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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

To amend the Internal Revenue Code of 1986 to impose a tax on the acquisition of United States agricultural interests by disqualified persons.

IN THE HOUSE OF REPRESENTATIVES

Ms. VAN DUYNE introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on the acquisition of United States agricultural interests by disqualified persons.

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. IMPOSITION OF TAX ON THE ACQUISITION OF**
4 **UNITED STATES AGRICULTURAL INTERESTS**
5 **BY DISQUALIFIED PERSONS.**

6 (a) IN GENERAL.—Subtitle D of the Internal Rev-
7 enue Code of 1986 is amended by inserting after chapter
8 50A the following new chapter:

1 **“CHAPTER 50B—ACQUISITION OF UNITED**
2 **STATES AGRICULTURAL INTERESTS**
3 **BY DISQUALIFIED PERSONS**

“Sec. 5000E. Imposition of tax on acquisition of United States agricultural interests by disqualified persons.

4 **“SEC. 5000E. IMPOSITION OF TAX ON ACQUISITION OF**
5 **UNITED STATES AGRICULTURAL INTERESTS**
6 **BY DISQUALIFIED PERSONS.**

7 “(a) IN GENERAL.—In the case of any acquisition of
8 any United States agricultural interest by any disqualified
9 person, there is hereby imposed on such person a tax equal
10 to 60 percent of the amount paid for such interest.

11 “(b) DISQUALIFIED PERSON.—For purposes of this
12 section—

13 “(1) IN GENERAL.—the term ‘disqualified per-
14 son’ means—

15 “(A) any citizen of a country of concern
16 (other than a citizen, or lawful permanent resi-
17 dent, of the United States and other than an
18 individual domiciled in Taiwan possessing a
19 valid identification card or number issued by
20 the government of Taiwan),

21 “(B) any entity domiciled in a country of
22 concern (other than an entity domiciled in Tai-
23 wan),

1 “(C) any country of concern and any polit-
2 ical subdivision, agency, or instrumentality
3 thereof, and

4 “(D) any entity (other than a specified
5 publicly traded corporation) if persons described
6 in subparagraph (A), (B), or (C) (in the aggreg-
7 ate) 10-percent control such entity.

8 “(2) COUNTRY OF CONCERN.—The term ‘coun-
9 try of concern’ means any country the government
10 of which is engaged in a long-term pattern or seri-
11 ous instances of conduct significantly adverse to the
12 national security of the United States or the security
13 and safety of United States persons, including the
14 People’s Republic of China, the Russian Federation,
15 Iran, North Korea, Cuba, and the regime of Nicolas
16 Maduro in Venezuela.

17 “(3) SPECIFIED PUBLICLY TRADED CORPORA-
18 TION.—The term ‘specified publicly traded corpora-
19 tion’ means any corporation if—

20 “(A) the stock of such corporation is regu-
21 larly traded on an established securities market
22 located in the United States, and

23 “(B) persons described in subparagraph
24 (A), (B), or (C) of paragraph (1) do not (in the
25 aggregate) control such corporation.

1 “(c) PRORATED TAX ON ACQUISITIONS BY ENTITIES
2 NOT MORE THAN 50 PERCENT CONTROLLED BY DIS-
3 QUALIFIED PERSONS.—

4 “(1) IN GENERAL.—In the case of any disquali-
5 fied person described in subsection (b)(1)(D) with
6 respect to which persons described in subparagraphs
7 (A), (B), or (C) of subsection (b)(1) do not (in the
8 aggregate) control such disqualified person, sub-
9 section (a) shall be applied by substituting ‘the ap-
10 plicable percentage of the amount’ for ‘the amount’.

11 “(2) APPLICABLE PERCENTAGE.—For purposes
12 of this section, the term ‘applicable percentage’
13 means, with respect to any disqualified person to
14 which paragraph (1) applies, the highest percentage
15 which could be substituted for ‘50 percent’ both
16 places it appears in section 954(d)(3) without caus-
17 ing persons described in subparagraph (A), (B), or
18 (C) of subsection (b)(1) (in the aggregate) to control
19 (determined by taking into account such substi-
20 tution) such disqualified person.

21 “(d) CONTROL.—For purposes of this section—

22 “(1) IN GENERAL.—The term ‘control’ has the
23 meaning given such term under section 954(d)(3),
24 determined by treating the rules of section 958(a)(2)

1 as applying to both foreign and domestic corpora-
2 tions, partnerships, trusts, and estates.

3 “(2) 10-PERCENT CONTROL.—The term ‘10-
4 percent control’ means control (as defined in para-
5 graph (1)), determined by substituting ‘10 percent’
6 for ‘50 percent’ both places it appears in section
7 954(d)(3).

