



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

September 22, 2015

**H.R. 1430
Permanent CFC Look-Through Act of 2015**

As ordered reported by the House Committee on Ways and Means on September 17, 2015

H.R. 1430 would amend the Internal Revenue Code to make permanent the “look-through rule” that applied to the taxable years of foreign corporations beginning after December 31, 2005 and before January 1, 2015. This treatment would be permanently effective for taxable years beginning after December 31, 2014. The “look-through rule” determines the tax treatment of payments between related controlled foreign corporations (CFCs) under foreign personal holding company rules. Under this rule, dividends, interest, rents, and royalties received or accrued by one CFC from a related CFC are not treated as foreign personal holding company income for tax purposes if they meet certain characteristics.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 1430 would reduce revenues, thus increasing federal deficits, by about \$21.8 billion over the 2016-2025 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. 1430 would result in revenue losses in each year beginning in 2016. 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 Peter Huether. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.

CBO Estimate Of Pay-As-You-Go Effects for H.R. 1430, as ordered reported by the House Committee on Ways and Means on September 17, 2015.

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Effects	2,296	1,527	1,666	1,792	1,934	2,217	2,238	2,489	2,693	2,935	9,214	21,785

Source: Staff of the Joint Committee on Taxation.

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