

118TH CONGRESS  
2D SESSION

# H. R. 7024

To make improvements to the child tax credit, to provide tax incentives to promote economic growth, to provide special rules for the taxation of certain residents of Taiwan with income from sources within the United States, to provide tax relief with respect to certain Federal disasters, to make improvements to the low-income housing tax credit, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 17, 2024

Mr. SMITH of Missouri introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To make improvements to the child tax credit, to provide tax incentives to promote economic growth, to provide special rules for the taxation of certain residents of Taiwan with income from sources within the United States, to provide tax relief with respect to certain Federal disasters, to make improvements to the low-income housing tax credit, and for other purposes.

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; ETC.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Tax Relief for American Families and Workers Act of  
4 2024”.

5 (b) AMENDMENT OF 1986 CODE.—Except as other-  
6 wise expressly provided, whenever in this Act an amend-  
7 ment or repeal is expressed in terms of an amendment  
8 to, or repeal of, a section or other provision, the reference  
9 shall be considered to be made to a section or other provi-  
10 sion of the Internal Revenue Code of 1986.

11 (c) TABLE OF CONTENTS.—The table of contents of  
12 this Act is as follows:

Sec. 1. Short title; table of contents; etc.

TITLE I—TAX RELIEF FOR WORKING FAMILIES

- Sec. 101. Per-child calculation of refundable portion of child tax credit.
- Sec. 102. Increase in refundable portion.
- Sec. 103. Inflation of credit amount.
- Sec. 104. Rule for determination of earned income.

TITLE II—AMERICAN INNOVATION AND GROWTH

- Sec. 201. Deduction for domestic research and experimental expenditures.
- Sec. 202. Extension of allowance for depreciation, amortization, or depletion in  
determining the limitation on business interest.
- Sec. 203. Extension of 100 percent bonus depreciation.
- Sec. 204. Increase in limitations on expensing of depreciable business assets.

TITLE III—INCREASING GLOBAL COMPETITIVENESS

Subtitle A—United States-Taiwan Expedited Double-Tax Relief Act

- Sec. 301. Short title.
- Sec. 302. Special rules for taxation of certain residents of Taiwan.

Subtitle B—United States-Taiwan Tax Agreement Authorization Act

- Sec. 311. Short title.
- Sec. 312. Definitions.
- Sec. 313. Authorization to negotiate and enter into agreement.
- Sec. 314. Consultations with Congress.
- Sec. 315. Approval and implementation of agreement.

- Sec. 316. Submission to Congress of agreement and implementation policy.  
 Sec. 317. Consideration of approval legislation and implementing legislation.  
 Sec. 318. Relationship of agreement to Internal Revenue Code of 1986.  
 Sec. 319. Authorization of subsequent tax agreements relative to Taiwan.  
 Sec. 320. United States treatment of double taxation matters with respect to Taiwan.

#### TITLE IV—ASSISTANCE FOR DISASTER-IMPACTED COMMUNITIES

- Sec. 401. Short title.  
 Sec. 402. Extension of rules for treatment of certain disaster-related personal casualty losses.  
 Sec. 403. Exclusion from gross income for compensation for losses or damages resulting from certain wildfires.  
 Sec. 404. East Palestine disaster relief payments.

#### TITLE V—MORE AFFORDABLE HOUSING

- Sec. 501. State housing credit ceiling increase for low-income housing credit.  
 Sec. 502. Tax-exempt bond financing requirement.

#### TITLE VI—TAX ADMINISTRATION AND ELIMINATING FRAUD

- Sec. 601. Increase in threshold for requiring information reporting with respect to certain payees.  
 Sec. 602. Enforcement provisions with respect to COVID-related employee retention credits.

## 1                   **TITLE I—TAX RELIEF FOR** 2                   **WORKING FAMILIES**

### 3   **SEC. 101. PER-CHILD CALCULATION OF REFUNDABLE POR-** 4                   **TION OF CHILD TAX CREDIT.**

5           (a) IN GENERAL.—Subparagraph (A) of section  
 6 24(h)(5) is amended to read as follows:

7                   “(A) IN GENERAL.—In applying subsection  
 8                   (d)—

9                                   “(i) the amount determined under  
 10                                  paragraph (1)(A) of such subsection with  
 11                                  respect to any qualifying child shall not ex-  
 12                                  ceed \$1,400, and such paragraph shall be

1 applied without regard to paragraph (4) of  
2 this subsection, and

3 “(ii) paragraph (1)(B) of such sub-  
4 section shall be applied by multiplying each  
5 of—

6 “(I) the amount determined  
7 under clause (i) thereof, and

8 “(II) the excess determined  
9 under clause (ii) thereof,

10 by the number of qualifying children of the  
11 taxpayer.”.

12 (b) CONFORMING AMENDMENT.—The heading of  
13 paragraph (5) of section 24(h) is amended by striking  
14 “MAXIMUM AMOUNT OF” and inserting “SPECIAL RULES  
15 FOR”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2022.

19 **SEC. 102. INCREASE IN REFUNDABLE PORTION.**

20 (a) IN GENERAL.—Paragraph (5) of section 24(h) is  
21 amended by redesignating subparagraph (B) as subpara-  
22 graph (C) and by inserting after subparagraph (A) the  
23 following new subparagraph:

24 “(B) AMOUNTS FOR 2023, 2024, AND  
25 2025.—In the case of a taxable year beginning

1 after 2022, subparagraph (A) shall be applied  
2 by substituting for ‘\$1,400’—

3 “(i) in the case of taxable year 2023,  
4 ‘\$1,800’,

5 “(ii) in the case of taxable year 2024,  
6 ‘\$1,900’, and

7 “(iii) in the case of taxable year 2025,  
8 ‘\$2,000’.”.

9 (b) CONFORMING AMENDMENT.—Subparagraph (C)  
10 of section 24(h)(5), as redesignated by subsection (a), is  
11 amended by inserting “and before 2023” after “2018”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2022.

15 **SEC. 103. INFLATION OF CREDIT AMOUNT.**

16 (a) IN GENERAL.—Paragraph (2) of section 24(h) is  
17 amended—

18 (1) by striking “AMOUNT.—Subsection” and in-  
19 serting “AMOUNT.—

20 “(A) IN GENERAL.—Subsection”, and

21 (2) by adding at the end the following new sub-  
22 paragraph:

23 “(B) ADJUSTMENT FOR INFLATION.—In  
24 the case of a taxable year beginning after 2023,  
25 the \$2,000 amounts in subparagraph (A) and

1 paragraph (5)(B)(iii) shall each be increased by  
2 an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-  
5 termined under section 1(f)(3) for the cal-  
6 endar year in which the taxable year be-  
7 gins, determined by substituting ‘2022’ for  
8 ‘2016’ in subparagraph (A)(ii) thereof.

9 If any increase under this clause is not a mul-  
10 tiple of \$100, such increase shall be rounded to  
11 the next lowest multiple of \$100.”.

12 (b) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2023.

15 **SEC. 104. RULE FOR DETERMINATION OF EARNED INCOME.**

16 (a) IN GENERAL.—Paragraph (6) of section 24(h) of  
17 the Internal Revenue Code of 1986 is amended—

18 (1) by striking “CREDIT.—Subsection” and in-  
19 serting “CREDIT.—

20 “(A) IN GENERAL.—Subsection”, and

21 (2) by adding at the end the following new sub-  
22 paragraphs:

23 “(B) RULE FOR DETERMINATION OF  
24 EARNED INCOME.—

1           “(i) IN GENERAL.—In the case of a  
2           taxable year beginning after 2023, if the  
3           earned income of the taxpayer for such  
4           taxable year is less than the earned income  
5           of the taxpayer for the preceding taxable  
6           year, subsection (d)(1)(B)(i) may, at the  
7           election of the taxpayer, be applied by sub-  
8           stituting—

9                       “(I) the earned income for such  
10                      preceding taxable year, for

11                     “(II) the earned income for the  
12                     current taxable year.

13           “(ii) APPLICATION TO JOINT RE-  
14           TURNS.—For purposes of clause (i), in the  
15           case of a joint return, the earned income  
16           of the taxpayer for the preceding taxable  
17           year shall be the sum of the earned income  
18           of each spouse for such preceding taxable  
19           year.”.

20           (b) ERRORS TREATED AS MATHEMATICAL ER-  
21           RORS.—Paragraph (2) of section 6213(g) of the Internal  
22           Revenue Code of 1986 is amended by striking “and” at  
23           the end of subparagraph (U), by striking the period at  
24           the end of subparagraph (V) and inserting “, and”, and

1 by inserting after subparagraph (V) the following new sub-  
2 paragraph:

3           “(W) in the case of a taxpayer electing the  
4           application of section 24(h)(6)(B) for any tax-  
5           able year, an entry on a return of earned in-  
6           come pursuant to such section which is incon-  
7           sistent with the amount of such earned income  
8           determined by the Secretary for the preceding  
9           taxable year.”.

10       (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2023.

## 13                   **TITLE II—AMERICAN** 14                   **INNOVATION AND GROWTH**

### 15       **SEC. 201. DEDUCTION FOR DOMESTIC RESEARCH AND EX-** 16                   **PERIMENTAL EXPENDITURES.**

17       (a) DELAY OF AMORTIZATION OF DOMESTIC RE-  
18 SEARCH AND EXPERIMENTAL EXPENDITURES.—Section  
19 174 is amended by adding at the end the following new  
20 subsection:

21       “(e) SUSPENSION OF APPLICATION OF SECTION TO  
22 DOMESTIC RESEARCH AND EXPERIMENTAL EXPENDI-  
23 TURES.—In the case of any domestic research or experi-  
24 mental expenditures (as defined in section 174A(b)), this  
25 section—



1           “(1) shall apply to such expenditures paid or  
2           incurred in taxable years beginning after December  
3           31, 2025, and

4           “(2) shall not apply to such expenditures paid  
5           or incurred in taxable years beginning on or before  
6           such date.”.

7           (b) REINSTATEMENT OF EXPENSING FOR DOMESTIC  
8           RESEARCH AND EXPERIMENTAL EXPENDITURES.—Part  
9           VI of subchapter B of chapter 1 is amended by inserting  
10          after section 174 the following new section:

11         **“SEC. 174A. TEMPORARY RULES FOR DOMESTIC RESEARCH**  
12                                 **AND EXPERIMENTAL EXPENDITURES.**

13           “(a) TREATMENT AS EXPENSES.—Notwithstanding  
14          section 263, there shall be allowed as a deduction any do-  
15          mestic research or experimental expenditures which are  
16          paid or incurred by the taxpayer during the taxable year.

17           “(b) DOMESTIC RESEARCH OR EXPERIMENTAL EX-  
18          PENDITURES.—For purposes of this section, the term ‘do-  
19          mestic research or experimental expenditures’ means re-  
20          search or experimental expenditures paid or incurred by  
21          the taxpayer in connection with the taxpayer’s trade or  
22          business other than such expenditures which are attrib-  
23          utable to foreign research (within the meaning of section  
24          41(d)(4)(F)).

1       “(c) AMORTIZATION OF CERTAIN DOMESTIC RE-  
2 SEARCH AND EXPERIMENTAL EXPENDITURES.—

3           “(1) IN GENERAL.—At the election of the tax-  
4 payer, made in accordance with regulations or other  
5 guidance provided by the Secretary, in the case of  
6 domestic research or experimental expenditures  
7 which would (but for subsection (a)) be chargeable  
8 to capital account but not chargeable to property of  
9 a character which is subject to the allowance under  
10 section 167 (relating to allowance for depreciation,  
11 etc.) or section 611 (relating to allowance for deple-  
12 tion), subsection (a) shall not apply and the tax-  
13 payer shall—

14           “(A) charge such expenditures to capital  
15 account, and

16           “(B) be allowed an amortization deduction  
17 of such expenditures ratably over such period of  
18 not less than 60 months as may be selected by  
19 the taxpayer (beginning with the month in  
20 which the taxpayer first realizes benefits from  
21 such expenditures).

