

At a Glance

H.R. 6416, Russian War Crimes in Ukraine Tax Act

As ordered reported by the House Committee on Foreign Affairs on December 13, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	0	0
Revenues	35	270	389
Increase or Decrease (-) in the Deficit	-35	-270	-389
Spending Subject to Appropriation (Outlays)	35	270	389

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
	Mandate Effects		
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Impose a tax on income from the blocked or otherwise frozen sovereign assets of Russia and Belarus
- Authorize appropriations for humanitarian and economic assistance to Ukraine

Estimated budgetary effects would mainly stem from

- Taxing the income from sovereign assets
- Authorizing assistance to Ukraine

Areas of significant uncertainty include

- Estimating the value of Russian and Belarusian sovereign assets under U.S. jurisdiction

Detailed estimate begins on the next page.

Bill Summary

H.R. 6416 would amend the Internal Revenue Code of 1986 to impose a tax of 100 percent on any income generated from the blocked Russian and Belarusian sovereign assets that are under the jurisdiction of the United States. It also would authorize appropriations of those amounts for humanitarian and economic assistance to Ukraine. Lastly, the bill would require the Administration to report to the Congress on its implementation of the bill.

Estimated Federal Cost

The estimated budgetary effect of H.R. 6416 is shown in Table 1. The costs of the legislation fall within budget function 150 (international affairs).

Table 1. Estimated Budgetary Effects of H.R. 6416													
By Fiscal Year, Millions of Dollars												2024-	2024-
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2029	2034
Increases in Revenues													
Estimated Revenues	35	54	53	48	42	37	32	27	21	20	19	270	389
Net Decrease (-) in the Deficit From Changes in Revenues													
Effect on the Deficit	-35	-54	-53	-48	-42	-37	-32	-27	--21	20	-19	-270	-389
Increases in Spending Subject to Appropriation													
Estimated Authorization	35	54	53	48	42	37	32	27	21	20	19	270	389
Estimated Outlays	35	54	53	48	42	37	32	27	21	20	19	270	389

Details may not sum to totals because of rounding.

Basis of Estimate

For this estimate, CBO assumes that H.R. 6416 will be enacted in fiscal year 2024.

H.R. 6416 would require agents receiving income earned on frozen Russian and Belarusian assets to withhold a tax equal to 100 percent of that income. That tax would apply to income earned after the date of enactment. Proceeds from taxing income generated by those assets would be classified as an increase in revenues. Publicly available reports suggest that approximately \$5 billion of Russian sovereign assets are subject to U.S. jurisdiction. On the basis of those reports, the staff of the Joint Committee on Taxation estimates that taxing income from those assets would increase revenues by \$389 million over the 2024-2034 period.

The bill also would authorize the appropriation of amounts equivalent to those tax receipts for assistance to Ukraine. Using information about the foreign assistance recently provided to Ukraine and subject to the appropriation of the estimated amounts, CBO estimates that such assistance would be spent quickly. Thus, implementing H.R. 6416 would increase spending subject to appropriation by \$389 million over the 2024-2034 period.

Based on the costs of similar reports, CBO estimates that satisfying the reporting requirements in the bill would cost less than \$500,000 over the 2024-2029 period. Such spending would be subject to the availability of appropriated funds.

Uncertainty

CBO's estimate of the budgetary effects of H.R. 6416 is subject to considerable uncertainty. The Administration did not provide CBO with information about sovereign Russian or Belarusian assets under U.S. jurisdiction. As a result, the increases in revenues and spending subject to appropriation under the bill could be significantly higher or lower than estimated.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 6416 would not increase net direct spending or deficits in any of the four consecutive 10-year periods beginning in 2035.

Mandates

CBO has reviewed sections 4 and 5 of the bill and determined that they do not contain intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

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A handwritten signature in black ink, appearing to read 'Phillip L. Swagel'.

Phillip L. Swagel

Director, Congressional Budget Office