AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

I

113TH CONGRESS
1ST SESSION

# H. R. 3793

To restore full military retirement benefits by closing corporate tax loopholes.

---

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 19, 2013

Mr. MAFFEI (for himself, Mr. CASTRO of Texas, Ms. SHEA-PORTER, Mr. SEAN PATRICK MALONEY of New York, Mr. RYAN of Ohio, Mr. COURTNEY, Mr. LOEBSACK, Mr. DEFAZIO, Ms. PINGREE of Maine, Mr. HECK of Washington, Mr. DOGGETT, Mr. LANGEVIN, Mr. BARBER, Ms. GABBARD, Mr. BUTTERFIELD, Ms. WILSON of Florida, Mr. MICHAUD, Ms. KUSTER, Mr. VELA, Mr. WALZ, Ms. WASSERMAN SCHULTZ, Mr. KILDEE, Ms. HANABUSA, Mr. PETERS of Michigan, Ms. BORDALLO, Mr. O'ROURKE, Ms. MICHELLE LUJAN GRISHAM of New Mexico, Mr. GRAYSON, Mr. GARAMENDI, Mr. PERLMUTTER, Mrs. BUSTOS, Ms. CASTOR of Florida, Ms. SCHWARTZ, Ms. EDWARDS, Mr. TONKO, Mr. BRALEY of Iowa, and Mr. LARSON of Connecticut) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

# A BILL

To restore full military retirement benefits by closing corporate tax loopholes.

*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 ''Military Retirement Restoration Act''.

**SEC. 2. REPEAL OF REDUCTIONS MADE BY BIPARTISAN BUDGET ACT OF 2013.**

Section 403 of the Bipartisan Budget Act of 2013 is repealed as of the date of the enactment of such Act.

**SEC. 3. TREATMENT OF FOREIGN CORPORATIONS MANAGED AND CONTROLLED IN THE UNITED STATES AS DOMESTIC CORPORATIONS.**

(a) IN GENERAL.—Section 7701 of the Internal Revenue Code of 1986 is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) CERTAIN CORPORATIONS MANAGED AND CONTROLLED IN THE UNITED STATES TREATED AS DOMESTIC FOR INCOME TAX.—

''(1) IN GENERAL.—Notwithstanding subsection (a)(4), in the case of a corporation described in paragraph (2) if—

''(A) the corporation would not otherwise be treated as a domestic corporation for purposes of this title, but

''(B) the management and control of the corporation occurs, directly or indirectly, primarily within the United States,

then, solely for purposes of chapter 1 (and any other provision of this title relating to chapter 1), the corporation shall be treated as a domestic corporation.

"(2) CORPORATION DESCRIBED.—

"(A) IN GENERAL.—A corporation is described in this paragraph if—

"(i) the stock of such corporation is regularly traded on an established securities market, or

"(ii) the aggregate gross assets of such corporation (or any predecessor thereof), including assets under management for investors, whether held directly or indirectly, at any time during the taxable year or any preceding taxable year is $50,000,000 or more.

"(B) GENERAL EXCEPTION.—A corporation shall not be treated as described in this paragraph if—

"(i) such corporation was treated as a corporation described in this paragraph in a preceding taxable year,

"(ii) such corporation—

"(I) is not regularly traded on an established securities market, and

"(II) has, and is reasonably expected to continue to have, aggregate gross assets (including assets under management for investors, whether held directly or indirectly) of less than $50,000,000, and

"(iii) the Secretary grants a waiver to such corporation under this subparagraph.

"(3) MANAGEMENT AND CONTROL.—

"(A) IN GENERAL.—The Secretary shall prescribe regulations for purposes of determining cases in which the management and control of a corporation is to be treated as occurring primarily within the United States.

"(B) EXECUTIVE OFFICERS AND SENIOR MANAGEMENT.—Such regulations shall provide that—

"(i) the management and control of a corporation shall be treated as occurring primarily within the United States if substantially all of the executive officers and senior management of the corporation who exercise day-to-day responsibility for making decisions involving strategic, financial, and operational policies of the corporation

are located primarily within the United States, and

"(ii) individuals who are not executive officers and senior management of the corporation (including individuals who are officers or employees of other corporations in the same chain of corporations as the corporation) shall be treated as executive officers and senior management if such individuals exercise the day-to-day responsibilities of the corporation described in clause (i).

"(C) CORPORATIONS PRIMARILY HOLDING INVESTMENT ASSETS.—Such regulations shall also provide that the management and control of a corporation shall be treated as occurring primarily within the United States if—

"(i) the assets of such corporation (directly or indirectly) consist primarily of assets being managed on behalf of investors, and

"(ii) decisions about how to invest the assets are made in the United States.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or

after the date which is 2 years after the date of the enactment of this Act, whether or not regulations are issued under section 7701(p)(3) of the Internal Revenue Code of 1986, as added by this section.

○