22           “(2) TIME FOR AND SCOPE OF ELECTION.—The  
23 election provided by paragraph (1) may be made for  
24 any taxable year, but only if made not later than the  
25 time prescribed by law for filing the return for such

1 taxable year (including extensions thereof). The  
2 method so elected, and the period selected by the  
3 taxpayer, shall be adhered to in computing taxable  
4 income for the taxable year for which the election is  
5 made and for all subsequent taxable years unless,  
6 with the approval of the Secretary, a change to a  
7 different method (or to a different period) is author-  
8 ized with respect to part or all of such expenditures.  
9 The election shall not apply to any expenditure paid  
10 or incurred during any taxable year before the tax-  
11 able year for which the taxpayer makes the election.

12 “(d) ELECTION TO CAPITALIZE EXPENSES.—In the  
13 case of a taxpayer which elects (at such time and in such  
14 manner as the Secretary may provide) the application of  
15 this subsection, subsections (a) and (c) shall not apply and  
16 domestic research or experimental expenditures shall be  
17 chargeable to capital account. Such election shall not  
18 apply to any expenditure paid or incurred during any tax-  
19 able year before the taxable year for which the taxpayer  
20 makes the election and may be made with respect to part  
21 of the expenditures paid or incurred during any taxable  
22 year only with the approval of the Secretary.

23 “(e) SPECIAL RULES.—

24 “(1) LAND AND OTHER PROPERTY.—This sec-  
25 tion shall not apply to any expenditure for the acqui-

1 sition or improvement of land, or for the acquisition  
2 or improvement of property to be used in connection  
3 with the research or experimentation and of a char-  
4 acter which is subject to the allowance under section  
5 167 (relating to allowance for depreciation, etc.) or  
6 section 611 (relating to allowance for depletion); but  
7 for purposes of this section allowances under section  
8 167, and allowances under section 611, shall be con-  
9 sidered as expenditures.

10 “(2) EXPLORATION EXPENDITURES.—This sec-  
11 tion shall not apply to any expenditure paid or in-  
12 curred for the purpose of ascertaining the existence,  
13 location, extent, or quality of any deposit of ore or  
14 other mineral (including oil and gas).

15 “(3) SOFTWARE DEVELOPMENT.—For purposes  
16 of this section, any amount paid or incurred in con-  
17 nection with the development of any software shall  
18 be treated as a research or experimental expendi-  
19 ture.

20 “(f) TERMINATION.—

21 “(1) IN GENERAL.—This section shall not apply  
22 to amounts paid or incurred in taxable years begin-  
23 ning after December 31, 2025.

24 “(2) CHANGE IN METHOD OF ACCOUNTING.—In  
25 the case of a taxpayer’s first taxable year beginning

1 after December 31, 2025, paragraph (1) (and the  
2 corresponding application of section 174) shall be  
3 treated as a change in method of accounting for pur-  
4 poses of section 481 and—

5 “(A) such change shall be treated as initi-  
6 ated by the taxpayer,

7 “(B) such change shall be treated as made  
8 with the consent of the Secretary, and

9 “(C) such change shall be applied only on  
10 a cut-off basis for any domestic research or ex-  
11 perimental expenditures paid or incurred in tax-  
12 able years beginning after December 31, 2025,  
13 and no adjustment under section 481(a) shall  
14 be made.”.

15 (c) COORDINATION WITH CERTAIN OTHER PROVI-  
16 SIONS.—

17 (1) RESEARCH CREDIT.—

18 (A) Section 41(d)(1)(A) is amended by in-  
19 serting “or domestic research or experimental  
20 expenditures under section 174A” after “sec-  
21 tion 174”.

22 (B) Section 280C(c)(1) is amended to read  
23 as follows:

24 “(1) IN GENERAL.—The domestic research or  
25 experimental expenditures otherwise taken into ac-

1 count under section 174 or 174A (as the case may  
2 be) shall be reduced by the amount of the credit al-  
3 lowed under section 41(a).”.

4 (2) AMT ADJUSTMENT.—Section 56(b)(2) is  
5 amended by striking “174(a)” each place it appears  
6 and inserting “174A(a)”.

7 (3) OPTIONAL 10-YEAR WRITEOFF.—Section  
8 59(e)(2)(B) is amended by striking “section 174(a)  
9 (relating to research and experimental expendi-  
10 tures)” and inserting “section 174A(a) (relating to  
11 temporary rules for domestic research and experi-  
12 mental expenditures)”.

13 (4) QUALIFIED SMALL ISSUE BONDS.—Section  
14 144(a)(4)(C)(iv) is amended by striking “174(a)”  
15 and inserting “174A(a)”.

16 (5) START-UP EXPENDITURES.—Section  
17 195(c)(1) is amended by striking “or 174” in the  
18 last sentence and inserting “174, or 174A”.

19 (6) CAPITAL EXPENDITURES.—

20 (A) Section 263(a)(1)(B) is amended by  
21 inserting “ or 174A” after “174”.

22 (B) Section 263A(e)(2) is amended by in-  
23 serting “or 174A” after “174”.

1           (7) ACTIVE BUSINESS COMPUTER SOFTWARE  
2 ROYALTIES.—Section 543(d)(4)(A)(i) is amended by  
3 inserting “174A,” after “174,”.

4           (8) SOURCE RULES.—Section 864(g)(2) is  
5 amended in the last sentence—

6           (A) by striking “treated as deferred ex-  
7 penses under subsection (b) of section 174” and  
8 inserting “allowed as an amortization deduction  
9 under section 174(a) or section 174A(c),”, and

10           (B) by striking “such subsection” and in-  
11 serting “such section (as the case may be)”.

12           (9) BASIS ADJUSTMENT.—Section 1016(a)(14)  
13 is amended by striking “deductions as deferred ex-  
14 penses under section 174(b)(1) (relating to research  
15 and experimental expenditures)” and inserting “de-  
16 ductions under section 174 or 174A”.

17           (10) SMALL BUSINESS STOCK.—Section  
18 1202(e)(2)(B) is amended by striking “research and  
19 experimental expenditures under section 174” and  
20 inserting “specified research or experimental expend-  
21 itures under section 174 or domestic research or ex-  
22 perimental expenditures under section 174A”.

23           (d) CONFORMING AMENDMENTS.—

1           (1) Section 13206 of Public Law 115–97 is  
2 amended by striking subsection (b) (relating to  
3 change in method of accounting).

4           (2) The table of sections for part VI of sub-  
5 chapter B of chapter 1 is amended by inserting after  
6 the item relating to section 174 the following new  
7 item:

“Sec. 174A. Temporary rules for domestic research and experimental expendi-  
tures.”.

8           (e) EFFECTIVE DATE.—

9           (1) IN GENERAL.—Except as otherwise pro-  
10 vided in this subsection, the amendments made by  
11 this section shall apply to amounts paid or incurred  
12 in taxable years beginning after December 31, 2021.

13           (2) COORDINATION WITH RESEARCH CREDIT.—  
14 The amendment made by subsection (c)(1)(B) shall  
15 apply to taxable years beginning after December 31,  
16 2022.

17           (3) REPEAL OF SUPERCEDED CHANGE IN  
18 METHOD OF ACCOUNTING RULES.—The amendment  
19 made by subsection (d)(1) shall take effect as if in-  
20 cluded in Public Law 115–97.

21           (4) NO INFERENCE WITH RESPECT TO COORDI-  
22 NATION WITH RESEARCH CREDIT FOR PRIOR PERI-  
23 ODS.—The amendment made by subsection  
24 (c)(1)(B) shall not be construed to create any infer-



1       ence with respect to the proper application of section  
2       280C(c) of the Internal Revenue Code of 1986 with  
3       respect to taxable years beginning before January 1,  
4       2023.

5       (f) TRANSITION RULES.—

6           (1) IN GENERAL.—Except as otherwise pro-  
7       vided by the Secretary, an election made under sub-  
8       section (c) or (d) of section 174A of the Internal  
9       Revenue Code of 1986 (as added by this section) for  
10      the taxpayer’s first taxable year beginning after De-  
11      cember 31, 2021, shall not fail to be treated as time-  
12      ly made (or as made on the return) if made during  
13      the 1-year period beginning on the date of the enact-  
14      ment of this Act on an amended return for the tax-  
15      payer’s first taxable year beginning after December  
16      31, 2021, or in such other manner as the Secretary  
17      may provide.

18          (2) ELECTION REGARDING TREATMENT AS  
19      CHANGE IN METHOD OF ACCOUNTING.—In the case  
20      of any taxpayer which (as of the date of the enact-  
21      ment of this Act) had adopted a method of account-  
22      ing provided by section 174 of the Internal Revenue  
23      Code of 1986 (as in effect prior to the amendments  
24      made by this section) for the taxpayer’s first taxable

1 year beginning after December 31, 2021, and elects  
2 the application of this paragraph—

3 (A) the amendments made by this section  
4 shall be treated as a change in method of ac-  
5 counting for purposes of section 481 of such  
6 Code,

7 (B) such change shall be treated as initi-  
8 ated by the taxpayer for the taxpayer's imme-  
9 diately succeeding taxable year,

10 (C) such change shall be treated as made  
11 with the consent of the Secretary,

12 (D) such change shall be applied on a  
13 modified cut-off basis, taking into account for  
14 purposes of section 481(a) of such Code only  
15 the domestic research or experimental expendi-  
16 tures (as defined in section 174A(b) of such  
17 Code (as added by this section) and determined  
18 by applying the rules of section 174A(e) of such  
19 Code) paid or incurred in the taxpayer's first  
20 taxable year beginning after December 31,  
21 2021, and not allowed as a deduction in such  
22 taxable year, and

23 (E) in the case of a taxpayer which elects  
24 the application of this subparagraph, the  
25 amount of such change (as determined under

1           subparagraph (D)) shall be taken into account  
2           ratably over the 2-taxable-year period beginning  
3           with the taxable year referred to in subpara-  
4           graph (B).

5           (3) ELECTION REGARDING 10-YEAR WRITE-  
6           OFF.—

7                   (A) IN GENERAL.—Except as otherwise  
8           provided by the Secretary, an eligible taxpayer  
9           which files, during the 1-year period beginning  
10          on the date of the enactment of this Act, an  
11          amended income tax return for the taxable year  
12          described in subparagraph (B)(ii) may elect the  
13          application of section 59(e) of the Internal Rev-  
14          enue Code of 1986 with respect to qualified ex-  
15          penditures described in section 59(e)(2)(B) of  
16          such Code (as amended by subsection (c)(3))  
17          with respect to such taxable year. Such election  
18          shall be filed with such amended income tax re-  
19          turn and shall be effective only to the extent  
20          that such election would have been effective if  
21          filed with the original income tax return for  
22          such taxable year (determined after taking into  
23          account the amendment made by subsection  
24          (c)(3)).

1 (B) ELIGIBLE TAXPAYER.—For purposes  
2 of subparagraph (A), the term “eligible tax-  
3 payer” means any taxpayer which—

4 (i) does not elect the application of  
5 paragraph (2), and

6 (ii) filed an income tax return for  
7 such taxpayer’s first taxable year begin-  
8 ning after December 31, 2021, before the  
9 earlier of—

10 (I) the due date for such return,

11 and

12 (II) the date of the enactment of  
13 this Act.

14 (4) ELECTION REGARDING COORDINATION  
15 WITH RESEARCH CREDIT.—Except as otherwise pro-  
16 vided by the Secretary, an eligible taxpayer (as de-  
17 fined in paragraph (3)(B) without regard to clause  
18 (i) thereof) which files, during the 1-year period be-  
19 ginning on the date of the enactment of this Act, an  
20 amended income tax return for the taxpayer’s first  
21 taxable year beginning after December 31, 2021,  
22 may, notwithstanding subparagraph (C) of section  
23 280C(c)(2) of the Internal Revenue Code of 1986  
24 make, or revoke, on such amended return the elec-  
25 tion under such section for such taxable year.

