

HR 364

Territorial Tax Equity and Economic Growth Act of 2025

Congress: 119 (2025–2027, Current)

Chamber: House

Policy Area: Taxation

Introduced: Jan 13, 2025

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

Latest Action: Referred to the House Committee on Ways and Means. (Jan 13, 2025)

Official Text: <https://www.congress.gov/bill/119th-congress/house-bill/364>

Sponsor

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

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	Jan 13, 2025

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

No related bills are listed.

Territorial Tax Equity and Economic Growth Act of 2025

This bill lowers the residency requirements and modifies the income sourcing rules related to taxation of income from U.S. territories.

Currently, bona fide residents of a U.S. territory may exclude income sourced to the territory in calculating U.S. federal income tax. A bona fide resident of a territory is a person that, in part, is present in the territory for at least 183 days in a tax year. Income is sourced to a U.S. territory if it is not U.S.-sourced income or effectively connected with a U.S. trade or business.

This bill

- reduces the presence requirement to 122 days,
- specifies that income is U.S.-sourced income or effectively connected to a U.S. trade or business only if attributable to an office or fixed place of business in the United States, and
- specifies that income from U.S.-based activities that are preparatory or auxiliary may not be considered U.S.-sourced income.

Currently, income from certain personal property sales from a fixed place of business in a U.S. territory by a U.S. resident may be U.S.-sourced income unless an income tax of at least 10% is paid to the U.S. territory. The Internal Revenue Service (IRS) may limit the 10% tax payment requirement related to income from personal property sales in Guam, American Samoa, the Northern Mariana Islands, and Puerto Rico. This bill expands the IRS's authority to include limiting the tax requirement for personal property sales in the Virgin Islands.

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