24 ning after December 31, 2018.

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