

117TH CONGRESS
1ST SESSION

H. R. 1427

To amend the Internal Revenue Code of 1986 to provide that certain bona fide residents of the Virgin Islands who are shareholders of corporations organized under the laws of the Virgin Islands are not treated as United States persons for purposes of determining certain inclusions in gross income with respect to such corporations.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2021

Ms. PLASKETT introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that certain bona fide residents of the Virgin Islands who are shareholders of corporations organized under the laws of the Virgin Islands are not treated as United States persons for purposes of determining certain inclusions in gross income with respect to such corporations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CERTAIN BONA FIDE RESIDENTS OF VIRGIN IS-**
2 **LANDS NOT TREATED AS UNITED STATES**
3 **SHAREHOLDERS OF CORPORATIONS ORGA-**
4 **NIZED IN THE VIRGIN ISLANDS.**

5 (a) IN GENERAL.—Section 957(c) of the Internal
6 Revenue Code of 1986 is amended by striking “and” at
7 the end of paragraph (1), by redesignating paragraph (2)
8 as paragraph (3), and by inserting after paragraph (1)
9 the following new paragraph:

10 “(2) with respect to a corporation organized
11 under the laws of the Virgin Islands, such term does
12 not include an individual who is a bona fide resident
13 of the Virgin Islands, if a dividend received by such
14 individual during the taxable year from such cor-
15 poration would, for purposes of section 934(b)(1), be
16 treated as income derived from sources within the
17 Virgin Islands, and”.

18 (b) CONFORMING AMENDMENT.—Section 957(c) of
19 such Code is amended by striking “paragraph (2)” in the
20 last sentence and inserting “paragraph (3)”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years of foreign corpora-
23 tions beginning after December 31, 2020, and taxable
24 years of individuals within which or with which such tax-
25 able years of foreign corporations end.

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