

118TH CONGRESS
2^D SESSION

H. R. 7024

AN ACT

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,*

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

4 (a) **SHORT TITLE.**—This Act may be cited as the
 5 “Tax Relief for American Families and Workers Act of
 6 2024”.

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

13 (c) **TABLE OF CONTENTS.**—The table of contents of
 14 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.
- Sec. 105. Special rule for certain early-filed 2023 returns.

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-

1 ceed \$1,400, and such paragraph shall be
2 applied without regard to paragraph (4) of
3 this subsection, and

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

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

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

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

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

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

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

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

1 “(B) AMOUNTS FOR 2023, 2024, AND
2 2025.—In the case of a taxable year beginning
3 after 2022, subparagraph (A) shall be applied
4 by substituting for ‘\$1,400’—

5 “(i) in the case of taxable year 2023,
6 ‘\$1,800’,

7 “(ii) in the case of taxable year 2024,
8 ‘\$1,900’, and

9 “(iii) in the case of taxable year 2025,
10 ‘\$2,000’.”.

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

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

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

18 (a) IN GENERAL.—Paragraph (2) of section 24(h) is
19 amended—

20 (1) by striking “AMOUNT.—Subsection” and in-
21 serting “AMOUNT.—

22 “(A) IN GENERAL.—Subsection”, and

23 (2) by adding at the end the following new sub-
24 paragraph:

1 “(B) ADJUSTMENT FOR INFLATION.—In
 2 the case of a taxable year beginning after 2023,
 3 the \$2,000 amounts in subparagraph (A) and
 4 paragraph (5)(B)(iii) shall each be increased by
 5 an amount equal to—

6 “(i) such dollar amount, multiplied by

7 “(ii) the cost-of-living adjustment de-
 8 termined under section 1(f)(3) for the cal-
 9 endar year in which the taxable year be-
 10 gins, determined by substituting ‘2022’ for
 11 ‘2016’ in subparagraph (A)(ii) thereof.

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

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

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

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

21 (1) by striking “CREDIT.—Subsection” and in-
 22 serting “CREDIT.—

23 “(A) IN GENERAL.—Subsection”, and

24 (2) by adding at the end the following new sub-
 25 paragraphs

1 “(B) RULE FOR DETERMINATION OF
2 EARNED INCOME.—

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

11 “(I) the earned income for such
12 preceding taxable year, for

13 “(II) the earned income for the
14 current taxable year.

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

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

1 the end of subparagraph (V) and inserting “, and”, and
2 by inserting after subparagraph (V) the following new sub-
3 paragraph:

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

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

14 **SEC. 105. SPECIAL RULE FOR CERTAIN EARLY-FILED 2023**
15 **RETURNS.**

16 In the case of an individual who claims, on the tax-
17 payer’s return of tax for the first taxable year beginning
18 after December 31, 2022, a credit under section 24 of the
19 Internal Revenue Code of 1986 which is determined with-
20 out regard to the amendments made by sections 101 and
21 102 of this Act, the Secretary of the Treasury (or the Sec-
22 retary’s delegate) shall, to the maximum extent prac-
23 ticable—

24 (1) redetermine the amount of such credit
25 (after taking into account such amendments) on the

1 basis of the information provided by the taxpayer on
2 such return, and

3 (2) to the extent that such redetermination re-
4 sults in an overpayment of tax, credit or refund such
5 overpayment as expeditiously as possible.

6 **TITLE II—AMERICAN**
7 **INNOVATION AND GROWTH**

8 **SEC. 201. DEDUCTION FOR DOMESTIC RESEARCH AND EX-**
9 **PERIMENTAL EXPENDITURES.**

10 (a) DELAY OF AMORTIZATION OF DOMESTIC RE-
11 SEARCH AND EXPERIMENTAL EXPENDITURES.—Section
12 174 is amended by adding at the end the following new
13 subsection:

14 “(e) SUSPENSION OF APPLICATION OF SECTION TO
15 DOMESTIC RESEARCH AND EXPERIMENTAL EXPENDI-
16 TURES.—In the case of any domestic research or experi-
17 mental expenditures (as defined in section 174A(b)), this
18 section—

19 “(1) shall apply to such expenditures paid or
20 incurred in taxable years beginning after December
21 31, 2025, and

22 “(2) shall not apply to such expenditures paid
23 or incurred in taxable years beginning on or before
24 such date.”.

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

5 **“SEC. 174A. TEMPORARY RULES FOR DOMESTIC RESEARCH**
6 **AND EXPERIMENTAL EXPENDITURES.**

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

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

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

21 “(1) IN GENERAL.—At the election of the tax-
22 payer, made in accordance with regulations or other
23 guidance provided by the Secretary, in the case of
24 domestic research or experimental expenditures
25 which would (but for subsection (a)) be chargeable

1 to capital account but not chargeable to property of
2 a character which is subject to the allowance under
3 section 167 (relating to allowance for depreciation,
4 etc.) or section 611 (relating to allowance for deple-
5 tion), subsection (a) shall not apply and the tax-
6 payer shall—

7 “(A) charge such expenditures to capital
8 account, and

9 “(B) be allowed an amortization deduction
10 of such expenditures ratably over such period of
11 not less than 60 months as may be selected by
12 the taxpayer (beginning with the month in
13 which the taxpayer first realizes benefits from
14 such expenditures).

15 “(2) TIME FOR AND SCOPE OF ELECTION.—The
16 election provided by paragraph (1) may be made for
17 any taxable year, but only if made not later than the
18 time prescribed by law for filing the return for such
19 taxable year (including extensions thereof). The
20 method so elected, and the period selected by the
21 taxpayer, shall be adhered to in computing taxable
22 income for the taxable year for which the election is
23 made and for all subsequent taxable years unless,
24 with the approval of the Secretary, a change to a
25 different method (or to a different period) is author-

1 ized with respect to part or all of such expenditures.

2 The election shall not apply to any expenditure paid

3 or incurred during any taxable year before the tax-

4 able year for which the taxpayer makes the election.

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

16 “(e) SPECIAL RULES.—

17 “(1) LAND AND OTHER PROPERTY.—This sec-
18 tion shall not apply to any expenditure for the acqui-
19 sition or improvement of land, or for the acquisition
20 or improvement of property to be used in connection
21 with the research or experimentation and of a char-
22 acter which is subject to the allowance under section
23 167 (relating to allowance for depreciation, etc.) or
24 section 611 (relating to allowance for depletion); but
25 for purposes of this section allowances under section

1 167, and allowances under section 611, shall be con-
2 sidered as expenditures.

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

8 “(3) SOFTWARE DEVELOPMENT.—For purposes
9 of this section, any amount paid or incurred in con-
10 nection with the development of any software shall
11 be treated as a research or experimental expendi-
12 ture.

