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 Revenue Code of 1986 is amended by inserting after chapter

7 50A the following new chapter:
CHAPTER 50B—ACQUISITION OF UNITED STATES AGRICULTURAL INTERESTS BY DISQUALIFIED PERSONS

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

SEC. 5000E. IMPOSITION OF TAX ON ACQUISITION OF UNITED STATES AGRICULTURAL INTERESTS BY DISQUALIFIED PERSONS.

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

(b) Disqualified Person.—For purposes of this section—

(1) In General.—The term ‘disqualified person’ means—

(A) any citizen of a country of concern (other than a citizen, or lawful permanent resident, of the United States and other than an individual domiciled in Taiwan possessing a valid identification card or number issued by the government of Taiwan),

(B) any entity domiciled in a country of concern (other than an entity domiciled in Taiwan),
“(C) any country of concern and any political subdivision, agency, or instrumentality thereof, and

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

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

“(3) SPECIFIED PUBLICLY TRADED CORPORATION.—The term ‘specified publicly traded corporation’ means any corporation if—

“(A) the stock of such corporation is regularly traded on an established securities market located in the United States, and

“(B) persons described in subparagraph (A), (B), or (C) of paragraph (1) do not (in the aggregate) control such corporation.
“(c) PRORATED TAX ON ACQUISITIONS BY ENTITIES NOT MORE THAN 50 PERCENT CONTROLLED BY DISQUALIFIED PERSONS.—

“(1) IN GENERAL.—In the case of any disqualified person described in subsection (b)(1)(D) with respect to which persons described in subparagraphs (A), (B), or (C) of subsection (b)(1) do not (in the aggregate) control such disqualified person, subsection (a) shall be applied by substituting ‘the applicable percentage of the amount’ for ‘the amount’.

“(2) APPLICABLE PERCENTAGE.—For purposes of this section, the term ‘applicable percentage’ means, with respect to any disqualified person to which paragraph (1) applies, the highest percentage which could be substituted for ‘50 percent’ both places it appears in section 954(d)(3) without causing persons described in subparagraph (A), (B), or (C) of subsection (b)(1) (in the aggregate) to control (determined by taking into account such substitution) such disqualified person.

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

“(1) IN GENERAL.—The term ‘control’ has the meaning given such term under section 954(d)(3), determined by treating the rules of section 958(a)(2)
as applying to both foreign and domestic corporations, partnerships, trusts, and estates.

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

“(e) UNITED STATES AGRICULTURAL INTEREST.—

For purposes of this section—

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

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

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

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

“(D) paragraph (3) were applied by substituting ‘at the time of acquisition’ for ‘at
some time during the shorter of the periods de-
scribed in paragraph (1)(A)(ii)’.

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

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

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

(b) REPORTING REQUIREMENTS.—

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

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

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

“(1) the name, address, and TIN of such pre-
sumptively disqualified person,
“(2) a description of such United States agricultural interest (including the street address, if applicable), and

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

“(b) STATEMENT TO BE FURNISHED TO PRESUMPTIVELY DISQUALIFIED PERSON.—Every person required to make a return under subsection (a) shall furnish, at such time as the Secretary may provide, to each presumptively disqualified person whose name is required to be set forth in such return a written statement showing—

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

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

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

“(1) the person (including any attorney or title company) responsible for closing the transaction in which such United States agricultural interest is acquired, or
“(2) if no one is responsible for closing such transaction (or in such other cases as the Secretary may provide), the transferor of such United States agricultural interest.

“(d) PRESUMPTIVELY DISQUALIFIED PERSON.—For purposes of this section, the term ‘presumptively disqualified person’ means any person unless such person furnishes to the required reporting person an affidavit by the such person stating, under penalty of perjury, that such person is not a disqualified person (as defined in section 5000E(b)).

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

“(f) UNITED STATES AGRICULTURAL INTEREST.—For purposes of this section, the term ‘United States agric-
cultural interest’ has the meaning given such term in section 5000E.”.

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

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

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

(B) in paragraph (2), by striking “or” at the end of subparagraph (KK), by striking the period at the end of subparagraph (LL) and inserting “, or”, and by inserting after subparagraph (LL) the following new subparagraph:

“(MM) subsection (b) or (e) of section 6055AA (relating to statements relating to acquisition of United States agricultural interests by disqualified persons).”.

(e) CLERICAL AMENDMENTS.—
(1) The table of chapters for subtitle D of such Code is amended by inserting after the item relating to chapter 50A the following new item:

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

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

"Sec. 6050AA. Returns relating to acquisition of United States agricultural interests by disqualified persons."

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