

## S 268

### CUT Loopholes Act

**Congress:** 113 (2013–2015, Ended)

**Chamber:** Senate

**Policy Area:** Taxation

**Introduced:** Feb 11, 2013

**Current Status:** Read twice and referred to the Committee on Finance.

**Latest Action:** Read twice and referred to the Committee on Finance. (Feb 11, 2013)

**Official Text:** <https://www.congress.gov/bill/113th-congress/senate-bill/268>

### Sponsor

**Name:** Sen. Levin, Carl [D-MI]

**Party:** Democratic • **State:** MI • **Chamber:** Senate

### Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Whitehouse, Sheldon [D-RI]	D · RI		Feb 11, 2013

### Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Feb 11, 2013

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

Bill	Relationship	Last Action
113 S 2135	Related bill	Mar 13, 2014: Read twice and referred to the Committee on Finance.
113 HR 3793	Related bill	Jan 24, 2014: Referred to the Subcommittee on Military Personnel.
113 S 1844	Related bill	Dec 17, 2013: Read twice and referred to the Committee on Finance.
113 HR 3666	Related bill	Dec 5, 2013: Referred to the Committee on Ways and Means, and in addition to the Committees on Financial Services, and the Budget, 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.
113 S 1533	Related bill	Sep 19, 2013: Read twice and referred to the Committee on Finance.
113 HR 1554	Related bill	Apr 15, 2013: Referred to the Committee on Ways and Means, and in addition to the Committee on Financial 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.

Cut Unjustified Tax Loopholes Act or the CUT Loopholes Act - Authorizes the Secretary of the Treasury to impose restrictions on foreign jurisdictions or financial institutions operating in the United States that are of primary money laundering concern or that impede U.S. tax enforcement.

Amends the Internal Revenue Code to:

- establish a rebuttable presumption against the validity of transactions by institutions that do not comply with reporting requirements under the Foreign Account Tax Compliance Act;
- treat certain foreign corporations managed and controlled primarily in the United States as domestic corporations for tax purposes;
- require tax withholding agents and financial institutions to report certain information about beneficial owners of foreign-owned financial accounts;
- treat swap payments sent offshore as taxable U.S. source income;
- allow the disclosure of tax information to specified federal agencies for use in investigating tax shelter schemes;
- enhance penalties for promoting abusive tax shelters and for aiding and abetting the understatement of tax liability;
- prohibit tax advisor contingent fee agreements for obtaining a tax savings or benefit;
- impose additional requirements for third party summonses used to obtain information in tax investigations that do not identify the person with respect to whose liability the summons is issued (i.e., John Doe summons)
- limit the employer tax deduction for stock options granted to employees to the value of such options as recorded on the employer's books at the time such options were granted; and
- apply the \$1 million limitation on the employer tax deduction for employee remuneration to stock option compensation.

Amends the Securities Exchange Act of 1934 to: (1) require corporations registered with the Securities and Exchange Commission (SEC) to report annually, on a country-by country basis, on employees, sales, financing, tax obligations, and tax payments; and (2) authorize a fine of up to \$1 million for failure to disclose any holdings or transactions involving equity or debt instruments known to involve a foreign entity that would otherwise be subject to disclosure requirements.

Makes investment advisers and persons engaged in forming new business entities subject to anti-money laundering requirements.

Imposes new restrictions on U.S. corporations and other entities with foreign income with respect to: (1) tax deductions allocable to deferred foreign income, (2) the recalculation of foreign income taxes, (3) intangible property transferred overseas, (4) tax evasion activities by U.S. corporations reincorporating in a foreign country, and (5) loans to U.S. shareholders from controlled foreign corporations.

Requires the Secretary to impose standards for tax practitioners in rendering written advice relating to transactions which have a potential for tax avoidance or evasion.

Tax Lien Simplification Act - Amends the Internal Revenue Code to revise procedures for the filing of federal tax liens.

Directs the Secretary of the Treasury to: (1) establish and maintain a federal tax lien registry, in lieu of filing tax liens in local jurisdictions, which would be accessible to and searchable by the public through the Internet at no cost; (2) take appropriate steps to secure and prevent tampering with the data recorded in the registry; and (3) review the information in the registry to determine whether information in the registry should be excluded or protected from public viewing.

Establishes the priority of a federal tax lien based upon the date and time of the filing of a notice of lien in the federal tax lien registry.

Reduces the period for releasing satisfied or unenforceable tax liens from 30 to 20 days.

Closing the Derivatives Blended Rate Loophole Act - Amends the Internal Revenue Code to treat all gain or loss with respect to a section 1256 contract (i.e., any regulated futures contract, foreign currency contract, nonequity option, dealer equity option, and dealer securities future contract) as short-term capital gain or loss (currently, 60% of such gain or loss is treated as long-term capital gain or loss and is thus taxed at lower marginal rates).

Closing the Oil Spill Cleanup Loophole Act - Amends the Internal Revenue Code to expand the definition of "crude oil" for purposes of the excise tax on petroleum to include shale oil, any bitumen or bituminous mixture, any oil derived from a bitumen or bituminous mixture, and any oil derived from kerogen-bearing sources.

Authorizes the Secretary to include as crude oil or as a petroleum product for excise tax purposes any fuel feedstock or finished fuel product customarily transported by pipeline, vessel, railcar, or tanker truck if: (1) the Secretary determines that the classification of such feedstock or fuel is consistent with the definition of oil under the Oil Pollution Act of 1990, and (2) such feedstock or fuel is produced in sufficient commercial quantities as to pose a significant risk of hazard in the event of a discharge.

Modifies the definition of "domestic crude oil" for excise tax purposes to eliminate the requirement that such oil be produced in a well located in the United States.

Makes permanent the Oil Spill Liability Trust Fund financing rate.

Carried Interest Fairness Act of 2012 - Amends the Internal Revenue Code to: (1) set forth a special rule for the inclusion in gross income of partnership interests transferred in connection with the performance of services; (2) treat as ordinary income the net capital gain with respect to an investment services partnership interest, except to the extent such gain is attributable to a partner's qualified capital interest; (3) exempt income from investment services partnership interests from treatment as qualifying income of a publicly traded partnership; (4) increase the penalty for underpayments of tax resulting from failure to treat income from an investment services partnership interest as ordinary income; and (5) include income and loss from an investment services partnership interest for purposes of determining net earnings from self-employment and applicable self-employment taxes.

Defines "investment services partnership interest" as any interest in a partnership held by a person who provides services to a partnership by: (1) advising the partnership about investing in, purchasing, or selling specified assets; (2) managing, acquiring, or disposing of specified assets; or (3) arranging financing with respect to acquiring specified assets.

## **Actions Timeline**

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- **Feb 11, 2013:** Introduced in Senate
- **Feb 11, 2013:** Sponsor introductory remarks on measure. (CR S592-594)
- **Feb 11, 2013:** Read twice and referred to the Committee on Finance.