13 “(f) TERMINATION.—

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

17 “(2) CHANGE IN METHOD OF ACCOUNTING.—In
18 the case of a taxpayer’s first taxable year beginning
19 after December 31, 2025, paragraph (1) (and the
20 corresponding application of section 174) shall be
21 treated as a change in method of accounting for pur-
22 poses of section 481 and—

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

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

3 “(C) such change shall be applied only on
4 a cut-off basis for any domestic research or ex-
5 perimental expenditures paid or incurred in tax-
6 able years beginning after December 31, 2025,
7 and no adjustment under section 481(a) shall
8 be made.”.

9 (c) COORDINATION WITH CERTAIN OTHER PROVI-
10 SIONS.—

11 (1) RESEARCH CREDIT.—

12 (A) Section 41(d)(1)(A) is amended by in-
13 serting “or domestic research or experimental
14 expenditures under section 174A” after “sec-
15 tion 174”.

16 (B) Section 280C(c)(1) is amended to read
17 as follows:

18 “(1) IN GENERAL.—The domestic research or
19 experimental expenditures otherwise taken into ac-
20 count under section 174 or 174A (as the case may
21 be) shall be reduced by the amount of the credit al-
22 lowed under section 41(a).”.

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

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

7 (4) QUALIFIED SMALL ISSUE BONDS.—Section
8 144(a)(4)(C)(iv) is amended by striking “174(a)”
9 and inserting “174A(a)”.

10 (5) START-UP EXPENDITURES.—Section
11 195(c)(1) is amended by striking “or 174” in the
12 last sentence and inserting “174, or 174A”.

13 (6) CAPITAL EXPENDITURES.—

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

16 (B) Section 263A(c)(2) is amended by in-
17 serting “or 174A” after “174”.

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

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

23 (A) by striking “treated as deferred ex-
24 penses under subsection (b) of section 174” and

1 inserting “allowed as an amortization deduction
2 under section 174(a) or section 174A(e),” and

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

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

10 (10) SMALL BUSINESS STOCK.—Section
11 1202(e)(2)(B) is amended by striking “research and
12 experimental expenditures under section 174” and
13 inserting “specified research or experimental expend-
14 itures under section 174 or domestic research or ex-
15 perimental expenditures under section 174A”.

16 (d) CONFORMING AMENDMENTS.—

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

20 (2) The table of sections for part VI of sub-
21 chapter B of chapter 1 is amended by inserting after
22 the item relating to section 174 the following new
23 item:

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

24 (e) EFFECTIVE DATE.—

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

5 (2) COORDINATION WITH RESEARCH CREDIT.—
6 The amendment made by subsection (c)(1)(B) shall
7 apply to taxable years beginning after December 31,
8 2022.

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

13 (4) NO INFERENCE WITH RESPECT TO COORDI-
14 NATION WITH RESEARCH CREDIT FOR PRIOR PERI-
15 ODS.—The amendment made by subsection
16 (c)(1)(B) shall not be construed to create any infer-
17 ence with respect to the proper application of section
18 280C(e) of the Internal Revenue Code of 1986 with
19 respect to taxable years beginning before January 1,
20 2023.

21 (f) TRANSITION RULES.—

22 (1) IN GENERAL.—Except as otherwise pro-
23 vided by the Secretary, an election made under sub-
24 section (c) or (d) of section 174A of the Internal
25 Revenue Code of 1986 (as added by this section) for

1 the taxpayer's first taxable year beginning after De-
2 cember 31, 2021, shall not fail to be treated as time-
3 ly made (or as made on the return) if made during
4 the 1-year period beginning on the date of the enact-
5 ment of this Act on an amended return for the tax-
6 payer's first taxable year beginning after December
7 31, 2021, or in such other manner as the Secretary
8 may provide.

9 (2) ELECTION REGARDING TREATMENT AS
10 CHANGE IN METHOD OF ACCOUNTING.—In the case
11 of any taxpayer which (as of the date of the enact-
12 ment of this Act) had adopted a method of account-
13 ing provided by section 174 of the Internal Revenue
14 Code of 1986 (as in effect prior to the amendments
15 made by this section) for the taxpayer's first taxable
16 year beginning after December 31, 2021, and elects
17 the application of this paragraph—

18 (A) the amendments made by this section
19 shall be treated as a change in method of ac-
20 counting for purposes of section 481 of such
21 Code,

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

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

3 (D) such change shall be applied on a
4 modified cut-off basis, taking into account for
5 purposes of section 481(a) of such Code only
6 the domestic research or experimental expendi-
7 tures (as defined in section 174A(b) of such
8 Code (as added by this section) and determined
9 by applying the rules of section 174A(e) of such
10 Code) paid or incurred in the taxpayer's first
11 taxable year beginning after December 31,
12 2021, and not allowed as a deduction in such
13 taxable year, and

14 (E) in the case of a taxpayer which elects
15 the application of this subparagraph, the
16 amount of such change (as determined under
17 subparagraph (D)) shall be taken into account
18 ratably over the 2-taxable-year period beginning
19 with the taxable year referred to in subpara-
20 graph (B).

21 (3) ELECTION REGARDING 10-YEAR WRITE-
22 OFF.—

23 (A) IN GENERAL.—Except as otherwise
24 provided by the Secretary, an eligible taxpayer
25 which files, during the 1-year period beginning

1 on the date of the enactment of this Act, an
2 amended income tax return for the taxable year
3 described in subparagraph (B)(ii) may elect the
4 application of section 59(e) of the Internal Rev-
5 enue Code of 1986 with respect to qualified ex-
6 penditures described in section 59(e)(2)(B) of
7 such Code (as amended by subsection (c)(3))
8 with respect to such taxable year. Such election
9 shall be filed with such amended income tax re-
10 turn and shall be effective only to the extent
11 that such election would have been effective if
12 filed with the original income tax return for
13 such taxable year (determined after taking into
14 account the amendment made by subsection
15 (c)(3)).

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

19 (i) does not elect the application of
20 paragraph (2), and

21 (ii) filed an income tax return for
22 such taxpayer’s first taxable year begin-
23 ning after December 31, 2021, before the
24 earlier of—

1 (I) the due date for such return,
2 and
3 (II) the date of the enactment of
4 this Act.

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

17 **SEC. 202. EXTENSION OF ALLOWANCE FOR DEPRECIATION,**
18 **AMORTIZATION, OR DEPLETION IN DETER-**
19 **MINING THE LIMITATION ON BUSINESS IN-**
20 **TEREST.**

21 (a) IN GENERAL.—Section 163(j)(8)(A)(v) is amend-
22 ed by striking “January 1, 2022” and inserting “January
23 1, 2026”.

24 (b) EFFECTIVE DATE.—

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

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

11 **SEC. 203. EXTENSION OF 100 PERCENT BONUS DEPRECIA-**
12 **TION.**

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

15 (1) in clause (i)—

16 (A) by striking “2023” and inserting
17 “2026”, and

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

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

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

23 (1) in clause (i)—

24 (A) by striking “2024” and inserting
25 “2027”, and

1 (B) by adding “and” at the end, and

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

4 (c) PLANTS BEARING FRUITS AND NUTS.—Section
5 168(k)(6)(C) is amended—

6 (1) in clause (i)—

7 (A) by striking “2023” and inserting
8 “2026”, and

9 (B) by adding “and” at the end, and

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

12 (d) EFFECTIVE DATES.—

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

17 (2) PLANTS BEARING FRUITS AND NUTS.—The
18 amendments made by subsection (c) shall apply to
19 specified plants planted or grafted after December
20 31, 2022.