1 **SEC. 202. EXTENSION OF ALLOWANCE FOR DEPRECIATION,**  
2 **AMORTIZATION, OR DEPLETION IN DETER-**  
3 **MINING THE LIMITATION ON BUSINESS IN-**  
4 **TEREST.**

5 (a) IN GENERAL.—Section 163(j)(8)(A)(v) is amend-  
6 ed by striking “January 1, 2022” and inserting “January  
7 1, 2026”.

8 (b) EFFECTIVE DATE.—

9 (1) IN GENERAL.—Except as otherwise pro-  
10 vided in this subsection, the amendment made by  
11 this section shall apply to taxable years beginning  
12 after December 31, 2023.

13 (2) ELECTION TO APPLY EXTENSION RETRO-  
14 ACTIVELY.—In the case of a taxpayer which elects  
15 (at such time and in such manner as the Secretary  
16 may provide) the application of this paragraph,  
17 paragraph (1) shall be applied by substituting “De-  
18 cember 31, 2021” for “December 31, 2023”.

19 **SEC. 203. EXTENSION OF 100 PERCENT BONUS DEPRECI-**  
20 **ATION.**

21 (a) IN GENERAL.—Section 168(k)(6)(A) is amend-  
22 ed—

23 (1) in clause (i)—

24 (A) by striking “2023” and inserting  
25 “2026”, and

26 (B) by adding “and” at the end, and

1           (2) by striking clauses (ii), (iii), and (iv), and  
2           redesignating clause (v) as clause (ii).

3           (b) PROPERTY WITH LONGER PRODUCTION PERI-  
4           ODS.—Section 168(k)(6)(B) is amended—

5           (1) in clause (i)—

6           (A) by striking “2024” and inserting  
7           “2027”, and

8           (B) by adding “and” at the end, and

9           (2) by striking clauses (ii), (iii), and (iv), and  
10          redesignating clause (v) as clause (ii).

11          (c) PLANTS BEARING FRUITS AND NUTS.—Section  
12          168(k)(6)(C) is amended—

13          (1) in clause (i)—

14          (A) by striking “2023” and inserting  
15          “2026”, and

16          (B) by adding “and” at the end, and

17          (2) by striking clauses (ii), (iii), and (iv), and  
18          redesignating clause (v) as clause (ii).

19          (d) EFFECTIVE DATES.—

20          (1) IN GENERAL.—Except as otherwise pro-  
21          vided in this subsection, the amendments made by  
22          this section shall apply to property placed in service  
23          after December 31, 2022.

24          (2) PLANTS BEARING FRUITS AND NUTS.—The  
25          amendments made by subsection (c) shall apply to

1 specified plants planted or grafted after December  
2 31, 2022.

3 **SEC. 204. INCREASE IN LIMITATIONS ON EXPENSING OF DE-**  
4 **PRECIABLE BUSINESS ASSETS.**

5 (a) IN GENERAL.—Section 179(b) is amended—

6 (1) by striking “\$1,000,000” in paragraph (1)  
7 and inserting “\$1,290,000”, and

8 (2) by striking “\$2,500,000” in paragraph (2)  
9 and inserting “\$3,220,000”.

10 (b) INFLATION ADJUSTMENT.—Section 179(b)(6) is  
11 amended—

12 (1) by striking “2018” and inserting “2024  
13 (2018 in the case of the dollar amount in paragraph  
14 (5)(A))”, and

15 (2) by striking “‘calendar year 2017’” and in-  
16 sserting “‘calendar year 2024’ (‘calendar year 2017’  
17 in the case of the dollar amount in paragraph  
18 (5)(A))”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to property placed in service in  
21 taxable years beginning after December 31, 2023.

1 **TITLE III—INCREASING GLOBAL**  
2 **COMPETITIVENESS**

3 **Subtitle A—United States-Taiwan**  
4 **Expedited Double-Tax Relief Act**

5 **SEC. 301. SHORT TITLE.**

6 This subtitle may be cited as the “United States-Tai-  
7 wan Expedited Double-Tax Relief Act”.

8 **SEC. 302. SPECIAL RULES FOR TAXATION OF CERTAIN**  
9 **RESIDENTS OF TAIWAN.**

10 (a) IN GENERAL.—Subpart D of part II of sub-  
11 chapter N of chapter 1 is amended by inserting after sec-  
12 tion 894 the following new section:

13 **“SEC. 894A. SPECIAL RULES FOR QUALIFIED RESIDENTS OF**  
14 **TAIWAN.**

15 “(a) CERTAIN INCOME FROM UNITED STATES  
16 SOURCES.—

17 “(1) INTEREST, DIVIDENDS, AND ROYALTIES,  
18 ETC.—

19 “(A) IN GENERAL.—In the case of interest  
20 (other than original issue discount), dividends,  
21 royalties, amounts described in section  
22 871(a)(1)(C), and gains described in section  
23 871(a)(1)(D) received by or paid to a qualified  
24 resident of Taiwan—



1           “(i) sections 871(a), 881(a), 1441(a),  
2           1441(c)(5), and 1442(a) shall each be ap-  
3           plied by substituting ‘the applicable per-  
4           centage (as defined in section  
5           894A(a)(1)(C))’ for ‘30 percent’ each place  
6           it appears, and

7           “(ii) sections 871(a), 881(a), and  
8           1441(c)(1) shall each be applied by sub-  
9           stituting ‘a United States permanent es-  
10          tablishment of a qualified resident of Tai-  
11          wan’ for ‘a trade or business within the  
12          United States’ each place it appears.

13          “(B) EXCEPTIONS.—

14                 “(i) IN GENERAL.—Subparagraph (A)  
15                 shall not apply to—

16                         “(I) any dividend received from  
17                         or paid by a real estate investment  
18                         trust which is not a qualified REIT  
19                         dividend,

20                         “(II) any amount subject to sec-  
21                         tion 897,

22                         “(III) any amount received from  
23                         or paid by an expatriated entity (as  
24                         defined in section 7874(a)(2)) to a

1 foreign related person (as defined in  
2 section 7874(d)(3)), and

3 “(IV) any amount which is in-  
4 cluded in income under section 860C  
5 to the extent that such amount does  
6 not exceed an excess inclusion with re-  
7 spect to a REMIC.

8 “(ii) QUALIFIED REIT DIVIDEND.—  
9 For purposes of clause (i)(I), the term  
10 ‘qualified REIT dividend’ means any divi-  
11 dend received from or paid by a real estate  
12 investment trust if such dividend is paid  
13 with respect to a class of shares that is  
14 publicly traded and the recipient of the  
15 dividend is a person who holds an interest  
16 in any class of shares of the real estate in-  
17 vestment trust of not more than 5 percent.

18 “(C) APPLICABLE PERCENTAGE.—For  
19 purposes of applying subparagraph (A)(i)—

20 “(i) IN GENERAL.—Except as pro-  
21 vided in clause (ii), the term ‘applicable  
22 percentage’ means 10 percent.

23 “(ii) SPECIAL RULES FOR DIVI-  
24 DENDS.— In the case of any dividend in  
25 respect of stock received by or paid to a

1 qualified resident of Taiwan, the applicable  
2 percentage shall be 15 percent (10 percent  
3 in the case of a dividend which meets the  
4 requirements of subparagraph (D) and is  
5 received by or paid to an entity taxed as  
6 a corporation in Taiwan).

7 “(D) REQUIREMENTS FOR LOWER DIVI-  
8 DEND RATE.—

9 “(i) IN GENERAL.—The requirements  
10 of this subparagraph are met with respect  
11 to any dividend in respect of stock in a  
12 corporation if, at all times during the 12-  
13 month period ending on the date such  
14 stock becomes ex-dividend with respect to  
15 such dividend—

16 “(I) the dividend is derived by a  
17 qualified resident of Taiwan, and

18 “(II) such qualified resident of  
19 Taiwan has held directly at least 10  
20 percent (by vote and value) of the  
21 total outstanding shares of stock in  
22 such corporation.

23 For purposes of subclause (II), a person  
24 shall be treated as directly holding a share  
25 of stock during any period described in the

1 preceding sentence if the share was held by  
2 a corporation from which such person later  
3 acquired that share and such corporation  
4 was, at the time the share was acquired,  
5 both a connected person to such person  
6 and a qualified resident of Taiwan.

7 “(ii) EXCEPTION FOR RICS AND  
8 REITS.—Notwithstanding clause (i), the re-  
9 quirements of this subparagraph shall not  
10 be treated as met with respect to any divi-  
11 dend paid by a regulated investment com-  
12 pany or a real estate investment trust.

13 “(2) QUALIFIED WAGES.—

14 “(A) IN GENERAL.—No tax shall be im-  
15 posed under this chapter (and no amount shall  
16 be withheld under section 1441(a) or chapter  
17 24) with respect to qualified wages paid to a  
18 qualified resident of Taiwan who—

19 “(i) is not a resident of the United  
20 States (determined without regard to sub-  
21 section (c)(3)(E)), or

22 “(ii) is employed as a member of the  
23 regular component of a ship or aircraft op-  
24 erated in international traffic.

25 “(B) QUALIFIED WAGES.—

1           “(i) IN GENERAL.—The term ‘quali-  
2           fied wages’ means wages, salaries, or simi-  
3           lar remunerations with respect to employ-  
4           ment involving the performance of personal  
5           services within the United States which—

6                   “(I) are paid by (or on behalf of)  
7                   any employer other than a United  
8                   States person, and

9                   “(II) are not borne by a United  
10                  States permanent establishment of  
11                  any person other than a United States  
12                  person.

13           “(ii) EXCEPTIONS.—Such term shall  
14           not include directors’ fees, income derived  
15           as an entertainer or athlete, income de-  
16           rived as a student or trainee, pensions,  
17           amounts paid with respect to employment  
18           with the United States, any State (or polit-  
19           ical subdivision thereof), or any possession  
20           of the United States (or any political sub-  
21           division thereof), or other amounts speci-  
22           fied in regulations or guidance under sub-  
23           section (f)(1)(F).

24           “(3) INCOME DERIVED FROM ENTERTAINMENT  
25           OR ATHLETIC ACTIVITIES.—

1           “(A) IN GENERAL.—No tax shall be im-  
2           posed under this chapter (and no amount shall  
3           be withheld under section 1441(a) or chapter  
4           24) with respect to income derived by an enter-  
5           tainer or athlete who is a qualified resident of  
6           Taiwan from personal activities as such per-  
7           formed in the United States if the aggregate  
8           amount of gross receipts from such activities  
9           for the taxable year do not exceed \$30,000.

10           “(B) EXCEPTION.—Subparagraph (A)  
11           shall not apply with respect to—

12                   “(i) income which is qualified wages  
13                   (as defined in paragraph (2)(B), deter-  
14                   mined without regard to clause (ii) there-  
15                   of), or

16                   “(ii) income which is effectively con-  
17                   nected with a United States permanent es-  
18                   tablishment.

19           “(b) INCOME CONNECTED WITH A UNITED STATES  
20           PERMANENT ESTABLISHMENT OF A QUALIFIED RESI-  
21           DENT OF TAIWAN.—

22           “(1) IN GENERAL.—

23                   “(A) IN GENERAL.—In lieu of applying  
24                   sections 871(b) and 882, a qualified resident of  
25                   Taiwan that carries on a trade or business

1 within the United States through a United  
2 States permanent establishment shall be taxable  
3 as provided in section 1, 11, 55, or 59A, on its  
4 taxable income which is effectively connected  
5 with such permanent establishment.

