

1 **SEC. 3. EXTENSION OF RULE ALLOWING CERTAIN TAX-**
2 **FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
3 **TIREMENT ACCOUNTS FOR CHARITABLE**
4 **PURPOSES.**

5 (a) IN GENERAL.—Section 408(d)(8)(F) of the Inter-
6 nal Revenue Code of 1986 is amended by striking “De-
7 cember 31, 2013” and inserting “December 31, 2015”.

Page 6, strike lines 1 through 10 and insert the fol-
lowing:

8 **SEC. 4. SPECIAL RULE FOR QUALIFIED CONSERVATION**
9 **CONTRIBUTIONS EXTENDED AND MODIFIED.**

10 (a) EXTENSION.—

11 (1) INDIVIDUALS.—Section 170(b)(1)(E)(vi) of
12 the Internal Revenue Code of 1986 is amended by
13 striking “December 31, 2013” and inserting “De-
14 cember 31, 2015”.

15 (2) CORPORATIONS.—Section 170(b)(2)(B)(iii)
16 of such Code is amended by striking “December 31,
17 2013” and inserting “December 31, 2015”.

Page 7, after line 23 insert the following:

18 “(iv) TERMINATION.—This subpara-
19 graph shall not apply to any contribution
20 made in taxable years beginning after De-
21 cember 31, 2015.”.

Page 8, line 23, strike “after the close of a taxable year” and insert “after the close of any taxable year beginning in 2014 or 2015”.

Page 9, striking lines 16 through 22 and insert the following:

1 (a) IN GENERAL.—Section 4940(a) of the Internal
2 Revenue Code of 1986 is amended by inserting “(1 per-
3 cent in the case of any taxable year beginning in 2014
4 or 2015)” after “2 percent”.

5 (b) REDUCED TAX WHERE FOUNDATION MEETS
6 CERTAIN DISTRIBUTION REQUIREMENTS.—Section
7 4940(e) of such Code is amended by adding at the end
8 the following new paragraph:

9 “(7) COORDINATION WITH TEMPORARY REDUC-
10 TION OF RATE.—Paragraph (1) shall not apply in
11 the case of any taxable year beginning in 2014 or
12 2015.”.

At the end of the bill, add the following:

13 **SEC. 8. TAX BENEFITS DISALLOWED IN CASE OF INVERTED**
14 **CORPORATIONS.**

15 (a) IN GENERAL.—In the case of an inverted domes-
16 tic corporation, the Internal Revenue Code of 1986 shall
17 be applied and administered as if the provisions of, and
18 amendment made by, this Act had never been enacted.

1 (b) INVERTED DOMESTIC CORPORATION.—

2 (1) IN GENERAL.—For purposes of this section,
3 the term “inverted domestic corporation” means any
4 foreign corporation—

5 (A) which, pursuant to a plan or a series
6 of related transactions, completes after May 8,
7 2014, the direct or indirect acquisition of—

8 (i) substantially all of the properties
9 held directly or indirectly by a domestic
10 corporation, or

11 (ii) substantially all of the assets of,
12 or substantially all of the properties consti-
13 tuting a trade or business of, a domestic
14 partnership, and

15 (B) more than 50 percent of the stock (by
16 vote or value) of which, after such acquisition,
17 is held—

18 (i) in the case of an acquisition with
19 respect to a domestic corporation, by
20 former shareholders of the domestic cor-
21 poration by reason of holding stock in the
22 domestic corporation, or

23 (ii) in the case of an acquisition with
24 respect to a domestic partnership, by
25 former partners of the domestic partner-

1 ship by reason of holding a capital or prof-
2 its interest in the domestic partnership, or
3 (C) the management and control of the ex-
4 panded affiliated group of which, after such ac-
5 quisition, occurs (directly or indirectly) pri-
6 marily within the United States, and such ex-
7 panded affiliated group has significant domestic
8 business activities.

9 (2) EXCEPTION FOR CORPORATIONS WITH SUB-
10 STANTIAL BUSINESS ACTIVITIES IN FOREIGN COUN-
11 TRY OF ORGANIZATION.—A foreign corporation shall
12 not be treated as an inverted domestic corporation
13 for purposes of this paragraph if after the acquisi-
14 tion the expanded affiliated group which includes the
15 entity has substantial business activities in the for-
16 eign country in which or under the law of which the
17 entity is created or organized when compared to the
18 total business activities of such expanded affiliated
19 group. For purposes of the preceding sentence, the
20 term “substantial business activities” shall have the
21 meaning given such term under regulations under
22 7874 of the Internal Revenue Code of 1986 in effect
23 on May 8, 2014, except that the Secretary may issue
24 regulations increasing the threshold percent in any
25 of the tests under such regulations for determining

1 if business activities constitute substantial business
2 activities for purposes of this subparagraph.

3 (3) MANAGEMENT AND CONTROL.—For pur-
4 poses of paragraph (1)(C)—

5 (A) IN GENERAL.—The Secretary shall
6 prescribe regulations for purposes of deter-
7 mining cases in which the management and
8 control of an expanded affiliated group is to be
9 treated as occurring, directly or indirectly, pri-
10 marily within the United States. The regula-
11 tions prescribed under the preceding sentence
12 shall apply to periods after May 8, 2014.

13 (B) EXECUTIVE OFFICERS AND SENIOR
14 MANAGEMENT.—Such regulations shall provide
15 that the management and control of an ex-
16 panded affiliated group shall be treated as oc-
17 ccurring, directly or indirectly, primarily within
18 the United States if substantially all of the ex-
19 ecutive officers and senior management of the
20 expanded affiliated group who exercise day-to-
21 day responsibility for making decisions involving
22 strategic, financial, and operational policies of
23 the expanded affiliated group are based or pri-
24 marily located within the United States. Indi-
25 viduals who in fact exercise such day-to-day re-

1 sponsibilities shall be treated as executive offi-
2 cers and senior management regardless of their
3 title.

4 (4) SIGNIFICANT DOMESTIC BUSINESS ACTIVI-
5 TIES.—For purposes of paragraph (1)(C), an ex-
6 panded affiliated group has significant domestic
7 business activities if at least 25 percent of—

8 (A) the employees of the group are based
9 in the United States,

10 (B) the employee compensation incurred by
11 the group is incurred with respect to employees
12 based in the United States,

13 (C) the assets of the group are located in
14 the United States, or

15 (D) the income of the group is derived in
16 the United States,

17 determined in the same manner as such determina-
18 tions are made for purposes of determining substan-
19 tial business activities under regulations referred to
20 in paragraph (3) as in effect on May 8, 2014, but
21 applied by treating all references in such regulations
22 to “foreign country” and “relevant foreign country”
23 as references to “the United States”. The Secretary
24 may issue regulations decreasing the threshold per-
25 cent in any of the tests under such regulations for

1 determining if business activities constitute signifi-
2 cant domestic business activities for purposes of this
3 paragraph.

4 (5) EXPANDED AFFILIATED GROUP.—For pur-
5 poses of this paragraph, the term “expanded affili-
6 ated group” has the meaning given such term in sec-
7 tion 7874(c) of the Internal Revenue Code of 1986.

