

112TH CONGRESS
1ST SESSION

H. R. 3018

To amend the Internal Revenue Code of 1986 to provide a temporary surtax on increases in retained earnings of domestic corporations.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 22, 2011

Mr. CAPUANO 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 a temporary surtax on increases in retained earnings of domestic corporations.

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. SHORT TITLE.**

4 This Act may be cited as the “Corporate Assets
5 Should be used to Hire Act”.

6 **SEC. 2. TEMPORARY SURTAX ON INCREASES IN RETAINED**
7 **EARNINGS OF DOMESTIC CORPORATIONS.**

8 (a) IN GENERAL.—Part II of subchapter A of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended

1 by redesignating section 12 as section 13 and by inserting
2 after section 11 the following new section:

3 **“SEC. 12. TEMPORARY SURTAX ON INCREASES IN RE-**
4 **TAINED EARNINGS OF DOMESTIC CORPORA-**
5 **TIONS.**

6 “(a) IN GENERAL.—In the case of a domestic cor-
7 poration for any taxable year beginning during 2011 or
8 2012, there is hereby imposed (in addition to any other
9 tax imposed by this part) a tax equal to 40 percent of
10 the excess (if any) of—

11 “(1) the retained earnings of such corporation
12 for such taxable year, over

13 “(2) the average retained earnings of such cor-
14 poration for the 3 taxable years immediately pre-
15 ceding such taxable year.

16 “(b) EXCEPTIONS.—

17 “(1) RETAINED EARNINGS REQUIRED BY
18 LAW.—Subsection (a) shall not apply to so much of
19 the excess described in such subsection as is attrib-
20 utable to any increase in retained earnings which is
21 required by Federal law or regulation.

22 “(2) SMALL BUSINESS EXCEPTION.—Subsection
23 (a) shall not apply to any corporation for any tax-
24 able year with respect to which the retained earnings
25 of such corporation for such taxable year is less than

1 \$5,000,000. For purposes of this paragraph, all per-
2 sons treated as a single employer under subsection
3 (a) or (b) of section 52, or subsection (m) or (o) of
4 section 414, shall be treated as one person.

5 “(3) CORPORATIONS NOT IN EXISTENCE FOR
6 ENTIRE BASE PERIOD.—Subsection (a) shall not
7 apply to any corporation if such corporation was not
8 in existence for the entire 3 taxable year period re-
9 ferred to in subsection (a)(2).

10 “(c) RETAINED EARNINGS.—For purposes of this
11 section, the term ‘retained earnings’ means, with respect
12 to any taxable year, the excess (if any) of—

13 “(1) the retained earnings of such corporation
14 as of the end of such taxable year, over

15 “(2) the retained earnings of such corporation
16 as of the beginning of such taxable year.

17 Appropriated and unappropriated retained earnings shall
18 be taken into account under paragraphs (1) and (2).

19 “(d) TREATMENT OF PREDECESSORS.—Any ref-
20 erence in this section to a corporation shall include a ref-
21 erence to any predecessor of such corporation.”.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for part II of subchapter A of chapter 1 of such Code
24 is amended by redesignating the item relating to section

1 12 as an item relating to section 13 and by inserting after
2 the item relating to section 11 the following new item:

“Sec. 12. Temporary surtax on increases in retained earnings of domestic corporations.”.

3 (c) DEFICIT REDUCTION.—The increase in Federal
4 revenue resulting from the amendments made by this sec-
5 tion shall be deposited in the Treasury and used for Fed-
6 eral budget deficit reduction or, if there is no Federal
7 budget deficit, for reducing the Federal debt in such man-
8 ner as the Secretary of the Treasury considers appro-
9 priate.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2010.

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