21 **SEC. 204. INCREASE IN LIMITATIONS ON EXPENSING OF DE-**
22 **PRECIABLE BUSINESS ASSETS.**

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

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

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

3 (b) INFLATION ADJUSTMENT.—Section 179(b)(6) is
4 amended—

5 (1) by striking “2018” and inserting “2024
6 (2018 in the case of the dollar amount in paragraph
7 (5)(A))”, and

8 (2) by striking “‘calendar year 2017’ and in-
9 serting “‘calendar year 2024’ (‘calendar year 2017’
10 in the case of the dollar amount in paragraph
11 (5)(A))”.

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

15 **TITLE III—INCREASING GLOBAL**
16 **COMPETITIVENESS**

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

19 **SEC. 301. SHORT TITLE.**

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

1 **SEC. 302. SPECIAL RULES FOR TAXATION OF CERTAIN**
2 **RESIDENTS OF TAIWAN.**

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

6 **“SEC. 894A. SPECIAL RULES FOR QUALIFIED RESIDENTS OF**
7 **TAIWAN.**

8 “(a) CERTAIN INCOME FROM UNITED STATES
9 SOURCES.—

10 “(1) INTEREST, DIVIDENDS, AND ROYALTIES,
11 ETC.—

12 “(A) IN GENERAL.—In the case of interest
13 (other than original issue discount), dividends,
14 royalties, amounts described in section
15 871(a)(1)(C), and gains described in section
16 871(a)(1)(D) received by or paid to a qualified
17 resident of Taiwan—

18 “(i) sections 871(a), 881(a), 1441(a),
19 1441(c)(5), and 1442(a) shall each be ap-
20 plied by substituting ‘the applicable per-
21 centage (as defined in section
22 894A(a)(1)(C))’ for ‘30 percent’ each place
23 it appears, and

24 “(ii) sections 871(a), 881(a), and
25 1441(c)(1) shall each be applied by sub-
26 stituting ‘a United States permanent es-

1 tablishment of a qualified resident of Tai-
2 wan’ for ‘a trade or business within the
3 United States’ each place it appears.

4 “(B) EXCEPTIONS.—

5 “(i) IN GENERAL.—Subparagraph (A)
6 shall not apply to—

7 “(I) any dividend received from
8 or paid by a real estate investment
9 trust which is not a qualified REIT
10 dividend,

11 “(II) any amount subject to sec-
12 tion 897,

13 “(III) any amount received from
14 or paid by an expatriated entity (as
15 defined in section 7874(a)(2)) to a
16 foreign related person (as defined in
17 section 7874(d)(3)), and

18 “(IV) any amount which is in-
19 cluded in income under section 860C
20 to the extent that such amount does
21 not exceed an excess inclusion with re-
22 spect to a REMIC.

23 “(ii) QUALIFIED REIT DIVIDEND.—

24 For purposes of clause (i)(I), the term
25 ‘qualified REIT dividend’ means any divi-

1 dend received from or paid by a real estate
2 investment trust if such dividend is paid
3 with respect to a class of shares that is
4 publicly traded and the recipient of the
5 dividend is a person who holds an interest
6 in any class of shares of the real estate in-
7 vestment trust of not more than 5 percent.

8 “(C) APPLICABLE PERCENTAGE.—For
9 purposes of applying subparagraph (A)(i)—

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

13 “(ii) SPECIAL RULES FOR DIVI-
14 DENDS.— In the case of any dividend in
15 respect of stock received by or paid to a
16 qualified resident of Taiwan, the applicable
17 percentage shall be 15 percent (10 percent
18 in the case of a dividend which meets the
19 requirements of subparagraph (D) and is
20 received by or paid to an entity taxed as
21 a corporation in Taiwan).

22 “(D) REQUIREMENTS FOR LOWER DIVI-
23 DEND RATE.—

24 “(i) IN GENERAL.—The requirements
25 of this subparagraph are met with respect

1 to any dividend in respect of stock in a
2 corporation if, at all times during the 12-
3 month period ending on the date such
4 stock becomes ex-dividend with respect to
5 such dividend—

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

8 “(II) such qualified resident of
9 Taiwan has held directly at least 10
10 percent (by vote and value) of the
11 total outstanding shares of stock in
12 such corporation.

13 For purposes of subclause (II), a person
14 shall be treated as directly holding a share
15 of stock during any period described in the
16 preceding sentence if the share was held by
17 a corporation from which such person later
18 acquired that share and such corporation
19 was, at the time the share was acquired,
20 both a connected person to such person
21 and a qualified resident of Taiwan.

22 “(ii) EXCEPTION FOR RICS AND
23 REITS.—Notwithstanding clause (i), the re-
24 quirements of this subparagraph shall not
25 be treated as met with respect to any divi-

1 dend paid by a regulated investment com-
2 pany or a real estate investment trust.

3 “(2) QUALIFIED WAGES.—

4 “(A) IN GENERAL.—No tax shall be im-
5 posed under this chapter (and no amount shall
6 be withheld under section 1441(a) or chapter
7 24) with respect to qualified wages paid to a
8 qualified resident of Taiwan who—

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

12 “(ii) is employed as a member of the
13 regular component of a ship or aircraft op-
14 erated in international traffic.

15 “(B) QUALIFIED WAGES.—

16 “(i) IN GENERAL.—The term ‘quali-
17 fied wages’ means wages, salaries, or simi-
18 lar remunerations with respect to employ-
19 ment involving the performance of personal
20 services within the United States which—

21 “(I) are paid by (or on behalf of)
22 any employer other than a United
23 States person, and

24 “(II) are not borne by a United
25 States permanent establishment of

1 any person other than a United States
2 person.

3 “(ii) EXCEPTIONS.—Such term shall
4 not include directors’ fees, income derived
5 as an entertainer or athlete, income de-
6 rived as a student or trainee, pensions,
7 amounts paid with respect to employment
8 with the United States, any State (or polit-
9 ical subdivision thereof), or any possession
10 of the United States (or any political sub-
11 division thereof), or other amounts speci-
12 fied in regulations or guidance under sub-
13 section (f)(1)(F).

14 “(3) INCOME DERIVED FROM ENTERTAINMENT
15 OR ATHLETIC ACTIVITIES.—

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

1 “(B) EXCEPTION.—Subparagraph (A)
2 shall not apply with respect to—

3 “(i) income which is qualified wages
4 (as defined in paragraph (2)(B), deter-
5 mined without regard to clause (ii) there-
6 of), or

7 “(ii) income which is effectively con-
8 nected with a United States permanent es-
9 tablishment.

