

103^D CONGRESS
1ST SESSION

H. R. 1410

To amend the Internal Revenue Code of 1986 to provide that the deduction for State and local income and franchise taxes shall not be allocated to foreign source income.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1993

Mr. THOMAS of California 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 the deduction for State and local income and franchise taxes shall not be allocated to foreign source income.

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

3 **SECTION 1. ALLOCATION OF DEDUCTION FOR STATE AND**

4 **LOCAL INCOME AND FRANCHISE TAXES FOR**

5 **FOREIGN TAX CREDIT PURPOSES.**

6 (a) IN GENERAL.—Subsection (b) of section 904 of
7 the Internal Revenue Code of 1986 (relating to taxable

1 income for purpose of computing limitation) is amended
2 by adding at the end thereof the following new paragraph:

3 “(5) DEDUCTION FOR STATE AND LOCAL IN-
4 COME AND FRANCHISE TAXES.—For purposes of
5 computing taxable income under this subpart, any
6 deduction for any State or local income or franchise
7 tax shall not be allocated or apportioned to gross in-
8 come from sources without the United States.”

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to taxable years beginning after
11 December 31, 1976.

○