

S 174

Stop Tax Haven Abuse Act

Congress: 114 (2015–2017, Ended)

Chamber: Senate

Policy Area: Taxation

Introduced: Jan 13, 2015

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

Latest Action: Read twice and referred to the Committee on Finance. (Jan 13, 2015)

Official Text: <https://www.congress.gov/bill/114th-congress/senate-bill/174>

Sponsor

Name: Sen. Whitehouse, Sheldon [D-RI]

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

Cosponsors (4 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Shaheen, Jeanne [D-NH]	D · NH		Jan 13, 2015
Sen. Mikulski, Barbara A. [D-MD]	D · MD		Jul 23, 2015
Sen. Peters, Gary C. [D-MI]	D · MI		Jul 28, 2015
Sen. Markey, Edward J. [D-MA]	D · MA		May 9, 2016

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Jan 13, 2015

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
114 HR 415	Related bill	Jan 20, 2015: Referred to the House Committee on Ways and Means.
114 S 198	Related bill	Jan 20, 2015: Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S286)
114 HR 297	Identical bill	Jan 13, 2015: 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.

Stop Tax Haven Abuse 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 significantly impede U.S. tax enforcement.

Amends the Internal Revenue Code to:

- expand reporting requirements for U.S. persons who hold an interest in a passive foreign investment company;
- 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; and
- 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 summonses).

Amends the Securities Exchange Act of 1934 to: (1) require corporations registered with the Securities and Exchange Commission to report annually, on a country-by country basis, on employees, gross revenues, payments made to governments, and other financial information; and (2) impose a fine 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) the interest expense tax deduction of certain subsidiaries of foreign corporations with excess domestic indebtedness.

Modifies rules for the taxation of inverted corporations (i.e., U.S. corporations that acquire foreign companies to reincorporate in a foreign jurisdiction with income tax rates lower than the United States) to provide that a foreign corporation that acquires the properties of a U.S. corporation or partnership after May 8, 2014, shall be treated as an inverted corporation and thus subject to U.S. taxation if, after such acquisition: (1) it holds more than 50% of the stock of the new entity (expanded affiliated group), or (2) the management or control of the new entity occurs primarily within the United States and the new entity has significant domestic business activities.

Actions Timeline

- **Jan 13, 2015:** Introduced in Senate
- **Jan 13, 2015:** Read twice and referred to the Committee on Finance.