10 “(b) INCOME CONNECTED WITH A UNITED STATES
11 PERMANENT ESTABLISHMENT OF A QUALIFIED RESI-
12 DENT OF TAIWAN.—

13 “(1) IN GENERAL.—

14 “(A) IN GENERAL.—In lieu of applying
15 sections 871(b) and 882, a qualified resident of
16 Taiwan that carries on a trade or business
17 within the United States through a United
18 States permanent establishment shall be taxable
19 as provided in section 1, 11, 55, or 59A, on its
20 taxable income which is effectively connected
21 with such permanent establishment.

22 “(B) DETERMINATION OF TAXABLE IN-
23 COME.—In determining taxable income for pur-
24 poses of paragraph (1), gross income includes

1 only gross income which is effectively connected
2 with the permanent establishment.

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

6 “(A) by substituting ‘carried on a trade or
7 business within the United States through a
8 United States permanent establishment’ for
9 ‘were engaged in a trade or business within the
10 United States’, and

11 “(B) by substituting ‘such United States
12 permanent establishment’ for ‘such trade or
13 business’.

14 “(3) TREATMENT OF BRANCH PROFITS
15 TAXES.—In the case of any corporation which is a
16 qualified resident of Taiwan, section 884 shall be ap-
17 plied—

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

20 “(B) by substituting ‘a United States per-
21 manent establishment of a qualified resident of
22 Taiwan’ for ‘the conduct of a trade or business
23 within the United States’ in subsection (d)(1)
24 thereof.

1 “(4) SPECIAL RULE WITH RESPECT TO INCOME
2 DERIVED FROM CERTAIN ENTERTAINMENT OR ATH-
3 LETIC ACTIVITIES.—

4 “(A) IN GENERAL.—Paragraph (1) shall
5 not apply to the extent that the income is de-
6 rived—

7 “(i) in respect of entertainment or
8 athletic activities performed in the United
9 States, and

10 “(ii) by a qualified resident of Taiwan
11 who is not the entertainer or athlete per-
12 forming such activities.

13 “(B) EXCEPTION.—Subparagraph (A)
14 shall not apply if the person described in sub-
15 paragraph (A)(ii) is contractually authorized to
16 designate the individual who is to perform such
17 activities.

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

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

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

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

7 “(B) is not a United States person (deter-
8 mined without regard to paragraph (3)(E)),
9 and

10 “(C) in the case of an entity taxed as a
11 corporation in Taiwan, meets the requirements
12 of paragraph (2).

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

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

18 “(i) meets the ownership and income
19 requirements of subparagraph (B),

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

22 “(iii) meets the qualified subsidiary
23 requirements of subparagraph (D).

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

4 “(i) at least 50 percent (by vote and
5 value) of the total outstanding shares of
6 stock in such entity are owned directly or
7 indirectly by qualified residents of Taiwan,
8 and

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

18 “(I) qualified residents of Tai-
19 wan, or

20 “(II) United States persons who
21 meet such requirements with respect
22 to the United States as determined by
23 the Secretary to be equivalent to the
24 requirements of this subsection (deter-
25 mined without regard to paragraph

1 (1)(B)) with respect to residents of
2 Taiwan.

3 “(C) PUBLICLY TRADED REQUIRE-
4 MENTS.—An entity meets the requirements of
5 this subparagraph if—

6 “(i) the principal class of its shares
7 (and any disproportionate class of shares)
8 of such entity are primarily and regularly
9 traded on an established securities market
10 in Taiwan, or

11 “(ii) the primary place of manage-
12 ment and control of the entity is in Taiwan
13 and all classes of its outstanding shares
14 described in clause (i) are regularly traded
15 on an established securities market in Tai-
16 wan.

17 “(D) QUALIFIED SUBSIDIARY REQUIRE-
18 MENTS.—An entity meets the requirement of
19 this subparagraph if—

20 “(i) at least 50 percent (by vote and
21 value) of the total outstanding shares of
22 the stock of such entity are owned directly
23 or indirectly by 5 or fewer entities—

24 “(I) which meet the requirements
25 of subparagraph (C), or

1 “(II) which are United States
2 persons the principal class of the
3 shares (and any disproportionate class
4 of shares) of which are primarily and
5 regularly traded on an established se-
6 curities market in the United States,
7 and

8 “(ii) the entity meets the require-
9 ments of clause (ii) of subparagraph (B).

10 “(E) ONLY INDIRECT OWNERSHIP
11 THROUGH QUALIFYING INTERMEDIARIES
12 COUNTED.—

13 “(i) IN GENERAL.—Stock in an entity
14 owned by a person indirectly through 1 or
15 more other persons shall not be treated as
16 owned by such person in determining
17 whether the person meets the requirements
18 of subparagraph (B)(i) or (D)(i) unless all
19 such other persons are qualifying inter-
20 mediate owners.

21 “(ii) QUALIFYING INTERMEDIATE
22 OWNERS.—The term ‘qualifying inter-
23 mediate owner’ means a person that is—

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

1 “(II) a resident of any other for-
2 eign country (other than a foreign
3 country that is a foreign country of
4 concern) that has in effect a com-
5 prehensive convention with the United
6 States for the avoidance of double tax-
7 ation.

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

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

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

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

6 “(3) DUAL RESIDENTS.—

7 “(A) RULES FOR DETERMINATION OF STA-
8 TUS.—

9 “(i) IN GENERAL.—An individual who
10 is an applicable dual resident and who is
11 described in subparagraph (B), (C), or (D)
12 shall be treated as a qualified resident of
13 Taiwan.

14 “(ii) APPLICABLE DUAL RESIDENT.—
15 For purposes of this paragraph, the term
16 ‘applicable dual resident’ means an indi-
17 vidual who—

18 “(I) is not a United States cit-
19 izen,

20 “(II) is a resident of the United
21 States (determined without regard to
22 subparagraph (E)), and

23 “(III) would be a qualified resi-
24 dent of Taiwan but for paragraph
25 (1)(B).

1 “(B) PERMANENT HOME.—An individual
2 is described in this subparagraph if such indi-
3 vidual—

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

6 “(ii) does not have a permanent home
7 available to such individual in the United
8 States.

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

11 “(i) such individual has a permanent
12 home available to such individual in both
13 Taiwan and the United States, and

14 “(ii) such individual’s personal and
15 economic relations (center of vital inter-
16 ests) are closer to Taiwan than to the
17 United States.

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

20 “(i) such individual—

21 “(I) does not have a permanent
22 home available to such individual in
23 either Taiwan or the United States, or

24 “(II) has a permanent home
25 available to such individual in both

1 Taiwan and the United States but
2 such individual's center of vital inter-
3 ests under subparagraph (C)(ii) can-
4 not be determined, and

5 “(ii) such individual has a habitual
6 abode in Taiwan and not the United
7 States.

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

18 “(4) RULES OF SPECIAL APPLICATION.—

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

23 “(B) ITEMS OF INCOME EMANATING FROM
24 AN ACTIVE TRADE OR BUSINESS IN TAIWAN.—
25 For purposes of this section—

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

11 “(ii) QUALIFIED ITEMS OF INCOME.—

12 “(I) IN GENERAL.—The term
13 ‘qualified item of income’ means any
14 item of income which emanates from,
15 or is incidental to, the conduct of an
16 active trade or business in Taiwan
17 (other than operating as a holding
18 company, providing overall supervision
19 or administration of a group of com-
20 panies, providing group financing, or
21 making or managing investments (un-
22 less such making or managing invest-
23 ments is carried on by a bank, insur-
24 ance company, or registered securities

1 dealer in the ordinary course of its
2 business as such)).

