



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

May 1, 2014

**H.R. 4464**  
**Permanent CFC Look-Through Act of 2014**

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

H.R. 4464 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, 2014. This treatment would be permanently effective for taxable years beginning after December 31, 2013. 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. 4464 would reduce revenues, thus increasing federal deficits, by about \$20 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. 4464 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. 4464, 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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014- 2019	2014- 2024
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**NET INCREASE IN THE DEFICIT**

Statutory Pay-As-You-Go Effects	808	1,254	1,388	1,527	1,666	1,792	1,934	2,137	2,381	2,589	2,856	8,434	20,331
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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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