6 “(B) DETERMINATION OF TAXABLE IN-  
7 COME.—In determining taxable income for pur-  
8 poses of paragraph (1), gross income includes  
9 only gross income which is effectively connected  
10 with the permanent establishment.

11 “(2) TREATMENT OF DISPOSITIONS OF UNITED  
12 STATES REAL PROPERTY.—In the case of a qualified  
13 resident of Taiwan, section 897(a) shall be applied—

14 “(A) by substituting ‘carried on a trade or  
15 business within the United States through a  
16 United States permanent establishment’ for  
17 ‘were engaged in a trade or business within the  
18 United States’, and

19 “(B) by substituting ‘such United States  
20 permanent establishment’ for ‘such trade or  
21 business’.

22 “(3) TREATMENT OF BRANCH PROFITS  
23 TAXES.—In the case of any corporation which is a  
24 qualified resident of Taiwan, section 884 shall be ap-  
25 plied—

1           “(A) by substituting ‘10 percent’ for ‘30  
2 percent ’ in subsection (a) thereof, and

3           “(B) by substituting ‘a United States per-  
4 manent establishment of a qualified resident of  
5 Taiwan’ for ‘the conduct of a trade or business  
6 within the United States’ in subsection (d)(1)  
7 thereof.

8           “(4) SPECIAL RULE WITH RESPECT TO INCOME  
9 DERIVED FROM CERTAIN ENTERTAINMENT OR ATH-  
10 LETIC ACTIVITIES.—

11           “(A) IN GENERAL.—Paragraph (1) shall  
12 not apply to the extent that the income is de-  
13 rived—

14           “(i) in respect of entertainment or  
15 athletic activities performed in the United  
16 States, and

17           “(ii) by a qualified resident of Taiwan  
18 who is not the entertainer or athlete per-  
19 forming such activities.

20           “(B) EXCEPTION.—Subparagraph (A)  
21 shall not apply if the person described in sub-  
22 paragraph (A)(ii) is contractually authorized to  
23 designate the individual who is to perform such  
24 activities.



1           “(5) SPECIAL RULE WITH RESPECT TO CER-  
2 TAIN AMOUNTS.—Paragraph (1) shall not apply to  
3 any income which is wages, salaries, or similar re-  
4 munerations with respect to employment or with re-  
5 spect to any amount which is described in subsection  
6 (a)(2)(B)(ii).

7           “(c) QUALIFIED RESIDENT OF TAIWAN.—For pur-  
8 poses of this section—

9           “(1) IN GENERAL.—The term ‘qualified resi-  
10 dent of Taiwan’ means any person who—

11           “(A) is liable to tax under the laws of Tai-  
12 wan by reason of such person’s domicile, resi-  
13 dence, place of management, place of incorpora-  
14 tion, or any similar criterion,

15           “(B) is not a United States person (deter-  
16 mined without regard to paragraph (3)(E)),  
17 and

18           “(C) in the case of an entity taxed as a  
19 corporation in Taiwan, meets the requirements  
20 of paragraph (2).

21           “(2) LIMITATION ON BENEFITS FOR COR-  
22 PORATE ENTITIES OF TAIWAN.—

23           “(A) IN GENERAL.—Subject to subpara-  
24 graphs (E) and (F), an entity meets the re-  
25 quirements of this paragraph only if it—

1           “(i) meets the ownership and income  
2 requirements of subparagraph (B),

3           “(ii) meets the publicly traded re-  
4 quirements of subparagraph (C), or

5           “(iii) meets the qualified subsidiary  
6 requirements of subparagraph (D).

7           “(B) OWNERSHIP AND INCOME REQUIRE-  
8 MENTS.—The requirements of this subpara-  
9 graph are met for an entity if—

10           “(i) at least 50 percent (by vote and  
11 value) of the total outstanding shares of  
12 stock in such entity are owned directly or  
13 indirectly by qualified residents of Taiwan,  
14 and

15           “(ii) less than 50 percent of such enti-  
16 ty’s gross income (and in the case of an  
17 entity that is a member of a tested group,  
18 less than 50 percent of the tested group’s  
19 gross income) is paid or accrued, directly  
20 or indirectly, in the form of payments that  
21 are deductible for purposes of the income  
22 taxes imposed by Taiwan, to persons who  
23 are not—

24           “(I) qualified residents of Tai-  
25 wan, or

1                   “(II) United States persons who  
2                   meet such requirements with respect  
3                   to the United States as determined by  
4                   the Secretary to be equivalent to the  
5                   requirements of this subsection (deter-  
6                   mined without regard to paragraph  
7                   (1)(B)) with respect to residents of  
8                   Taiwan.

9                   “(C) PUBLICLY TRADED REQUIRE-  
10                  MENTS.—An entity meets the requirements of  
11                  this subparagraph if—

12                   “(i) the principal class of its shares  
13                   (and any disproportionate class of shares)  
14                   of such entity are primarily and regularly  
15                   traded on an established securities market  
16                   in Taiwan, or

17                   “(ii) the primary place of manage-  
18                   ment and control of the entity is in Taiwan  
19                   and all classes of its outstanding shares  
20                   described in clause (i) are regularly traded  
21                   on an established securities market in Tai-  
22                   wan.

23                   “(D) QUALIFIED SUBSIDIARY REQUIRE-  
24                  MENTS.—An entity meets the requirement of  
25                  this subparagraph if—

1           “(i) at least 50 percent (by vote and  
2 value) of the total outstanding shares of  
3 the stock of such entity are owned directly  
4 or indirectly by 5 or fewer entities—

5                   “(I) which meet the requirements  
6 of subparagraph (C), or

7                   “(II) which are United States  
8 persons the principal class of the  
9 shares (and any disproportionate class  
10 of shares) of which are primarily and  
11 regularly traded on an established se-  
12 curities market in the United States,  
13 and

14           “(ii) the entity meets the require-  
15 ments of clause (ii) of subparagraph (B).

16           “(E) ONLY INDIRECT OWNERSHIP  
17 THROUGH QUALIFYING INTERMEDIARIES  
18 COUNTED.—

19           “(i) IN GENERAL.—Stock in an entity  
20 owned by a person indirectly through 1 or  
21 more other persons shall not be treated as  
22 owned by such person in determining  
23 whether the person meets the requirements  
24 of subparagraph (B)(i) or (D)(i) unless all

1 such other persons are qualifying inter-  
2 mediate owners.

3 “(ii) QUALIFYING INTERMEDIATE  
4 OWNERS.—The term ‘qualifying inter-  
5 mediate owner’ means a person that is—

6 “(I) a qualified resident of Tai-  
7 wan, or

8 “(II) a resident of any other for-  
9 eign country (other than a foreign  
10 country that is a foreign country of  
11 concern) that has in effect a com-  
12 prehensive convention with the United  
13 States for the avoidance of double tax-  
14 ation.

15 “(iii) SPECIAL RULE FOR QUALIFIED  
16 SUBSIDIARIES.—For purposes of applying  
17 subparagraph (D)(i), the term ‘qualifying  
18 intermediate owner’ shall include any per-  
19 son who is a United States person who  
20 meets such requirements with respect to  
21 the United States as determined by the  
22 Secretary to be equivalent to the require-  
23 ments of this subsection (determined with-  
24 out regard to paragraph (1)(B)) with re-  
25 spect to residents of Taiwan.

1           “(F) CERTAIN PAYMENTS NOT IN-  
2 CLUDED.—In determining whether the require-  
3 ments of subparagraph (B)(ii) or (D)(ii) are  
4 met with respect to an entity, the following pay-  
5 ments shall not be taken into account:

6           “(i) Arm’s-length payments by the en-  
7 tity in the ordinary course of business for  
8 services or tangible property.

9           “(ii) In the case of a tested group,  
10 intra-group transactions.

11           “(3) DUAL RESIDENTS.—

12           “(A) RULES FOR DETERMINATION OF STA-  
13 TUS.—

14           “(i) IN GENERAL.—An individual who  
15 is an applicable dual resident and who is  
16 described in subparagraph (B), (C), or (D)  
17 shall be treated as a qualified resident of  
18 Taiwan.

19           “(ii) APPLICABLE DUAL RESIDENT.—  
20 For purposes of this paragraph, the term  
21 ‘applicable dual resident’ means an indi-  
22 vidual who—

23           “(I) is not a United States cit-  
24 izen,

1                   “(II) is a resident of the United  
2                   States (determined without regard to  
3                   subparagraph (E)), and

4                   “(III) would be a qualified resi-  
5                   dent of Taiwan but for paragraph  
6                   (1)(B).

7                   “(B) PERMANENT HOME.—An individual  
8                   is described in this subparagraph if such indi-  
9                   vidual—

10                   “(i) has a permanent home available  
11                   to such individual in Taiwan, and

12                   “(ii) does not have a permanent home  
13                   available to such individual in the United  
14                   States.

15                   “(C) CENTER OF VITAL INTERESTS.—An  
16                   individual is described in this subparagraph if—

17                   “(i) such individual has a permanent  
18                   home available to such individual in both  
19                   Taiwan and the United States, and

20                   “(ii) such individual’s personal and  
21                   economic relations (center of vital inter-  
22                   ests) are closer to Taiwan than to the  
23                   United States.

24                   “(D) HABITUAL ABODE.—An individual is  
25                   described in this subparagraph if—

1 “(i) such individual—

2 “(I) does not have a permanent  
3 home available to such individual in  
4 either Taiwan or the United States, or

5 “(II) has a permanent home  
6 available to such individual in both  
7 Taiwan and the United States but  
8 such individual’s center of vital inter-  
9 ests under subparagraph (C)(ii) can-  
10 not be determined, and

11 “(ii) such individual has a habitual  
12 abode in Taiwan and not the United  
13 States.

14 “(E) UNITED STATES TAX TREATMENT OF  
15 QUALIFIED RESIDENT OF TAIWAN.—Notwith-  
16 standing section 7701, an individual who is  
17 treated as a qualified resident of Taiwan by  
18 reason of this paragraph for all or any portion  
19 of a taxable year shall not be treated as a resi-  
20 dent of the United States for purposes of com-  
21 puting such individual’s United States income  
22 tax liability for such taxable year or portion  
23 thereof.

24 “(4) RULES OF SPECIAL APPLICATION.—



1           “(A) DIVIDENDS.—For purposes of apply-  
2           ing this section to any dividend, paragraph  
3           (2)(D) shall be applied without regard to clause  
4           (ii) thereof.

5           “(B) ITEMS OF INCOME EMANATING FROM  
6           AN ACTIVE TRADE OR BUSINESS IN TAIWAN.—  
7           For purposes of this section—

8                   “(i) IN GENERAL.—Notwithstanding  
9                   the preceding paragraphs of this sub-  
10                  section, if an entity taxed as a corporation  
11                  in Taiwan is not a qualified resident of  
12                  Taiwan but meets the requirements of sub-  
13                  paragraphs (A) and (B) of paragraph (1),  
14                  any qualified item of income such entity  
15                  derived from the United States shall be  
16                  treated as income of a qualified resident of  
17                  Taiwan.

18                   “(ii) QUALIFIED ITEMS OF INCOME.—

19                           “(I) IN GENERAL.—The term  
20                           ‘qualified item of income’ means any  
21                           item of income which emanates from,  
22                           or is incidental to, the conduct of an  
23                           active trade or business in Taiwan  
24                           (other than operating as a holding  
25                           company, providing overall supervision

1 or administration of a group of com-  
2 panies, providing group financing, or  
3 making or managing investments (un-  
4 less such making or managing invest-  
5 ments is carried on by a bank, insur-  
6 ance company, or registered securities  
7 dealer in the ordinary course of its  
8 business as such)).