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

19 “(iii) EXCEPTION.—This subpara-
20 graph shall not apply to any item of in-
21 come derived by an entity if at least 50
22 percent (by vote or value) of such entity is
23 owned (directly or indirectly) or controlled
24 by residents of a foreign country of con-
25 cern.

1 “(d) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) UNITED STATES PERMANENT ESTABLISH-
4 MENT.—

5 “(A) IN GENERAL.—The term ‘United
6 States permanent establishment’ means, with
7 respect to a qualified resident of Taiwan, a per-
8 manent establishment of such resident which is
9 within the United States.

10 “(B) SPECIAL RULE.—The determination
11 of whether there is a permanent establishment
12 of a qualified resident of Taiwan within the
13 United States shall be made without regard to
14 whether an entity which is taxed as a corpora-
15 tion in Taiwan and which is a qualified resident
16 of Taiwan controls or is controlled by—

17 “(i) a domestic corporation, or

18 “(ii) any other person that carries on
19 business in the United States (whether
20 through a permanent establishment or oth-
21 erwise).

22 “(2) PERMANENT ESTABLISHMENT.—

23 “(A) IN GENERAL.—The term ‘permanent
24 establishment’ means a fixed place of business

1 through which a trade or business is wholly or
2 partly carried on. Such term shall include—

3 “(i) a place of management,

4 “(ii) a branch,

5 “(iii) an office,

6 “(iv) a factory,

7 “(v) a workshop, and

8 “(vi) a mine, an oil or gas well, a
9 quarry, or any other place of extraction of
10 natural resources.

11 “(B) SPECIAL RULES FOR CERTAIN TEM-
12 PORARY PROJECTS.—

13 “(i) IN GENERAL.—A building site or
14 construction or installation project, or an
15 installation or drilling rig or ship used for
16 the exploration or exploitation of the sea
17 bed and its subsoil and their natural re-
18 sources, constitutes a permanent establish-
19 ment only if it lasts, or the activities of the
20 rig or ship lasts, for more than 12 months.

21 “(ii) DETERMINATION OF 12-MONTH
22 PERIOD.—For purposes of clause (i), the
23 period over which a building site or con-
24 struction or installation project of a person
25 lasts shall include any period of more than

1 30 days during which such person does not
2 carry on activities at such building site or
3 construction or installation project but
4 connected activities are carried on at such
5 building site or construction or installation
6 project by one or more connected persons.

7 “(C) HABITUAL EXERCISE OF CONTRACT
8 AUTHORITY TREATED AS PERMANENT ESTAB-
9 LISHMENT.—Notwithstanding subparagraphs
10 (A) and (B), where a person (other than an
11 agent of an independent status to whom sub-
12 paragraph (D)(ii) applies) is acting on behalf of
13 a trade or business of a qualified resident of
14 Taiwan and has and habitually exercises an au-
15 thority to conclude contracts that are binding
16 on the trade or business, that trade or business
17 shall be deemed to have a permanent establish-
18 ment in the country in which such authority is
19 exercised in respect of any activities that the
20 person undertakes for the trade or business, un-
21 less the activities of such person are limited to
22 those described in subparagraph (D)(i) that, if
23 exercised through a fixed place of business,
24 would not make this fixed place of business a

1 permanent establishment under the provisions
2 of that subparagraph.

3 “(D) EXCLUSIONS.—

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

7 “(I) the use of facilities solely for
8 the purpose of storage, display, or de-
9 livery of goods or merchandise belong-
10 ing to the trade or business,

11 “(II) the maintenance of a stock
12 of goods or merchandise belonging to
13 the trade or business solely for the
14 purpose of storage, display, or deliv-
15 ery,

16 “(III) the maintenance of a stock
17 of goods or merchandise belonging to
18 the trade or business solely for the
19 purpose of processing by another
20 trade or business,

21 “(IV) the maintenance of a fixed
22 place of business solely for the pur-
23 pose of purchasing goods or merchan-
24 dise, or of collecting information, for
25 the trade or business,

1 “(V) the maintenance of a fixed
2 place of business solely for the pur-
3 pose of carrying on, for the trade or
4 business, any other activity of a pre-
5 paratory or auxiliary character, or

6 “(VI) the maintenance of a fixed
7 place of business solely for any com-
8 bination of the activities mentioned in
9 subclauses (I) through (V), provided
10 that the overall activity of the fixed
11 place of business resulting from this
12 combination is of a preparatory or
13 auxiliary character.

14 “(ii) **BROKERS AND OTHER INDE-**
15 **PENDENT AGENTS.**—A trade or business
16 shall not be considered to have a perma-
17 nent establishment in a country merely be-
18 cause it carries on business in such coun-
19 try through a broker, general commission
20 agent, or any other agent of an inde-
21 pendent status, provided that such persons
22 are acting in the ordinary course of their
23 business as independent agents.

24 “(3) **TESTED GROUP.**—The term ‘tested group’
25 includes, with respect to any entity taxed as a cor-

1 poration in Taiwan, such entity and any other entity
2 taxed as a corporation in Taiwan that—

3 “(A) participates as a member with such
4 entity in a tax consolidation, fiscal unity, or
5 similar regime that requires members of the
6 group to share profits or losses, or

7 “(B) shares losses with such entity pursu-
8 ant to a group relief or other loss sharing re-
9 gime.

10 “(4) CONNECTED PERSON.—Two persons shall
11 be ‘connected persons’ if one owns, directly or indi-
12 rectly, at least 50 percent of the interests in the
13 other (or, in the case of a corporation, at least 50
14 percent of the aggregate vote and value of the cor-
15 poration’s shares) or another person owns, directly
16 or indirectly, at least 50 percent of the interests (or,
17 in the case of a corporation, at least 50 percent of
18 the aggregate vote and value of the corporation’s
19 shares) in each person. In any case, a person shall
20 be connected to another if, based on all the relevant
21 facts and circumstances, one has control of the other
22 or both are under the control of the same person or
23 persons.

24 “(5) FOREIGN COUNTRY OF CONCERN.—The
25 term ‘foreign country of concern’ has the meaning

1 given such term under paragraph (7) of section
2 9901 of the William M. (Mac) Thornberry National
3 Defense Authorization Act for Fiscal Year 2021 (15
4 U.S.C. 4651(7)), as added by section 103(a)(4) of
5 the CHIPS Act of 2022).

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

8 “(A) a qualified resident of Taiwan which
9 is a partner of a partnership which carries on
10 a trade or business within the United States
11 through a United States permanent establish-
12 ment shall be treated as carrying on such trade
13 or business through such permanent establish-
14 ment, and

15 “(B) a qualified resident of Taiwan which
16 is a beneficiary of an estate or trust which car-
17 ries on a trade or business within the United
18 States through a United States permanent es-
19 tablishment shall be treated as carrying on such
20 trade or business through such permanent es-
21 tablishment.

