117th CONGRESS 1st Session



To amend the Internal Revenue Code of 1986 to impose a tax on real profits of certain corporations.

## IN THE SENATE OF THE UNITED STATES

Ms. WARREN (for herself, Mr. KING, Mr. MERKLEY, Mr. MARKEY, and Mr. WHITEHOUSE) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_\_

# A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on real profits of certain corporations.

1 Be it enacted by the Senate and House of Representa-

2 tives of the United States of America in Congress assembled,

### **3** SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Real Corporate Profits

5 Tax Act of 2021".

6 SEC. 2. IMPOSITION OF ADDITIONAL TAX ON REAL COR-

- 7 **PORATE PROFITS.**
- 8 (a) Imposition of Tax.—

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(1) IN GENERAL.—Subtitle A of the Internal
 Revenue Code of 1986 is amended by adding at the
 end the following new chapter:

# 4 "CHAPTER 4A—TAX ON CORPORATE BOOK 5 INCOME

"Sec. 1476. Tax on book income. "Sec. 1477. Credit for income taxes paid.

#### 6 "SEC. 1476. TAX ON BOOK INCOME.

7 "(a) IN GENERAL.—In addition to any other tax, in
8 the case of a corporation, there is imposed a tax for each
9 taxable year on so much of the adjusted net book income
10 of the corporation as exceeds \$100,000,000.

11 "(b) AMOUNT OF TAX.—The amount of tax imposed12 under subsection (a) shall be 7 percent.

13 "(c) ADJUSTED NET BOOK INCOME.—For purposes14 of this section—

15 "(1) IN GENERAL.—The term 'adjusted net 16 book income' means the net income or loss of the 17 taxpayer set forth on the taxpayer's applicable finan-18 cial statement as required to be reported (or as 19 would have been properly reported if the taxpayer 20 were so required) on the taxpayer's financial state-21 ment net income or loss reconciliation for the fiscal 22 year ending with or within such taxable year, deter-23 mined without regard to the tax imposed by this sec-24 tion and adjusted as provided in this subsection.

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1	"(2) Group of entities.—For purposes of
2	this subsection—
3	"(A) if the financial results of a taxpayer
4	are reported on the applicable financial state-
5	ment for a group of entities, such statement
6	shall be treated as the applicable financial
7	statement of the taxpayer, and
8	"(B) if the taxpayer files a consolidated re-
9	turn for any taxable year, adjusted net book in-
10	come for such taxable year shall take into ac-
11	count items on the taxpayer's applicable finan-
12	cial statement which are properly allocable to
13	members of such group included on such re-
14	turn.
15	"(3) Applicable financial statement
16	For purposes of this subsection, the term 'applicable
17	financial statement' has the meaning given such
18	term under section $451(b)(3)$ .
19	"(d) EXCEPTION.—Subsection (a) shall not apply to
20	a corporation subject to the tax imposed under subchapter
21	M (relating to regulated investment companies and real
22	estate investment trusts).
23	"(e) Application to Foreign Corporations.—In
24	the case of a foreign corporation, the tax imposed by sub-
25	section (a) shall apply only to those items on the tax-

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payer's applicable financial statement as are properly allo cable to the income of the taxpayer which is effectively
 connected with the conduct of a trade or business within
 the United States (as determined under rules similar to
 the rules in section 882).

6 "(f) REGULATIONS.—The Secretary shall prescribe 7 such regulations and guidance as necessary to carry out 8 the purposes of this section, including regulations and 9 guidance related to the application of this section to con-10 solidated financial statements.

### 11 "SEC. 1477. CREDIT FOR INCOME TAXES PAID.

12 "(a) IN GENERAL.—In the case of a taxpayer other 13 than an S corporation, there shall be allowed a credit 14 against the tax imposed by section 1476 for any taxable 15 year an amount equal to 33 percent of so much of the 16 taxpayer's net regular tax liability for the taxable year as 17 exceeds the product of—

18 "(1) the highest rate of tax specified in section19 11, and

20 "(2) the dollar amount described in section
21 1476(a).

(b) NET REGULAR TAX LIABILITY.—For purposes
of this section, the term 'net regular tax liability' means
the regular tax liability imposed under chapter 1 reduced

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by the sum of the credits allowable under subparts A, B
 and D of part IV of subchapter A of chapter 1.".

3 (2) CLERICAL AMENDMENT.—The table of
4 chapter for the Internal Revenue Code of 1986 is
5 amended to read as follows:

"Chapter 4A—Tax on Corporate Book Income".

6 (b) DENIAL OF INCOME TAX DEDUCTION.—Section 7 275(a)(1) of the Internal Revenue Code of 1986 is amend-8 ed by striking "and" at the end of paragraph (2), by strik-9 ing the period at the end of paragraph (3) and inserting 10 "; and", and by adding at the end the following new para-11 graph:

12 "(4) the tax imposed by chapter 4A.".

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
the date of the enactment of this Act.