9 “(II) SUBSTANTIAL ACTIVITY RE-  
10 QUIREMENT.—An item of income  
11 which is derived from a trade or busi-  
12 ness conducted in the United States  
13 or from a connected person shall be a  
14 qualified item of income only if the  
15 trade or business activity conducted in  
16 Taiwan to which the item is related is  
17 substantial in relation to the same or  
18 a complementary trade or business ac-  
19 tivity carried on in the United States.  
20 For purposes of applying this sub-  
21 clause, activities conducted by persons  
22 that are connected to the entity de-  
23 scribed in clause (i) shall be deemed  
24 to be conducted by such entity.

1                   “(iii) EXCEPTION.—This subpara-  
2                   graph shall not apply to any item of in-  
3                   come derived by an entity if at least 50  
4                   percent (by vote or value) of such entity is  
5                   owned (directly or indirectly) or controlled  
6                   by residents of a foreign country of con-  
7                   cern.

8                   “(d) OTHER DEFINITIONS AND SPECIAL RULES.—  
9 For purposes of this section—

10                   “(1) UNITED STATES PERMANENT ESTABLISH-  
11                   MENT.—

12                   “(A) IN GENERAL.—The term ‘United  
13                   States permanent establishment’ means, with  
14                   respect to a qualified resident of Taiwan, a per-  
15                   manent establishment of such resident which is  
16                   within the United States.

17                   “(B) SPECIAL RULE.—The determination  
18                   of whether there is a permanent establishment  
19                   of a qualified resident of Taiwan within the  
20                   United States shall be made without regard to  
21                   whether an entity which is taxed as a corpora-  
22                   tion in Taiwan and which is a qualified resident  
23                   of Taiwan controls or is controlled by—

24                   “(i) a domestic corporation, or

1           “(ii) any other person that carries on  
2           business in the United States (whether  
3           through a permanent establishment or oth-  
4           erwise).

5           “(2) PERMANENT ESTABLISHMENT.—

6           “(A) IN GENERAL.—The term ‘permanent  
7           establishment’ means a fixed place of business  
8           through which a trade or business is wholly or  
9           partly carried on. Such term shall include—

10                   “(i) a place of management,

11                   “(ii) a branch,

12                   “(iii) an office,

13                   “(iv) a factory,

14                   “(v) a workshop, and

15                   “(vi) a mine, an oil or gas well, a  
16           quarry, or any other place of extraction of  
17           natural resources.

18           “(B) SPECIAL RULES FOR CERTAIN TEM-  
19           PORARY PROJECTS.—

20                   “(i) IN GENERAL.—A building site or  
21           construction or installation project, or an  
22           installation or drilling rig or ship used for  
23           the exploration or exploitation of the sea  
24           bed and its subsoil and their natural re-  
25           sources, constitutes a permanent establish-

1           ment only if it lasts, or the activities of the  
2           rig or ship lasts, for more than 12 months.

3           “(ii) DETERMINATION OF 12-MONTH  
4           PERIOD.—For purposes of clause (i), the  
5           period over which a building site or con-  
6           struction or installation project of a person  
7           lasts shall include any period of more than  
8           30 days during which such person does not  
9           carry on activities at such building site or  
10          construction or installation project but  
11          connected activities are carried on at such  
12          building site or construction or installation  
13          project by one or more connected persons.

14          “(C) HABITUAL EXERCISE OF CONTRACT  
15          AUTHORITY TREATED AS PERMANENT ESTAB-  
16          LISHMENT.—Notwithstanding subparagraphs  
17          (A) and (B), where a person (other than an  
18          agent of an independent status to whom sub-  
19          paragraph (D)(ii) applies) is acting on behalf of  
20          a trade or business of a qualified resident of  
21          Taiwan and has and habitually exercises an au-  
22          thority to conclude contracts that are binding  
23          on the trade or business, that trade or business  
24          shall be deemed to have a permanent establish-  
25          ment in the country in which such authority is

1 exercised in respect of any activities that the  
2 person undertakes for the trade or business, un-  
3 less the activities of such person are limited to  
4 those described in subparagraph (D)(i) that, if  
5 exercised through a fixed place of business,  
6 would not make this fixed place of business a  
7 permanent establishment under the provisions  
8 of that subparagraph.

9 “(D) EXCLUSIONS.—

10 “(i) IN GENERAL.—Notwithstanding  
11 subparagraphs (A) and (B), the term ‘per-  
12 manent establishment’ shall not include—

13 “(I) the use of facilities solely for  
14 the purpose of storage, display, or de-  
15 livery of goods or merchandise belong-  
16 ing to the trade or business,

17 “(II) the maintenance of a stock  
18 of goods or merchandise belonging to  
19 the trade or business solely for the  
20 purpose of storage, display, or deliv-  
21 ery,

22 “(III) the maintenance of a stock  
23 of goods or merchandise belonging to  
24 the trade or business solely for the

1                   purpose of processing by another  
2                   trade or business,

3                   “(IV) the maintenance of a fixed  
4                   place of business solely for the pur-  
5                   pose of purchasing goods or merchan-  
6                   dise, or of collecting information, for  
7                   the trade or business,

8                   “(V) the maintenance of a fixed  
9                   place of business solely for the pur-  
10                  pose of carrying on, for the trade or  
11                  business, any other activity of a pre-  
12                  paratory or auxiliary character, or

13                  “(VI) the maintenance of a fixed  
14                  place of business solely for any com-  
15                  bination of the activities mentioned in  
16                  subclauses (I) through (V), provided  
17                  that the overall activity of the fixed  
18                  place of business resulting from this  
19                  combination is of a preparatory or  
20                  auxiliary character.

21                  “(ii) **BROKERS AND OTHER INDE-**  
22                  **PENDENT AGENTS.**—A trade or business  
23                  shall not be considered to have a perma-  
24                  nent establishment in a country merely be-  
25                  cause it carries on business in such coun-

1 try through a broker, general commission  
2 agent, or any other agent of an inde-  
3 pendent status, provided that such persons  
4 are acting in the ordinary course of their  
5 business as independent agents.

6 “(3) TESTED GROUP.—The term ‘tested group’  
7 includes, with respect to any entity taxed as a cor-  
8 poration in Taiwan, such entity and any other entity  
9 taxed as a corporation in Taiwan that—

10 “(A) participates as a member with such  
11 entity in a tax consolidation, fiscal unity, or  
12 similar regime that requires members of the  
13 group to share profits or losses, or

14 “(B) shares losses with such entity pursu-  
15 ant to a group relief or other loss sharing re-  
16 gime.

17 “(4) CONNECTED PERSON.—Two persons shall  
18 be ‘connected persons’ if one owns, directly or indi-  
19 rectly, at least 50 percent of the interests in the  
20 other (or, in the case of a corporation, at least 50  
21 percent of the aggregate vote and value of the cor-  
22 poration’s shares) or another person owns, directly  
23 or indirectly, at least 50 percent of the interests (or,  
24 in the case of a corporation, at least 50 percent of  
25 the aggregate vote and value of the corporation’s



1 shares) in each person. In any case, a person shall  
2 be connected to another if, based on all the relevant  
3 facts and circumstances, one has control of the other  
4 or both are under the control of the same person or  
5 persons.

6 “(5) FOREIGN COUNTRY OF CONCERN.—The  
7 term ‘foreign country of concern’ has the meaning  
8 given such term under paragraph (7) of section  
9 9901 of the William M. (Mac) Thornberry National  
10 Defense Authorization Act for Fiscal Year 2021 (15  
11 U.S.C. 4651(7)), as added by section 103(a)(4) of  
12 the CHIPS Act of 2022).

13 “(6) PARTNERSHIPS; BENEFICIARIES OF ES-  
14 TATES AND TRUSTS.—For purposes of this section—

15 “(A) a qualified resident of Taiwan which  
16 is a partner of a partnership which carries on  
17 a trade or business within the United States  
18 through a United States permanent establish-  
19 ment shall be treated as carrying on such trade  
20 or business through such permanent establish-  
21 ment, and

22 “(B) a qualified resident of Taiwan which  
23 is a beneficiary of an estate or trust which car-  
24 ries on a trade or business within the United  
25 States through a United States permanent es-

1           tablishment shall be treated as carrying on such  
2           trade or business through such permanent es-  
3           tablishment.

4           “(7) DENIAL OF BENEFITS FOR CERTAIN PAY-  
5           MENTS THROUGH HYBRID ENTITIES.—For purposes  
6           of this section, rules similar to the rules of section  
7           894(c) shall apply.

8           “(e) APPLICATION.—

9           “(1) IN GENERAL.—This section shall not apply  
10          to any period unless the Secretary has determined  
11          that Taiwan has provided benefits to United States  
12          persons for such period that are reciprocal to the  
13          benefits provided to qualified residents of Taiwan  
14          under this section.

15          “(2) PROVISION OF RECIPROCITY.—The Presi-  
16          dent or his designee is authorized to exchange let-  
17          ters, enter into an agreement, or take other nec-  
18          essary and appropriate steps relative to Taiwan for  
19          the reciprocal provision of the benefits described in  
20          this section.

21          “(f) REGULATIONS OR OTHER GUIDANCE.—

22          “(1) IN GENERAL.—The Secretary shall issue  
23          such regulations or other guidance as may be nec-  
24          essary or appropriate to carry out the provisions of

1 this section, including such regulations or guidance  
2 for—

3 “(A) determining—

4 “(i) what constitutes a United States  
5 permanent establishment of a qualified  
6 resident of Taiwan, and

7 “(ii) income that is effectively con-  
8 nected with such a permanent establish-  
9 ment,

10 “(B) preventing the abuse of the provisions  
11 of this section by persons who are not (or who  
12 should not be treated as) qualified residents of  
13 Taiwan,

14 “(C) requirements for record keeping and  
15 reporting,

16 “(D) rules to assist withholding agents or  
17 employers in determining whether a foreign per-  
18 son is a qualified resident of Taiwan for pur-  
19 poses of determining whether withholding or re-  
20 porting is required for a payment (and, if with-  
21 holding is required, whether it should be applied  
22 at a reduced rate),

23 “(E) the application of subsection  
24 (a)(1)(D)(i) to stock held by predecessor own-  
25 ers,

1           “(F) determining what amounts are to be  
2           treated as qualified wages for purposes of sub-  
3           section (a)(2),

4           “(G) determining the amounts to which  
5           subsection (a)(3) applies,

6           “(H) defining established securities market  
7           for purposes of subsection (c),

8           “(I) the application of the rules of sub-  
9           section (c)(4)(B),

10           “(J) the application of subsection (d)(6)  
11           and section 1446,

12           “(K) determining ownership interests held  
13           by residents of a foreign country of concern,  
14           and

15           “(L) determining the starting and ending  
16           dates for periods with respect to the application  
17           of this section under subsection (e), which may  
18           be separate dates for taxes withheld at the  
19           source and other taxes.

20           “(2) REGULATIONS TO BE CONSISTENT WITH  
21           MODEL TREATY.—Any regulations or other guidance  
22           issued under this section shall, to the extent prac-  
23           tical, be consistent with the provisions of the United  
24           States model income tax convention dated February  
25           7, 2016.”.

1 (b) CONFORMING AMENDMENT TO WITHHOLDING  
 2 TAX.—Subchapter A of chapter 3 is amended by adding  
 3 at the end the following new section:

4 **“SEC. 1447. WITHHOLDING FOR QUALIFIED RESIDENTS OF**  
 5 **TAIWAN.**

6 “For reduced rates of withholding for certain resi-  
 7 dents of Taiwan, see section 894A.”.

8 (c) CLERICAL AMENDMENTS.—

9 (1) The table of sections for subpart D of part  
 10 II of subchapter N of chapter 1 is amended by in-  
 11 serting after the item relating to section 894 the fol-  
 12 lowing new item:

“Sec. 894A. Special rules for qualified residents of Taiwan.”.

13 (2) The table of sections for subchapter A of  
 14 chapter 3 is amended by adding at the end the fol-  
 15 lowing new item:

“Sec. 1447. Withholding for qualified residents of Taiwan.”.