22 “(7) DENIAL OF BENEFITS FOR CERTAIN PAY-
23 MENTS THROUGH HYBRID ENTITIES.—For purposes
24 of this section, rules similar to the rules of section
25 894(c) shall apply.

1 “(e) APPLICATION.—

2 “(1) IN GENERAL.—This section shall not apply
3 to any period unless the Secretary has determined
4 that Taiwan has provided benefits to United States
5 persons for such period that are reciprocal to the
6 benefits provided to qualified residents of Taiwan
7 under this section.

8 “(2) PROVISION OF RECIPROCITY.—The Presi-
9 dent or his designee is authorized to exchange let-
10 ters, enter into an agreement, or take other nec-
11 essary and appropriate steps relative to Taiwan for
12 the reciprocal provision of the benefits described in
13 this section.

14 “(f) REGULATIONS OR OTHER GUIDANCE.—

15 “(1) IN GENERAL.—The Secretary shall issue
16 such regulations or other guidance as may be nec-
17 essary or appropriate to carry out the provisions of
18 this section, including such regulations or guidance
19 for—

20 “(A) determining—

21 “(i) what constitutes a United States
22 permanent establishment of a qualified
23 resident of Taiwan, and

1 “(ii) income that is effectively con-
2 nected with such a permanent establish-
3 ment,

4 “(B) preventing the abuse of the provisions
5 of this section by persons who are not (or who
6 should not be treated as) qualified residents of
7 Taiwan,

8 “(C) requirements for record keeping and
9 reporting,

10 “(D) rules to assist withholding agents or
11 employers in determining whether a foreign per-
12 son is a qualified resident of Taiwan for pur-
13 poses of determining whether withholding or re-
14 porting is required for a payment (and, if with-
15 holding is required, whether it should be applied
16 at a reduced rate),

17 “(E) the application of subsection
18 (a)(1)(D)(i) to stock held by predecessor own-
19 ers,

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

23 “(G) determining the amounts to which
24 subsection (a)(3) applies,

1 “(H) defining established securities market
2 for purposes of subsection (c),

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

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

7 “(K) determining ownership interests held
8 by residents of a foreign country of concern,
9 and

10 “(L) determining the starting and ending
11 dates for periods with respect to the application
12 of this section under subsection (e), which may
13 be separate dates for taxes withheld at the
14 source and other taxes.

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

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

1 **“SEC. 1447. WITHHOLDING FOR QUALIFIED RESIDENTS OF**
2 **TAIWAN.**

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

5 (c) CLERICAL AMENDMENTS.—

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

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

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

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

13 **Subtitle B—United States-Taiwan**
14 **Tax Agreement Authorization Act**

15 **SEC. 311. SHORT TITLE.**

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

18 **SEC. 312. DEFINITIONS.**

19 In this subtitle:

20 (1) AGREEMENT.—The term “Agreement”
21 means the tax agreement authorized by section
22 313(a).

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

6 (B) the Agreement does not include ele-
7 ments outside the scope of the 2016 United
8 States Model Income Tax Convention.

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

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

19 (4) ENTRY INTO FORCE.—The Agreement shall
20 include a provision conditioning entry into force
21 upon—

22 (A) enactment of approval legislation and
23 implementing legislation pursuant to section
24 317; and

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

5 **SEC. 314. CONSULTATIONS WITH CONGRESS.**

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

12 (b) CONSULTATIONS DURING NEGOTIATIONS.—

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

21 (2) MEETINGS AND OTHER CONSULTATIONS.—

22 (A) IN GENERAL.—In the course of nego-
23 tiations with respect to the Agreement, the Sec-
24 retary of the Treasury, in coordination with the
25 Secretary of State, shall—

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

6 (ii) consult closely and on a timely
7 basis with, and keep fully apprised of the
8 negotiations, the appropriate congressional
9 committees.

10 (B) ELEMENTS OF CONSULTATIONS.—The
11 consultations described in subparagraph (A)
12 shall include consultations with respect to—

13 (i) the nature of the contemplated
14 Agreement;

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

18 (iii) the implementation of the con-
19 templated Agreement, including—

20 (I) the general effect of the con-
21 templated Agreement on existing laws;

22 (II) proposed changes to any ex-
23 isting laws to implement the con-
24 templated Agreement; and

1 (III) proposed administrative ac-
2 tions to implement the contemplated
3 Agreement.

4 **SEC. 315. APPROVAL AND IMPLEMENTATION OF AGREE-**
5 **MENT.**

6 (a) IN GENERAL.—The Agreement may not enter
7 into force unless—

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

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

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

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

20 (2) confirmation by the Secretary of the Treas-
21 ury that the relevant authority in Taiwan has ap-
22 proved and taken appropriate steps required to im-
23 plement the Agreement.

1 **SEC. 316. SUBMISSION TO CONGRESS OF AGREEMENT AND**
2 **IMPLEMENTATION POLICY.**

3 (a) SUBMISSION OF AGREEMENT.—Not later than
4 270 days after the President enters into the Agreement,
5 the President or the President’s designee shall submit to
6 Congress—

7 (1) the final text of the Agreement; and

8 (2) a technical explanation of the Agreement.

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

13 (1) a description of those changes to existing
14 laws that the President considers would be required
15 in order to ensure that the United States acts in a
16 manner consistent with the Agreement; and

17 (2) a statement of anticipated administrative
18 action proposed to implement the Agreement.

19 **SEC. 317. CONSIDERATION OF APPROVAL LEGISLATION**
20 **AND IMPLEMENTING LEGISLATION.**

21 (a) IN GENERAL.—The approval legislation with re-
22 spect to the Agreement shall include the following: “Con-
23 gress approves the Agreement submitted to Congress pur-
24 suant to section 316 of the United States-Taiwan Tax
25 Agreement Authorization Act on _____.”, with the
26 blank space being filled with the appropriate date.

1 (b) APPROVAL LEGISLATION COMMITTEE REFER-
2 RAL.—The approval legislation shall—

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

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

7 (c) IMPLEMENTING LEGISLATION COMMITTEE RE-
8 FERRAL.—The implementing legislation shall—

9 (1) in the Senate, be referred to the Committee
10 on Finance; and

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

13 **SEC. 318. RELATIONSHIP OF AGREEMENT TO INTERNAL**
14 **REVENUE CODE OF 1986.**

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

21 (b) CONSTRUCTION.—Nothing in this subtitle shall
22 be construed—

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

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

4 **SEC. 319. AUTHORIZATION OF SUBSEQUENT TAX AGREE-**
5 **MENTS RELATIVE TO TAIWAN.**

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

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

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

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

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

22 (a) FINDINGS.—Congress makes the following find-
23 ings:

24 (1) The United States addresses issues with re-
25 spect to double taxation with foreign countries by

1 entering into bilateral income tax conventions
2 (known as tax treaties) with such countries, subject
3 to the advice and consent of the Senate to ratifica-
4 tion pursuant to article II of the Constitution.

