117th CONGRESS  
1st Session  

S._______

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Real Corporate Profits Tax Act of 2021”.

SEC. 2. IMPOSITION OF ADDITIONAL TAX ON REAL CORPORATE PROFITS.

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

"CHAPTER 4A—TAX ON CORPORATE BOOK INCOME"

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

"SEC. 1476. TAX ON BOOK INCOME.

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

“(b) AMOUNT OF TAX.—The amount of tax imposed under subsection (a) shall be 7 percent.

“(c) ADJUSTED NET BOOK INCOME.—For purposes of this section—

“(1) IN GENERAL.—The term ‘adjusted net book income’ means the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement as required to be reported (or as would have been properly reported if the taxpayer were so required) on the taxpayer’s financial statement net income or loss reconciliation for the fiscal year ending with or within such taxable year, determined without regard to the tax imposed by this section and adjusted as provided in this subsection.
“(2) GROUP OF ENTITIES.—For purposes of this subsection—

“(A) if the financial results of a taxpayer are reported on the applicable financial statement for a group of entities, such statement shall be treated as the applicable financial statement of the taxpayer, and

“(B) if the taxpayer files a consolidated return for any taxable year, adjusted net book income for such taxable year shall take into account items on the taxpayer’s applicable financial statement which are properly allocable to members of such group included on such return.

“(3) APPLICABLE FINANCIAL STATEMENT.—For purposes of this subsection, the term ‘applicable financial statement’ has the meaning given such term under section 451(b)(3).

“(d) EXCEPTION.—Subsection (a) shall not apply to a corporation subject to the tax imposed under subchapter M (relating to regulated investment companies and real estate investment trusts).

“(e) APPLICATION TO FOREIGN CORPORATIONS.—In the case of a foreign corporation, the tax imposed by subsection (a) shall apply only to those items on the tax-
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).

“(f) Regulations.—The Secretary shall prescribe
such regulations and guidance as necessary to carry out
the purposes of this section, including regulations and
guidance related to the application of this section to con-
solidated financial statements.

“SEC. 1477. CREDIT FOR INCOME TAXES PAID.

“(a) In General.—In the case of a taxpayer other
than an S corporation, there shall be allowed a credit
against the tax imposed by section 1476 for any taxable
year an amount equal to 33 percent of so much of the
taxpayer’s net regular tax liability for the taxable year as
exceeds the product of—

“(1) the highest rate of tax specified in section
11, and

“(2) the dollar amount described in section
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
by the sum of the credits allowable under subparts A, B
and D of part IV of subchapter A of chapter 1.”

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

“CHAPTER 4A—TAX ON CORPORATE BOOK INCOME”.

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

“(4) the tax imposed by chapter 4A.”.

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