8 “(e) UNITED STATES AGRICULTURAL INTEREST.—
9 For purposes of this section—

10 “(1) IN GENERAL.—The term ‘United States
11 agricultural interest’ has the meaning which would
12 be given the term ‘United States real property inter-
13 est’ by section 897(c) if—

14 “(A) paragraph (1)(A)(i) were applied by
15 substituting ‘an interest in agricultural land’
16 for ‘an interest in real property’ and all that
17 follows,

18 “(B) paragraph (1)(A)(ii) were applied by
19 substituting ‘such corporation was not a United
20 States real property holding corporation at the
21 time of acquisition’ for ‘such corporation’ and
22 all that follows,

23 “(C) paragraph (1)(B) did not apply, and

24 “(D) paragraph (3) were applied by sub-
25 stituting ‘at the time of acquisition’ for ‘at

1 some time during the shorter of the periods de-
2 scribed in paragraph (1)(A)(ii)’.
3

4 “(2) AGRICULTURAL LAND.—For purposes of
5 paragraph (1), the term ‘agricultural land’ means—

6 “(A) agricultural land as defined in section
7 9 of the Agricultural Foreign Investment Dis-
8 closure Act of 1978 (7 U.S.C. 3508), and

9 “(B) land located in one or more States
10 and used for livestock production purposes (de-
11 termined under rules similar to the rules that
12 apply under such section 9).”.

13 (b) REPORTING REQUIREMENTS.—

14 (1) IN GENERAL.—Subpart B of part III of
15 subchapter A of chapter 61 of such Code is amended
16 by adding at the end the following new section:

17 **“SEC. 6050AA. RETURNS RELATING TO ACQUISITION OF**
18 **UNITED STATES AGRICULTURAL INTERESTS**
19 **BY DISQUALIFIED PERSONS.**

20 “(a) IN GENERAL.—The required reporting person,
21 with respect to any acquisition of any United States agri-
22 cultural interest by a presumptively disqualified person to
23 which section 5000E(a) applies, shall make a return at
24 such time as the Secretary may provide setting forth—

25 “(1) the name, address, and TIN of such pre-
 sumptively disqualified person,

1 “(2) a description of such United States agri-
2 cultural interest (including the street address, if ap-
3 plicable), and

4 “(3) the amount paid for such United States
5 agricultural interest.

6 “(b) STATEMENT TO BE FURNISHED TO PRESUMP-
7 TIVELY DISQUALIFIED PERSON.—Every person required
8 to make a return under subsection (a) shall furnish, at
9 such time as the Secretary may provide, to each presump-
10 tively disqualified person whose name is required to be set
11 forth in such return a written statement showing—

12 “(1) the name and address of the information
13 contact of the required reporting person, and

14 “(2) the information described in paragraphs
15 (1), (2), and (3) of subsection (a) which relates to
16 such disqualified person.

17 “(c) REQUIRED REPORTING PERSON.—For purposes
18 of this section, the term ‘required reporting person’
19 means, with respect to any acquisition of any United
20 States agricultural interest—

21 “(1) the person (including any attorney or title
22 company) responsible for closing the transaction in
23 which such United States agricultural interest is ac-
24 quired, or

1 “(2) if no one is responsible for closing such
2 transaction (or in such other cases as the Secretary
3 may provide), the transferor of such United States
4 agricultural interest.

5 “(d) PRESUMPTIVELY DISQUALIFIED PERSON.—For
6 purposes of this section, the term ‘presumptively disquali-
7 fied person’ means any person unless such person fur-
8 nishes to the required reporting person an affidavit by the
9 such person stating, under penalty of perjury, that such
10 person is not a disqualified person (as defined in section
11 5000E(b)).

12 “(e) REQUIREMENT TO REQUEST AFFIDAVIT.—If the
13 required reporting person, with respect to any acquisition
14 of any United States agricultural interest, has not, as of
15 the time of such acquisition, been furnished the affidavit
16 described in subsection (d) by the acquirer of such inter-
17 est, such required reporting person shall furnish to such
18 acquirer, at such time, a written statement informing such
19 acquirer of the required reporting person’s obligation to
20 make the return described in subsection (a) with respect
21 to such acquisition and including such other information
22 as the Secretary may require.

23 “(f) UNITED STATES AGRICULTURAL INTEREST.—
24 For purposes of this section, the term ‘United States agri-

1 cultural interest’ has the meaning given such term in sec-
2 tion 5000E.”.

3 (2) PENALTIES.—Section 6724(d) of such Code
4 is amended—

5 (A) in paragraph (1)(B), by striking “or”
6 at the end of clause (xxvii), by striking “and”
7 at the end of clause (xxviii) and inserting “or”,
8 and by adding at the end the following new
9 clause:

10 “(xxix) section 6050AA(a) (relating to
11 returns relating to acquisition of United
12 States agricultural interests by disqualified
13 persons), and”, and

14 (B) in paragraph (2), by striking “or” at
15 the end of subparagraph (KK), by striking the
16 period at the end of subparagraph (LL) and in-
17 serting “, or”, and by inserting after subpara-
18 graph (LL) the following new subparagraph:

19 “(MM) subsection (b) or (e) of section
20 6055AA (relating to statements relating to ac-
21 quisition of United States agricultural interests
22 by disqualified persons).”.

23 (c) CLERICAL AMENDMENTS.—

1 (1) The table of chapters for subtitle D of such
2 Code is amended by inserting after the item relating
3 to chapter 50A the following new item:

 “CHAPTER 50B. ACQUISITION OF UNITED STATES AGRICULTURAL
 INTERESTS BY DISQUALIFIED PERSONS.”.

4 (2) The table of sections for subpart B of part
5 III of subchapter A of chapter 61 of such Code is
6 amended by adding at the end the following new
7 item:

 “Sec. 6050AA. Returns relating to acquisition of United States agricultural in-
 terests by disqualified persons.”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to acquisitions after the date of
10 the enactment of this Act.