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

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

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

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

24 (2) continue to provide for bilateral tax relief
25 with sovereign states to address double taxation and

1 other related matters through entering into bilateral
2 income tax conventions, subject to the Senate’s ad-
3 vice and consent to ratification pursuant to article II
4 of the Constitution.

5 **TITLE IV—ASSISTANCE FOR DIS-**
6 **ASTER-IMPACTED COMMU-**
7 **NITIES**

8 **SEC. 401. SHORT TITLE.**

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

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

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

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

22 (a) IN GENERAL.—For purposes of the Internal Rev-
23 enue Code of 1986, gross income shall not include any
24 amount received by an individual as a qualified wildfire
25 relief payment.

1 (b) QUALIFIED WILDFIRE RELIEF PAYMENT.—For
2 purposes of this section—

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

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

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

24 (1) no deduction or credit shall be allowed (to
25 the person for whose benefit a qualified wildfire re-

1 lief payment is made) for, or by reason of, any ex-
2 penditure to the extent of the amount excluded
3 under this section with respect to such expenditure,
4 and

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

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

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

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

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

1 real property) resulting from the East Palestine train de-
2 railment if such amount was provided by—

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

5 (2) Norfolk Southern Railway, or

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

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

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

14 **TITLE V—MORE AFFORDABLE**
15 **HOUSING**

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

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

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

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

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

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

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

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

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

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

20 “(II) 1 or more of such qualified obli-
21 gations—

22 “(aa) are part of an issue the
23 issue date of which is after December
24 31, 2023, and

25 “(bb) provide the financing for
26 not less than 5 percent of the aggre-

1 gate basis of such building and the
2 land on which the building is located.

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

9 (b) EFFECTIVE DATE.—

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

13 (2) REHABILITATION EXPENDITURES TREATED
14 AS SEPARATE NEW BUILDING.—In the case of any
15 building with respect to which any expenditures are
16 treated as a separate new building under section
17 42(e) of the Internal Revenue Code of 1986, for
18 purposes of paragraph (1), both the existing building
19 and the separate new building shall be treated as
20 having been placed in service on the date such ex-
21 penditures are treated as placed in service under
22 section 42(e)(4) of such Code.

1 **TITLE VI—TAX ADMINISTRATION**
2 **AND ELIMINATING FRAUD**

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

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

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

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

14 “(1) such dollar amount, multiplied by

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

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

22 (c) APPLICATION TO REPORTING ON REMUNERATION
23 FOR SERVICES AND DIRECT SALES.—Section 6041A is
24 amended—

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

5 (2) in subsection (b)(1)(B), by striking “is
6 \$5,000 or more” and inserting “equals or exceeds
7 the dollar amount in effect for such calendar year
8 under section 6041(a)”.

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

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

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

17 (e) CONFORMING AMENDMENTS.—

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

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

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

1 **SEC. 602. ENFORCEMENT PROVISIONS WITH RESPECT TO**
2 **COVID-RELATED EMPLOYEE RETENTION**
3 **CREDITS.**

4 (a) INCREASE IN ASSESSABLE PENALTY ON COVID-
5 ERTC PROMOTERS FOR AIDING AND ABETTING UNDER-
6 STATEMENTS OF TAX LIABILITY.—

7 (1) IN GENERAL.—If any COVID-ERTC pro-
8 moter is subject to penalty under section 6701(a) of
9 the Internal Revenue Code of 1986 with respect to
10 any COVID-ERTC document, notwithstanding
11 paragraphs (1) and (2) of section 6701(b) of such
12 Code, the amount of the penalty imposed under such
13 section 6701(a) shall be the greater of—

14 (A) \$200,000 (\$10,000, in the case of a
15 natural person), or

16 (B) 75 percent of the gross income derived
17 (or to be derived) by such promoter with re-
18 spect to the aid, assistance, or advice referred
19 to in section 6701(a)(1) of such Code with re-
20 spect to such document.

21 (2) NO INFERENCE.—Paragraph (1) shall not
22 be construed to create any inference with respect to
23 the proper application of the knowledge requirement
24 of section 6701(a)(3) of the Internal Revenue Code
25 of 1986.

1 (b) FAILURE TO COMPLY WITH DUE DILIGENCE RE-
2 QUIREMENTS TREATED AS KNOWLEDGE FOR PURPOSES
3 OF ASSESSABLE PENALTY FOR AIDING AND ABETTING
4 UNDERSTATEMENT OF TAX LIABILITY.—In the case of
5 any COVID–ERTC promoter, the knowledge requirement
6 of section 6701(a)(3) of the Internal Revenue Code of
7 1986 shall be treated as satisfied with respect to any
8 COVID–ERTC document with respect to which such pro-
9 moter provided aid, assistance, or advice, if such promoter
10 fails to comply with the due diligence requirements re-
11 ferred to in subsection (c)(1).

12 (c) ASSESSABLE PENALTY FOR FAILURE TO COMPLY
13 WITH DUE DILIGENCE REQUIREMENTS.—

14 (1) IN GENERAL.—Any COVID–ERTC pro-
15 moter which provides aid, assistance, or advice with
16 respect to any COVID–ERTC document and which
17 fails to comply with due diligence requirements im-
18 posed by the Secretary with respect to determining
19 eligibility for, or the amount of, any COVID-related
20 employee retention tax credit, shall pay a penalty of
21 \$1,000 for each such failure.

22 (2) DUE DILIGENCE REQUIREMENTS.—Except
23 as otherwise provided by the Secretary, the due dili-
24 gence requirements referred to in paragraph (1)

1 shall be similar to the due diligence requirements
2 imposed under section 6695(g).

3 (3) RESTRICTION TO DOCUMENTS USED IN
4 CONNECTION WITH RETURNS OR CLAIMS FOR RE-
5 FUND.—Paragraph (1) shall not apply with respect
6 to any COVID–ERTC document unless such docu-
7 ment constitutes, or relates to, a return or claim for
8 refund.

9 (4) TREATMENT AS ASSESSABLE PENALTY,
10 ETC.—For purposes of the Internal Revenue Code of
11 1986, the penalty imposed under paragraph (1) shall
12 be treated in the same manner as a penalty imposed
13 under section 6695(g).

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

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

21 (1) any COVID-related employee retention tax
22 credit (whether or not the taxpayer claims such
23 COVID-related employee retention tax credit) shall
24 be treated as a listed transaction (and as a report-
25 able transaction) with respect to any COVID–ERTC

1 promoter if such promoter provides any aid, assist-
2 ance, or advice with respect to any COVID-ERTC
3 document relating to such COVID-related employee
4 retention tax credit, and

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

8 (e) COVID-ERTC PROMOTER.—For purposes of
9 this section—

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

15 (A) such person charges or receives a fee
16 for such aid, assistance, or advice which is
17 based on the amount of the refund or credit
18 with respect to such document and, with respect
19 to such person’s taxable year in which such per-
20 son provided such assistance or the preceding
21 taxable year, the aggregate gross receipts of
22 such person for aid, assistance, and advice with
23 respect to all COVID-ERTC documents exceeds
24 20 percent of the gross receipts of such person
25 for such taxable year, or

1 (B) with respect to such person’s taxable
2 year in which such person provided such assist-
3 ance or the preceding taxable year—

4 (i) the aggregate gross receipts of
5 such person for aid, assistance, and advice
6 with respect to all COVID–ERTC docu-
7 ments exceeds 50 percent of the gross re-
8 ceipts of such person for such taxable year,
9 or

10 (ii) both—

11 (I) such aggregate gross receipts
12 exceeds 20 percent of the gross re-
13 ceipts of such person for such taxable
14 year, and

15 (II) the aggregate gross receipts
16 of such person for aid, assistance, and
17 advice with respect to all COVID–
18 ERTC documents (determined after
19 application of paragraph (3)) exceeds
20 \$500,000.

