



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

May 1, 2014

**H.R. 4429**  
**Permanent Active Financing Exception Act of 2014**

*As ordered reported by the House Committee on Ways and Means on April 29, 2014*

H.R. 4429 would amend the Internal Revenue Code to allow the deferral of tax on certain income earned in foreign companies when calculating taxable income. Under Subpart F rules in the Internal Revenue Code, U.S. shareholders that hold 10 percent or more of a controlled foreign corporation are subject to U.S. tax annually on certain income earned by that corporation, whether or not that income is distributed to shareholders. H.R. 4429 would make permanent the temporary exceptions from Subpart F tax treatment for income from active banking, financing, insurance, or similar business that generally expired after December 31, 2013.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 4429 would reduce revenues, thus increasing federal budget deficits, by about \$59 billion over the 2014-2024 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Enacting H.R. 4429 would result in revenue losses in each year beginning in 2014. The estimated increases in the deficit are shown in the following table.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Timmerhoff. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 4429, as ordered reported by the House Committee on Ways and Means on April 29, 2014**

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By Fiscal Year, in Millions of Dollars

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2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-	2014-
											2019	2024

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**NET INCREASE IN THE DEFICIT**

Statutory Pay-As-You-Go Effects	2,033	5,166	5,536	5,563	5,092	5,401	5,778	5,854	5,983	6,092	6,306	28,790	58,803
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Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.

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