16 **Subtitle B—United States-Taiwan**  
 17 **Tax Agreement Authorization Act**

18 **SEC. 311. SHORT TITLE.**

19 This subtitle may be cited as the “United States-Tai-  
 20 wan Tax Agreement Authorization Act”.

21 **SEC. 312. DEFINITIONS.**

22 In this subtitle:

1           (1) AGREEMENT.—The term “Agreement”  
2 means the tax agreement authorized by section  
3 313(a).

4           (2) APPROPRIATE CONGRESSIONAL COMMIT-  
5 TEES.—The term “appropriate congressional com-  
6 mittees” means—

7                   (A) the Committee on Foreign Relations  
8 and the Committee on Finance of the Senate;  
9 and

10                   (B) the Committee on Ways and Means of  
11 the House of Representatives.

12           (3) APPROVAL LEGISLATION.—The term “ap-  
13 proval legislation” means legislation that approves  
14 the Agreement.

15           (4) IMPLEMENTING LEGISLATION.—The term  
16 “implementing legislation” means legislation that  
17 makes any changes to the Internal Revenue Code of  
18 1986 necessary to implement the Agreement.

19 **SEC. 313. AUTHORIZATION TO NEGOTIATE AND ENTER**  
20 **INTO AGREEMENT.**

21           (a) IN GENERAL.—Subsequent to a determination  
22 under section 894A(e)(1) of the Internal Revenue Code  
23 of 1986 (as added by the United States-Taiwan Expedited  
24 Double-Tax Relief Act), the President is authorized to ne-  
25 gotiate and enter into a tax agreement relative to Taiwan.

1 (b) ELEMENTS OF AGREEMENT.—

2 (1) CONFORMITY WITH BILATERAL INCOME TAX  
3 CONVENTIONS.—The President shall ensure that—

4 (A) any provisions included in the Agree-  
5 ment conform with provisions customarily con-  
6 tained in United States bilateral income tax  
7 conventions, as exemplified by the 2016 United  
8 States Model Income Tax Convention; and

9 (B) the Agreement does not include ele-  
10 ments outside the scope of the 2016 United  
11 States Model Income Tax Convention.

12 (2) INCORPORATION OF TAX AGREEMENTS AND  
13 LAWS.—Notwithstanding paragraph (1), the Agree-  
14 ment may incorporate and restate provisions of any  
15 agreement, or existing United States law, addressing  
16 double taxation for residents of the United States  
17 and Taiwan.

18 (3) AUTHORITY.—The Agreement shall include  
19 the following statement: “The Agreement is entered  
20 into pursuant to the United States-Taiwan Tax  
21 Agreement Authorization Act.”

22 (4) ENTRY INTO FORCE.—The Agreement shall  
23 include a provision conditioning entry into force  
24 upon—

1 (A) enactment of approval legislation and  
2 implementing legislation pursuant to section  
3 317; and

4 (B) confirmation by the Secretary of the  
5 Treasury that the relevant authority in Taiwan  
6 has approved and taken appropriate steps re-  
7 quired to implement the Agreement.

8 **SEC. 314. CONSULTATIONS WITH CONGRESS.**

9 (a) NOTIFICATION UPON COMMENCEMENT OF NEGO-  
10 TIATIONS.—The President shall provide written notifica-  
11 tion to the appropriate congressional committees of the  
12 commencement of negotiations between the United States  
13 and Taiwan on the Agreement at least 15 calendar days  
14 before commencing such negotiations.

15 (b) CONSULTATIONS DURING NEGOTIATIONS.—

16 (1) BRIEFINGS.—Not later than 90 days after  
17 commencement of negotiations with respect to the  
18 Agreement, and every 180 days thereafter until the  
19 President enters into the Agreement, the President  
20 shall provide a briefing to the appropriate congress-  
21 sional committees on the status of the negotiations,  
22 including a description of elements under negotia-  
23 tion.

24 (2) MEETINGS AND OTHER CONSULTATIONS.—



1 (A) IN GENERAL.—In the course of nego-  
2 tiations with respect to the Agreement, the Sec-  
3 retary of the Treasury, in coordination with the  
4 Secretary of State, shall—

5 (i) meet, upon request, with the chair-  
6 man or ranking member of any of the ap-  
7 propriate congressional committees regard-  
8 ing negotiating objectives and the status of  
9 negotiations in progress; and

10 (ii) consult closely and on a timely  
11 basis with, and keep fully apprised of the  
12 negotiations, the appropriate congressional  
13 committees.

14 (B) ELEMENTS OF CONSULTATIONS.—The  
15 consultations described in subparagraph (A)  
16 shall include consultations with respect to—

17 (i) the nature of the contemplated  
18 Agreement;

19 (ii) how and to what extent the con-  
20 templated Agreement is consistent with the  
21 elements set forth in section 313(b); and

22 (iii) the implementation of the con-  
23 templated Agreement, including—

24 (I) the general effect of the con-  
25 templated Agreement on existing laws;

1 (II) proposed changes to any ex-  
2 isting laws to implement the con-  
3 templated Agreement; and

4 (III) proposed administrative ac-  
5 tions to implement the contemplated  
6 Agreement.

7 **SEC. 315. APPROVAL AND IMPLEMENTATION OF AGREE-**  
8 **MENT.**

9 (a) IN GENERAL.—The Agreement may not enter  
10 into force unless—

11 (1) the President, at least 60 days before the  
12 day on which the President enters into the Agree-  
13 ment, publishes the text of the contemplated Agree-  
14 ment on a publicly available website of the Depart-  
15 ment of the Treasury; and

16 (2) there is enacted into law, with respect to  
17 the Agreement, approval legislation and imple-  
18 menting legislation pursuant to section 317.

19 (b) ENTRY INTO FORCE.—The President may pro-  
20 vide for the Agreement to enter into force upon—

21 (1) enactment of approval legislation and imple-  
22 menting legislation pursuant to section 317; and

23 (2) confirmation by the Secretary of the Treas-  
24 ury that the relevant authority in Taiwan has ap-

1 proved and taken appropriate steps required to im-  
2 plement the Agreement.

3 **SEC. 316. SUBMISSION TO CONGRESS OF AGREEMENT AND**  
4 **IMPLEMENTATION POLICY.**

5 (a) SUBMISSION OF AGREEMENT.—Not later than  
6 270 days after the President enters into the Agreement,  
7 the President or the President’s designee shall submit to  
8 Congress—

- 9 (1) the final text of the Agreement; and  
10 (2) a technical explanation of the Agreement.

11 (b) SUBMISSION OF IMPLEMENTATION POLICY.—Not  
12 later than 270 days after the President enters into the  
13 Agreement, the Secretary of the Treasury shall submit to  
14 Congress—

- 15 (1) a description of those changes to existing  
16 laws that the President considers would be required  
17 in order to ensure that the United States acts in a  
18 manner consistent with the Agreement; and  
19 (2) a statement of anticipated administrative  
20 action proposed to implement the Agreement.

21 **SEC. 317. CONSIDERATION OF APPROVAL LEGISLATION**  
22 **AND IMPLEMENTING LEGISLATION.**

23 (a) IN GENERAL.—The approval legislation with re-  
24 spect to the Agreement shall include the following: “Con-  
25 gress approves the Agreement submitted to Congress pur-

1 suant to section 316 of the United States-Taiwan Tax  
2 Agreement Authorization Act on \_\_\_\_\_.”, with the  
3 blank space being filled with the appropriate date.

4 (b) APPROVAL LEGISLATION COMMITTEE REFER-  
5 RAL.—The approval legislation shall—

6 (1) in the Senate, be referred to the Committee  
7 on Foreign Relations; and

8 (2) in the House of Representaives, be referred  
9 to the Committee on Ways and Means.

10 (c) IMPLEMENTING LEGISLATION COMMITTEE RE-  
11 FERRAL.—The implementing legislation shall—

12 (1) in the Senate, be referred to the Committee  
13 on Finance; and

14 (2) in the House of Representatives, be referred  
15 to the Committee on Ways and Means.

16 **SEC. 318. RELATIONSHIP OF AGREEMENT TO INTERNAL**  
17 **REVENUE CODE OF 1986.**

18 (a) INTERNAL REVENUE CODE OF 1986 TO CON-  
19 TROL.—No provision of the Agreement or approval legisla-  
20 tion, nor the application of any such provision to any per-  
21 son or circumstance, which is inconsistent with any provi-  
22 sion of the Internal Revenue Code of 1986, shall have ef-  
23 fect.

24 (b) CONSTRUCTION.—Nothing in this subtitle shall  
25 be construed—

1           (1) to amend or modify any law of the United  
2 States; or

3           (2) to limit any authority conferred under any  
4 law of the United States,  
5 unless specifically provided for in this subtitle.

6 **SEC. 319. AUTHORIZATION OF SUBSEQUENT TAX AGREE-**  
7 **MENTS RELATIVE TO TAIWAN.**

8           (a) IN GENERAL.—Subsequent to the enactment of  
9 approval legislation and implementing legislation pursuant  
10 to section 317—

11           (1) the term “tax agreement” in section 313(a)  
12 shall be treated as including any tax agreement rel-  
13 ative to Taiwan which supplements or supersedes  
14 the Agreement to which such approval legislation  
15 and implementing legislation relates, and

16           (2) the term “Agreement” shall be treated as  
17 including such tax agreement.

18           (b) REQUIREMENTS, ETC., TO APPLY SEPA-  
19 RATELY.—The provisions of this subtitle (including sec-  
20 tion 314) shall be applied separately with respect to each  
21 tax agreement referred to in subsection (a).

22 **SEC. 320. UNITED STATES TREATMENT OF DOUBLE TAX-**  
23 **ATION MATTERS WITH RESPECT TO TAIWAN.**

24           (a) FINDINGS.—Congress makes the following find-  
25 ings:

1           (1) The United States addresses issues with re-  
2           spect to double taxation with foreign countries by  
3           entering into bilateral income tax conventions  
4           (known as tax treaties) with such countries, subject  
5           to the advice and consent of the Senate to ratifica-  
6           tion pursuant to article II of the Constitution.

7           (2) The United States has entered into more  
8           than sixty such tax treaties, which facilitate eco-  
9           nomic activity, strengthen bilateral cooperation, and  
10          benefit United States workers, businesses, and other  
11          United States taxpayers.

12          (3) Due to Taiwan's unique status, the United  
13          States is unable to enter into an article II tax treaty  
14          with Taiwan, necessitating an agreement to address  
15          issues with respect to double taxation.

16          (b) STATEMENT OF POLICY.—It is the policy of the  
17          United States to—

18               (1) provide for additional bilateral tax relief  
19               with respect to Taiwan, beyond that provided for in  
20               section 894A of the Internal Revenue Code of 1986  
21               (as added by the United States-Taiwan Expedited  
22               Double-Tax Relief Act), only after entry into force  
23               of an Agreement, as provided for in section 315, and  
24               only in a manner consistent with such Agreement;  
25               and

1           (2) continue to provide for bilateral tax relief  
2 with sovereign states to address double taxation and  
3 other related matters through entering into bilateral  
4 income tax conventions, subject to the Senate’s ad-  
5 vice and consent to ratification pursuant to article II  
6 of the Constitution.

7 **TITLE IV—ASSISTANCE FOR DIS-**  
8 **ASTER-IMPACTED COMMU-**  
9 **NITIES**

10 **SEC. 401. SHORT TITLE.**

11           This title may be cited as the “Federal Disaster Tax  
12 Relief Act of 2024”.

13 **SEC. 402. EXTENSION OF RULES FOR TREATMENT OF CER-**  
14 **TAIN DISASTER-RELATED PERSONAL CAS-**  
15 **UALTY LOSSES.**

16           For purposes of applying section 304(b) of the Tax-  
17 payer Certainty and Disaster Tax Relief Act of 2020, sec-  
18 tion 301 of such Act shall be applied by substituting “the  
19 Federal Disaster Tax Relief Act of 2024” for “this Act”  
20 each place it appears.