21 (2) EXCEPTION FOR CERTIFIED PROFESSIONAL
22 EMPLOYER ORGANIZATIONS.—The term “COVID–
23 ERTC promoter” shall not include a certified profes-
24 sional employer organization (as defined in section
25 7705).

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

7 (4) SHORT TAXABLE YEARS.—In the case of
8 any taxable year of less than 12 months, paragraph
9 (1) shall be applied with respect to the calendar year
10 in which such taxable year begins (in addition to ap-
11 plying to such taxable year).

12 (f) COVID-ERTC DOCUMENT.—For purposes of
13 this section, the term “COVID-ERTC document” means
14 any return, affidavit, claim, or other document related to
15 any COVID-related employee retention tax credit, includ-
16 ing any document related to eligibility for, or the calcula-
17 tion or determination of any amount directly related to
18 any COVID-related employee retention tax credit.

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

22 (1) any credit, or advance payment, under sec-
23 tion 3134 of the Internal Revenue Code of 1986,
24 and

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

3 (h) LIMITATION ON CREDIT AND REFUND OF
4 COVID-RELATED EMPLOYEE RETENTION TAX CRED-
5 ITS.—Notwithstanding section 6511 of the Internal Rev-
6 enue Code of 1986 or any other provision of law, no credit
7 or refund of any COVID-related employee retention tax
8 credit shall be allowed or made after January 31, 2024,
9 unless a claim for such credit or refund is filed by the
10 taxpayer on or before such date.

11 (i) AMENDMENTS TO EXTEND LIMITATION ON AS-
12 SESSMENT.—

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

16 “(l) EXTENSION OF LIMITATION ON ASSESSMENT.—

17 “(1) IN GENERAL.—Notwithstanding section
18 6501, the limitation on the time period for the as-
19 sessment of any amount attributable to a credit
20 claimed under this section shall not expire before the
21 date that is 6 years after the latest of—

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

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

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

5 “(2) DEDUCTION FOR WAGES TAKEN INTO AC-
6 COUNT IN DETERMINING IMPROPERLY CLAIMED
7 CREDIT.—

8 “(A) IN GENERAL.—Notwithstanding sec-
9 tion 6511, in the case of an assessment attrib-
10 utable to a credit claimed under this section,
11 the limitation on the time period for credit or
12 refund of any amount attributable to a deduc-
13 tion for improperly claimed ERTC wages shall
14 not expire before the time period for such as-
15 sessment expires under paragraph (1).

16 “(B) IMPROPERLY CLAIMED ERTC
17 WAGES.—For purposes of this paragraph, the
18 term ‘improperly claimed ERTC wages’ means,
19 with respect to an assessment attributable to a
20 credit claimed under this section, the wages
21 with respect to which a deduction would not
22 have been allowed if the portion of the credit to
23 which such assessment relates had been prop-
24 erly claimed.”.

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

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

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

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

14 “(B) the date on which such return is
15 treated as filed under section 6501(b)(2) of
16 such Code, 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 of such Code, in the case of an as-
24 sessment attributable to a credit claimed under
25 this section, the limitation on the time period

1 for credit or refund of any amount attributable
2 to a deduction for improperly claimed ERTC
3 wages shall not expire before the time period
4 for such assessment expires under paragraph
5 (1).

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

15 (j) EFFECTIVE DATES.—

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

20 (2) DUE DILIGENCE REQUIREMENTS.—Sub-
21 sections (b) and (c) shall apply to aid, assistance,
22 and advice provided after the date of the enactment
23 of this Act.

24 (3) LIMITATION ON CREDIT AND REFUND OF
25 COVID-RELATED EMPLOYEE RETENTION TAX CRED-

1 ITS.—Subsection (h) shall apply to credits and re-
2 funds allowed or made after January 31, 2024.

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

7 (k) TRANSITION RULE WITH RESPECT TO REQUIRE-
8 MENTS TO DISCLOSE INFORMATION, MAINTAIN CLIENT
9 LISTS, ETC.—Any return under section 6111 of the Inter-
10 nal Revenue Code of 1986, or list under section 6112 of
11 such Code, required by reason of subsection (d) of this
12 section to be filed or maintained, respectively, with respect
13 to any aid, assistance, or advice provided by a COVID-
14 ERTC promoter with respect to a COVID-ERTC docu-
15 ment before the date of the enactment of this Act, shall
16 not be required to be so filed or maintained (with respect
17 to such aid, assistance or advice) before the date which
18 is 90 days after such date.

19 (l) PROVISIONS NOT TO BE CONSTRUED TO CREATE
20 NEGATIVE INFERENCES.—

21 (1) NO INFERENCE WITH RESPECT TO APPLICA-
22 TION OF KNOWLEDGE REQUIREMENT TO PRE-EN-
23 ACTMENT CONDUCT OF COVID-ERTC PROMOTERS,
24 ETC.—Subsection (b) shall not be construed to cre-
25 ate any inference with respect to the proper applica-

1 tion of section 6701(a)(3) of the Internal Revenue
2 Code of 1986 with respect to any aid, assistance, or
3 advice provided by any COVID-ERTC promoter on
4 or before the date of the enactment of this Act (or
5 with respect to any other aid, assistance, or advice
6 to which such subsection does not apply).

7 (2) REQUIREMENTS TO DISCLOSE INFORMA-
8 TION, MAINTAIN CLIENT LISTS, ETC.—Subsections
9 (d) and (k) shall not be construed to create any in-
10 ference with respect to whether any COVID-related
11 employee retention tax credit is (without regard to
12 subsection (d)) a listed transaction (or reportable
13 transaction) with respect to any COVID–ERTC pro-
14 moter; and, for purposes of subsection (j), a return
15 or list shall not be treated as required (with respect
16 to such aid, assistance, or advice) by reason of sub-
17 section (d) if such return or list would be so re-
18 quired without regard to subsection (d).

19 (m) REGULATIONS.—The Secretary (as defined in
20 subsection (c)(5)) shall issue such regulations or other
21 guidance as may be necessary or appropriate to carry out

- 1 the purposes of this section (and the amendments made
- 2 by this section).

Passed the House of Representatives January 31,
2024.

Attest:

Clerk.

118TH CONGRESS
2^D SESSION

H. R. 7024

AN ACT

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.