



JOINT COMMITTEE ON TAXATION

February 9, 2021

JCX-7-21

**DESCRIPTION OF THE CHAIRMAN'S AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO THE COMMITTEE PRINT  
RELATING TO PROMOTING ECONOMIC SECURITY**

**Description of the Provisions of the Committee Print Relating  
to Promoting Economic Security (the "Bill")  
Relating to the Chairman's Amendment in the Nature of a Substitute**

**Mirror Code territories**

The Bill requires the Secretary to make payments to the three mirror Code territories (Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands) each calendar year starting in 2021. The amount of the required annual payment to each mirror Code territory is 75 percent of the cost to that territory of its EITC in that year.<sup>1</sup> Each territory must provide an annual report to the Secretary that includes an estimate of the cost of the EITC for the current year and a statement of the cost in the preceding year.

**American Samoa**

The Bill requires the Secretary to make a payment to American Samoa in each calendar year starting in 2021 during which American Samoa has a refundable EITC designed to substantially increase workforce participation. The amount of the annual payment is the lesser of (1) 75 percent of the cost to American Samoa of the credit each year or (2) \$12 million, indexed for inflation.<sup>2</sup> American Samoa must provide a report to the Secretary each year that includes an estimate of the cost of its EITC for that year and a statement of the cost in the preceding year.

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<sup>1</sup> Proposed section 7530(b)(1)(A) of the Internal Revenue Code ("Code"), as added by section 9625 of the Bill.

<sup>2</sup> Proposed section 7530(c)(1)(A) and (c)(3) of the Code, as added by section 9625 of the Bill.

## **Description of the Chairman's Amendment in the Nature of a Substitute**

### **Mirror Code territories**

The Chairman's amendment in the nature of a substitute amends the Bill to provide that the amount of the required annual payment to each mirror Code territory is 100 percent of the cost to that territory of its EITC in that year.

### **American Samoa**

The Chairman's amendment in the nature of a substitute amends the Bill to provide that the amount of the required annual payment to American Samoa is the lesser of (1) 100 percent of the cost to American Samoa of the EITC in the year of the payment or (2) \$16 million, indexed for inflation.