21 **SEC. 403. EXCLUSION FROM GROSS INCOME FOR COM-**  
22 **PENSATION FOR LOSSES OR DAMAGES RE-**  
23 **SULTING FROM CERTAIN WILDFIRES.**

24           (a) **IN GENERAL.**—For purposes of the Internal Rev-  
25 enue Code of 1986, gross income shall not include any

1 amount received by an individual as a qualified wildfire  
2 relief payment.

3 (b) QUALIFIED WILDFIRE RELIEF PAYMENT.—For  
4 purposes of this section—

5 (1) IN GENERAL.—The term “qualified wildfire  
6 relief payment” means any amount received by or on  
7 behalf of an individual as compensation for losses,  
8 expenses, or damages (including compensation for  
9 additional living expenses, lost wages (other than  
10 compensation for lost wages paid by the employer  
11 which would have otherwise paid such wages), per-  
12 sonal injury, death, or emotional distress) incurred  
13 as a result of a qualified wildfire disaster, but only  
14 to the extent the losses, expenses, or damages com-  
15 pensated by such payment are not compensated for  
16 by insurance or otherwise.

17 (2) QUALIFIED WILDFIRE DISASTER.—The  
18 term “qualified wildfire disaster” means any feder-  
19 ally declared disaster (as defined in section  
20 165(i)(5)(A) of the Internal Revenue Code of 1986)  
21 declared, after December 31, 2014, as a result of  
22 any forest or range fire.

23 (c) DENIAL OF DOUBLE BENEFIT.—Notwith-  
24 standing any other provision of the Internal Revenue Code  
25 of 1986—



1           (1) no deduction or credit shall be allowed (to  
2           the person for whose benefit a qualified wildfire re-  
3           lief payment is made) for, or by reason of, any ex-  
4           penditure to the extent of the amount excluded  
5           under this section with respect to such expenditure,  
6           and

7           (2) no increase in the basis or adjusted basis of  
8           any property shall result from any amount excluded  
9           under this subsection with respect to such property.

10          (d) **LIMITATION ON APPLICATION.**—This section  
11 shall only apply to qualified wildfire relief payments re-  
12 ceived by the individual during taxable years beginning  
13 after December 31, 2019, and before January 1, 2026.

14 **SEC. 404. EAST PALESTINE DISASTER RELIEF PAYMENTS.**

15          (a) **DISASTER RELIEF PAYMENTS TO VICTIMS OF**  
16 **EAST PALESTINE TRAIN DERAILMENT.**—East Palestine  
17 train derailment payments shall be treated as qualified  
18 disaster relief payments for purposes of section 139(b) of  
19 the Internal Revenue Code of 1986.

20          (b) **EAST PALESTINE TRAIN DERAILMENT PAY-**  
21 **MENTS.**—For purposes of this section, the term “East  
22 Palestine train derailment payment” means any amount  
23 received by or on behalf of an individual as compensation  
24 for loss, damages, expenses, loss in real property value,  
25 closing costs with respect to real property (including real-

1 tor commissions), or inconvenience (including access to  
2 real property) resulting from the East Palestine train de-  
3 railment if such amount was provided by—

4 (1) a Federal, State, or local government agen-  
5 cy,

6 (2) Norfolk Southern Railway, or

7 (3) any subsidiary, insurer, or agent of Norfolk  
8 Southern Railway or any related person.

9 (c) TRAIN DERAILMENT.—For purposes of this sec-  
10 tion, the term “East Palestine train derailment” means  
11 the derailment of a train in East Palestine, Ohio, on Feb-  
12 ruary 3, 2023.

13 (d) EFFECTIVE DATE.—This section shall apply to  
14 amounts received on or after February 3, 2023.

## 15 **TITLE V—MORE AFFORDABLE** 16 **HOUSING**

### 17 **SEC. 501. STATE HOUSING CREDIT CEILING INCREASE FOR** 18 **LOW-INCOME HOUSING CREDIT.**

19 (a) IN GENERAL.—Section 42(h)(3)(I) is amended—

20 (1) by striking “and 2021,” and inserting  
21 “2021, 2023, 2024, and 2025,” and

22 (2) by striking “2018, 2019, 2020, AND 2021” in  
23 the heading and inserting “CERTAIN CALENDAR  
24 YEARS”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to calendar years after 2022.

3 **SEC. 502. TAX-EXEMPT BOND FINANCING REQUIREMENT.**

4 (a) IN GENERAL.—Section 42(h)(4) is amended by  
5 striking subparagraph (B) and inserting the following:

6 “(B) SPECIAL RULE WHERE MINIMUM  
7 PERCENT OF BUILDINGS IS FINANCED WITH  
8 TAX-EXEMPT BONDS SUBJECT TO VOLUME  
9 CAP.—For purposes of subparagraph (A), para-  
10 graph (1) shall not apply to any portion of the  
11 credit allowable under subsection (a) with re-  
12 spect to a building if—

13 “(i) 50 percent or more of the aggre-  
14 gate basis of such building and the land on  
15 which the building is located is financed by  
16 1 or more obligations described in subpara-  
17 graph (A), or

18 “(ii)(I) 30 percent or more of the ag-  
19 gregate basis of such building and the land  
20 on which the building is located is financed  
21 by 1 or more qualified obligations, and

22 “(II) 1 or more of such qualified obli-  
23 gations—

1                   “(aa) are part of an issue the  
2                   issue date of which is after December  
3                   31, 2023, and

4                   “(bb) provide the financing for  
5                   not less than 5 percent of the aggregate  
6                   basis of such building and the  
7                   land on which the building is located.

8                   “(C) QUALIFIED OBLIGATION.—For pur-  
9                   poses of subparagraph (B)(ii), the term ‘quali-  
10                  fied obligation’ means an obligation which is de-  
11                  scribed in subparagraph (A) and which is part  
12                  of an issue the issue date of which is before  
13                  January 1, 2026.”.

14                  (b) EFFECTIVE DATE.—

15                   (1) IN GENERAL.—The amendment made by  
16                   this section shall apply to buildings placed in service  
17                   in taxable years beginning after December 31, 2023.

18                   (2) REHABILITATION EXPENDITURES TREATED  
19                   AS SEPARATE NEW BUILDING.—In the case of any  
20                   building with respect to which any expenditures are  
21                   treated as a separate new building under section  
22                   42(e) of the Internal Revenue Code of 1986, for  
23                   purposes of paragraph (1), both the existing building  
24                   and the separate new building shall be treated as  
25                   having been placed in service on the date such ex-

1       penditures are treated as placed in service under  
2       section 42(e)(4) of such Code.

3       **TITLE VI—TAX ADMINISTRATION**  
4       **AND ELIMINATING FRAUD**

5       **SEC. 601. INCREASE IN THRESHOLD FOR REQUIRING IN-**  
6                   **FORMATION REPORTING WITH RESPECT TO**  
7                   **CERTAIN PAYEES.**

8       (a) IN GENERAL.—Sections 6041(a) is amended by  
9       striking “\$600” and inserting “\$1,000”.

10       (b) INFLATION ADJUSTMENT.—Section 6041 is  
11       amended by adding at the end the following new sub-  
12       section:

13           “(h) INFLATION ADJUSTMENT.—In the case of any  
14       calendar year after 2024, the dollar amount in subsection  
15       (a) shall be increased by an amount equal to—

16                   “(1) such dollar amount, multiplied by

17                   “(2) the cost-of-living adjustment determined  
18       under section 1(f)(3) for such calendar year, deter-  
19       mined by substituting ‘calendar year 2023’ for ‘cal-  
20       endar year 2016’ in subparagraph (A)(ii) thereof.

21       If any increase under the preceding sentence is not a mul-  
22       tiple of \$100, such increase shall be rounded to the nearest  
23       multiple of \$100.”.

1 (c) APPLICATION TO REPORTING ON REMUNERATION  
2 FOR SERVICES AND DIRECT SALES.—Section 6041A is  
3 amended—

4 (1) in subsection (a)(2), by striking “is \$600 or  
5 more” and inserting “equals or exceeds the dollar  
6 amount in effect for such calendar year under sec-  
7 tion 6041(a)”, and

8 (2) in subsection (b)(1)(B), by striking “is  
9 \$5,000 or more” and inserting “equals or exceeds  
10 the dollar amount in effect for such calendar year  
11 under section 6041(a)”.

12 (d) APPLICATION TO BACKUP WITHHOLDING.—Sec-  
13 tion 3406(b)(6) is amended—

14 (1) by striking “\$600” in subparagraph (A)  
15 and inserting “the dollar amount in effect for such  
16 calendar year under section 6041(a)”, and

17 (2) by striking “ONLY WHERE AGGREGATE FOR  
18 CALENDAR YEAR IS \$600 OR MORE” in the heading  
19 and inserting “ONLY IF IN EXCESS OF THRESHOLD”.

20 (e) CONFORMING AMENDMENTS.—

21 (1) The heading of section 6041(a) is amended  
22 by striking “OF \$600 OR MORE” and inserting “EX-  
23 CEEDING THRESHOLD”.

24 (2) Section 6041(a) is amended by striking  
25 “taxable year” and inserting “calendar year”.

1 (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply with respect to payments made  
3 after December 31, 2023.

4 **SEC. 602. ENFORCEMENT PROVISIONS WITH RESPECT TO**  
5 **COVID-RELATED EMPLOYEE RETENTION**  
6 **CREDITS.**

7 (a) INCREASE IN ASSESSABLE PENALTY ON COVID–  
8 ERTC PROMOTERS FOR AIDING AND ABETTING UNDER–  
9 STATEMENTS OF TAX LIABILITY.—If any COVID–ERTC  
10 promoter is subject to penalty under section 6701(a) of  
11 the Internal Revenue Code of 1986 with respect to any  
12 COVID–ERTC document, notwithstanding paragraphs  
13 (1) and (2) of section 6701(b) of such Code, the amount  
14 of the penalty imposed under such section 6701(a) shall  
15 be the greater of—

16 (1) \$200,000 (\$10,000, in the case of a natural  
17 person), or

18 (2) 75 percent of the gross income derived (or  
19 to be derived) by such promoter with respect to the  
20 aid, assistance, or advice referred to in section  
21 6701(a)(1) of such Code with respect to such docu-  
22 ment.

23 (b) FAILURE TO COMPLY WITH DUE DILIGENCE RE-  
24 QUIREMENTS TREATED AS KNOWLEDGE FOR PURPOSES  
25 OF ASSESSABLE PENALTY FOR AIDING AND ABETTING

1 UNDERSTATEMENT OF TAX LIABILITY.—In the case of  
2 any COVID–ERTC promoter, the knowledge requirement  
3 of section 6701(a)(3) of the Internal Revenue Code of  
4 1986 shall be treated as satisfied with respect to any  
5 COVID–ERTC document with respect to which such pro-  
6 moter provided aid, assistance, or advice, if such promoter  
7 fails to comply with the due diligence requirements re-  
8 ferred to in subsection (c)(1).

9 (c) ASSESSABLE PENALTY FOR FAILURE TO COMPLY  
10 WITH DUE DILIGENCE REQUIREMENTS.—

11 (1) IN GENERAL.—Any COVID–ERTC pro-  
12 moter which provides aid, assistance, or advice with  
13 respect to any COVID–ERTC document and which  
14 fails to comply with due diligence requirements im-  
15 posed by the Secretary with respect to determining  
16 eligibility for, or the amount of, any COVID-related  
17 employee retention tax credit, shall pay a penalty of  
18 \$1,000 for each such failure.

