

## HR 5038

### Territorial Tax Equity and Economic Growth Act

**Congress:** 114 (2015–2017, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Apr 21, 2016

**Current Status:** Referred to the House Committee on Ways and Means.

**Latest Action:** Referred to the House Committee on Ways and Means. (Apr 21, 2016)

**Official Text:** <https://www.congress.gov/bill/114th-congress/house-bill/5038>

### Sponsor

**Name:** Del. Plaskett, Stacey E. [D-VI-At Large]

**Party:** Democratic • **State:** VI • **Chamber:** House

### Cosponsors

No cosponsors are listed for this bill.

### Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Apr 21, 2016

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

Bill	Relationship	Last Action
114 HR 5039	Related bill	Apr 21, 2016: Referred to the House Committee on Ways and Means.

## **Territorial Tax Equity and Economic Growth Act**

This bill amends the Internal Revenue Code to modify the residence and income source rules involving U.S. possessions, including Guam, American Samoa, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands.

The bill specifies that a bona fide resident of a possession is a person who has a substantial presence in the possession for at least 122 days during the calendar year. (Under current law, the person must be present for at least 183 days during the year.)

(Under current law, income is not considered to be possession source income if it is treated as: (1) income from sources within the United States, or (2) as effectively connected with the conduct of a trade or business within the United States.)

The bill amends this rule to specify that it applies to the extent that the income is attributable to an office or fixed place of business within the United States. Income from activities within the United States which are of a preparatory or auxiliary character may not be treated as income from sources within the United States or as effectively connected with the conduct of a trade or business within the United States.

The bill specifies principles that must be used to determine whether income from sources without a possession is effectively connected with the conduct of a trade or business within the possession.

The Internal Revenue Service may limit the application in the Virgin Islands of requirements for U.S. citizens and resident aliens to pay a tax to a foreign country to be considered a nonresident of the United States for certain personal property sales.

## **Actions Timeline**

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- **Apr 21, 2016:** Introduced in House
- **Apr 21, 2016:** Referred to the House Committee on Ways and Means.