19 (2) DUE DILIGENCE REQUIREMENTS.—Except  
20 as otherwise provided by the Secretary, the due dili-  
21 gence requirements referred to in paragraph (1)  
22 shall be similar to the due diligence requirements  
23 imposed under section 6695(g).

24 (3) RESTRICTION TO DOCUMENTS USED IN  
25 CONNECTION WITH RETURNS OR CLAIMS FOR RE-



1       FUND.—Paragraph (1) shall not apply with respect  
2       to any COVID–ERTC document unless such docu-  
3       ment constitutes, or relates to, a return or claim for  
4       refund.

5           (4) TREATMENT AS ASSESSABLE PENALTY,  
6       ETC.—For purposes of the Internal Revenue Code of  
7       1986, the penalty imposed under paragraph (1) shall  
8       be treated in the same manner as a penalty imposed  
9       under section 6695(g).

10          (5) SECRETARY.—For purposes of this sub-  
11       section, the term “Secretary” means the Secretary  
12       of the Treasury or the Secretary’s delegate.

13          (d) ASSESSABLE PENALTIES FOR FAILURE TO DIS-  
14       CLOSE INFORMATION, MAINTAIN CLIENT LISTS, ETC.—  
15       For purposes of sections 6111, 6112, 6707 and 6708 of  
16       the Internal Revenue Code of 1986—

17           (1) any COVID-Related employee retention tax  
18       credit (whether or not the taxpayer claims such  
19       COVID-Related employee retention tax credit) shall  
20       be treated as a listed transaction (and as a report-  
21       able transaction) with respect to any COVID–ERTC  
22       promoter if such promoter provides any aid, assist-  
23       ance, or advice with respect to any COVID–ERTC  
24       document relating to such COVID-related employee  
25       retention tax credit, and

1           (2) such COVID-ERTC promoter shall be  
2           treated as a material advisor with respect to such  
3           transaction.

4           (e) COVID-ERTC PROMOTER.—For purposes of  
5 this section—

6           (1) IN GENERAL.—The term “COVID-ERTC  
7           promoter” means, with respect to any COVID-  
8           ERTC document, any person which provides aid, as-  
9           sistance, or advice with respect to such document  
10          if—

11                   (A) such person charges or receives a fee  
12                   for such aid, assistance, or advice which is  
13                   based on the amount of the refund or credit  
14                   with respect to such document, or

15                   (B) with respect to such person’s taxable  
16                   year in which such person provided such assist-  
17                   ance or the preceding taxable year—

18                           (i) the aggregate gross receipts of  
19                           such person for aid, assistance, and advice  
20                           with respect to all COVID-ERTC docu-  
21                           ments exceeds 50 percent of the gross re-  
22                           ceipts of such person for such taxable year,  
23                           or

24                           (ii) both—

1 (I) such aggregate gross receipts  
2 exceeds 20 percent of the gross re-  
3 cepts of such person for such taxable  
4 year, and

5 (II) the aggregate gross receipts  
6 of such person for aid, assistance, and  
7 advice with respect to all COVID-  
8 ERTC documents (determined after  
9 application of paragraph (3)) exceeds  
10 \$500,000.

11 (2) EXCEPTION FOR CERTIFIED PROFESSIONAL  
12 EMPLOYER ORGANIZATIONS.—The term “COVID-  
13 ERTC promoter” shall not include a certified profes-  
14 sional employer organization (as defined in section  
15 7705).

16 (3) AGGREGATION RULE.—For purposes of  
17 paragraph (1)(B)(ii)(II), all persons treated as a  
18 single employer under subsection (a) or (b) of sec-  
19 tion 52 of the Internal Revenue Code of 1986, or  
20 subsection (m) or (o) of section 414 of such Code,  
21 shall be treated as 1 person.

22 (4) SHORT TAXABLE YEARS.—In the case of  
23 any taxable year of less than 12 months, paragraph  
24 (1) shall be applied with respect to the calendar year

1 in which such taxable year begins (in addition to ap-  
2 plying to such taxable year).

3 (f) COVID-ERTC DOCUMENT.—For purposes of  
4 this section, the term “COVID-ERTC document” means  
5 any return, affidavit, claim, or other document related to  
6 any COVID-related employee retention tax credit, includ-  
7 ing any document related to eligibility for, or the calcula-  
8 tion or determination of any amount directly related to  
9 any COVID-related employee retention tax credit.

10 (g) COVID-RELATED EMPLOYEE RETENTION TAX  
11 CREDIT.—For purposes of this section, the term  
12 “COVID-related employee retention tax credit” means—

13 (1) any credit, or advance payment, under sec-  
14 tion 3134 of the Internal Revenue Code of 1986,  
15 and

16 (2) any credit, or advance payment, under sec-  
17 tion 2301 of the CARES Act.

18 (h) LIMITATION ON CREDIT AND REFUND OF  
19 COVID-RELATED EMPLOYEE RETENTION TAX CRED-  
20 ITS.—Notwithstanding section 6511 of the Internal Rev-  
21 enue Code of 1986 or any other provision of law, no credit  
22 or refund of any COVID-related employee retention tax  
23 credit shall be allowed or made after January 31, 2024,  
24 unless a claim for such credit or refund is filed by the  
25 taxpayer on or before such date.

1 (i) AMENDMENTS TO EXTEND LIMITATION ON AS-  
2 SESSMENT.—

3 (1) IN GENERAL.—Section 3134(l) of the Inter-  
4 nal Revenue Code of 1986 is amended to read as fol-  
5 lows:

6 “(1) EXTENSION OF LIMITATION ON ASSESSMENT.—

7 “(1) IN GENERAL.—Notwithstanding section  
8 6501, the limitation on the time period for the as-  
9 sessment of any amount attributable to a credit  
10 claimed under this section shall not expire before the  
11 date that is 6 years after the latest of—

12 “(A) the date on which the original return  
13 which includes the calendar quarter with re-  
14 spect to which such credit is determined is filed,

15 “(B) the date on which such return is  
16 treated as filed under section 6501(b)(2), or

17 “(C) the date on which the claim for credit  
18 or refund with respect to such credit is made.

19 “(2) DEDUCTION FOR WAGES TAKEN INTO AC-  
20 COUNT IN DETERMINING IMPROPERLY CLAIMED  
21 CREDIT.—

22 “(A) IN GENERAL.—Notwithstanding sec-  
23 tion 6511, in the case of an assessment attrib-  
24 utable to a credit claimed under this section,  
25 the limitation on the time period for credit or

1 refund of any amount attributable to a deduc-  
2 tion for improperly claimed ERTC wages shall  
3 not expire before the time period for such as-  
4 sessment expires under paragraph (1).

5 “(B) IMPROPERLY CLAIMED ERTC  
6 WAGES.—For purposes of this paragraph, the  
7 term ‘improperly claimed ERTC wages’ means,  
8 with respect to an assessment attributable to a  
9 credit claimed under this section, the wages  
10 with respect to which a deduction would not  
11 have been allowed if the portion of the credit to  
12 which such assessment relates had been prop-  
13 erly claimed.”.

14 (2) APPLICATION TO CARES ACT CREDIT.—Sec-  
15 tion 2301 of the CARES Act is amended by adding  
16 at the end the following new subsection:

17 “(o) EXTENSION OF LIMITATION ON ASSESSMENT.—

18 “(1) IN GENERAL.—Notwithstanding section  
19 6501 of the Internal Revenue Code of 1986, the lim-  
20 itation on the time period for the assessment of any  
21 amount attributable to a credit claimed under this  
22 section shall not expire before the date that is 6  
23 years after the latest of—

1           “(A) the date on which the original return  
2           which includes the calendar quarter with re-  
3           spect to which such credit is determined is filed,

4           “(B) the date on which such return is  
5           treated as filed under section 6501(b)(2) of  
6           such Code, or

7           “(C) the date on which the claim for credit  
8           or refund with respect to such credit is made.

9           “(2) DEDUCTION FOR WAGES TAKEN INTO AC-  
10          COUNT IN DETERMINING IMPROPERLY CLAIMED  
11          CREDIT.—

12           “(A) IN GENERAL.—Notwithstanding sec-  
13          tion 6511 of such Code, in the case of an as-  
14          sessment attributable to a credit claimed under  
15          this section, the limitation on the time period  
16          for credit or refund of any amount attributable  
17          to a deduction for improperly claimed ERTC  
18          wages shall not expire before the time period  
19          for such assessment expires under paragraph  
20          (1).

21           “(B) IMPROPERLY CLAIMED ERTC  
22          WAGES.—For purposes of this paragraph, the  
23          term ‘improperly claimed ERTC wages’ means,  
24          with respect to an assessment attributable to a  
25          credit claimed under this section, the wages

1 with respect to which a deduction would not  
2 have been allowed if the portion of the credit to  
3 which such assessment relates had been prop-  
4 erly claimed.”.

5 (j) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as otherwise pro-  
7 vided in this subsection, the provisions of this sec-  
8 tion shall apply to aid, assistance, and advice pro-  
9 vided after March 12, 2020.

10 (2) DUE DILIGENCE REQUIREMENTS.—Sub-  
11 sections (b) and (c) shall apply to aid, assistance,  
12 and advice provided after the date of the enactment  
13 of this Act.

14 (3) LIMITATION ON CREDIT AND REFUND OF  
15 COVID-RELATED EMPLOYEE RETENTION TAX CRED-  
16 ITS.—Subsection (h) shall apply to credits and re-  
17 funds allowed or made after January 31, 2024.

18 (4) AMENDMENTS TO EXTEND LIMITATION ON  
19 ASSESSMENT.—The amendments made by subsection  
20 (i) shall apply to assessments made after the date of  
21 the enactment of this Act.

22 (k) TRANSITION RULE WITH RESPECT TO REQUIRE-  
23 MENTS TO DISCLOSE INFORMATION, MAINTAIN CLIENT  
24 LISTS, ETC.—Any return under section 6111 of the Inter-  
25 nal Revenue Code of 1986, or list under section 6112 of



1 such Code, required by reason of subsection (d) of this  
2 section to be filed or maintained, respectively, with respect  
3 to any aid, assistance, or advice provided by a COVID–  
4 ERTC promoter with respect to a COVID–ERTC docu-  
5 ment before the date of the enactment of this Act, shall  
6 not be required to be so filed or maintained (with respect  
7 to such aid, assistance or advice) before the date which  
8 is 90 days after such date.

9 (l) PROVISIONS NOT TO BE CONSTRUED TO CREATE  
10 NEGATIVE INFERENCES.—

11 (1) KNOWLEDGE REQUIREMENT FOR PURPOSES  
12 OF PENALTY FOR AIDING AND ABETTING UNDER-  
13 STATEMENT OF TAX LIABILITY.—Subsection (b)  
14 shall not be construed to create any inference with  
15 respect to the proper application of section  
16 6701(a)(3) of the Internal Revenue Code of 1986  
17 with respect to any aid, assistance, or advice other  
18 than the aid, assistance, or advice to which such  
19 subsection applies.

20 (2) REQUIREMENTS TO DISCLOSE INFORMA-  
21 TION, MAINTAIN CLIENT LISTS, ETC.—Subsections  
22 (d) and (k) shall not be construed to create any in-  
23 ference with respect to whether any COVID-related  
24 employee retention tax credit is (without regard to  
25 subsection (d)) a listed transaction (or reportable

1 transaction) with respect to any COVID–ERTC pro-  
2 moter; and, for purposes of subsection (j), a return  
3 or list shall not be treated as required (with respect  
4 to such aid, assistance, or advice) by reason of sub-  
5 section (d) if such return or list would be so re-  
6 quired without regard to subsection (d).

7 (m) REGULATIONS.—The Secretary (as defined in  
8 subsection (c)(5)) shall issue such regulations or other  
9 guidance as may be necessary or appropriate to carry out  
10 the purposes of this section (and the amendments made  
11 by this section).

○