

117TH CONGRESS  
1ST SESSION

# H. R. 2341

To amend the Internal Revenue Code of 1986 to encourage domestic insourcing and discourage foreign outsourcing.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2021

Mr. PASCRELL (for himself, Mr. SUOZZI, Ms. NORTON, and Ms. BROWNLEY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to encourage domestic insourcing and discourage foreign outsourcing.

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. SHORT TITLE.**

4 This Act may be cited as the “Bring Jobs Home  
5 Act”.

6 **SEC. 2. CREDIT FOR INSOURCING EXPENSES.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of  
9 1986 is amended by adding at the end the following new  
10 section:

1 **“SEC. 45U. CREDIT FOR INSOURCING EXPENSES.**

2 “(a) IN GENERAL.—For purposes of section 38, the  
3 insourcing expenses credit for any taxable year is an  
4 amount equal to 20 percent of the eligible insourcing ex-  
5 penses of the taxpayer which are taken into account in  
6 such taxable year under subsection (d).

7 “(b) ELIGIBLE INSOURCING EXPENSES.—For pur-  
8 poses of this section—

9 “(1) IN GENERAL.—The term ‘eligible  
10 insourcing expenses’ means—

11 “(A) eligible expenses paid or incurred by  
12 the taxpayer in connection with the elimination  
13 of any business unit of the taxpayer (or of any  
14 member of any expanded affiliated group in  
15 which the taxpayer is also a member) located  
16 outside the United States, and

17 “(B) eligible expenses paid or incurred by  
18 the taxpayer in connection with the establish-  
19 ment of any business unit of the taxpayer (or  
20 of any member of any expanded affiliated group  
21 in which the taxpayer is also a member) located  
22 within the United States,

23 if such establishment constitutes the relocation of  
24 business unit so eliminated. For purposes of the pre-  
25 ceding sentence, a relocation shall not be treated as  
26 failing to occur merely because such elimination oc-

1       curs in a different taxable year than such establish-  
2       ment.

3               “(2) ELIGIBLE EXPENSES.—The term ‘eligible  
4       expenses’ means—

5               “(A) any amount for which a deduction is  
6       allowed to the taxpayer under section 162, and

7               “(B) permit and license fees, lease broker-  
8       age fees, equipment installation costs, and, to  
9       the extent provided by the Secretary, other  
10      similar expenses.

11      Such term does not include any compensation which  
12      is paid or incurred in connection with severance  
13      from employment and, to the extent provided by the  
14      Secretary, any similar amount.

15              “(3) BUSINESS UNIT.—The term ‘business unit’  
16      means—

17              “(A) any trade or business, and

18              “(B) any line of business, or functional  
19      unit, which is part of any trade or business.

20              “(4) EXPANDED AFFILIATED GROUP.—The  
21      term ‘expanded affiliated group’ means an affiliated  
22      group as defined in section 1504(a), determined  
23      without regard to section 1504(b)(3) and by sub-  
24      stituting ‘more than 50 percent’ for ‘at least 80 per-  
25      cent’ each place it appears in section 1504(a). A

1 partnership or any other entity (other than a cor-  
2 poration) shall be treated as a member of an ex-  
3 panded affiliated group if such entity is controlled  
4 (within the meaning of section 954(d)(3)) by mem-  
5 bers of such group (including any entity treated as  
6 a member of such group by reason of this para-  
7 graph).

8 “(5) EXPENSES MUST BE PURSUANT TO  
9 INSOURCING PLAN.—Amounts shall be taken into ac-  
10 count under paragraph (1) only to the extent that  
11 such amounts are paid or incurred pursuant to a  
12 written plan approved by the board of directors or  
13 authorized officers to carry out the relocation de-  
14 scribed in paragraph (1).

15 “(6) OPERATING EXPENSES NOT TAKEN INTO  
16 ACCOUNT.—Any amount paid or incurred in connec-  
17 tion with the ongoing operation of a business unit  
18 shall not be treated as an amount paid or incurred  
19 in connection with the establishment or elimination  
20 of such business unit.

21 “(c) INCREASED DOMESTIC EMPLOYMENT REQUIRE-  
22 MENT.—No credit shall be allowed under this section un-  
23 less the number of full-time equivalent employees of the  
24 taxpayer for the taxable year for which the credit is  
25 claimed exceeds the number of full-time equivalent em-

1 ployees of the taxpayer for the last taxable year ending  
2 before the first taxable year in which such eligible  
3 insourcing expenses were paid or incurred. For purposes  
4 of this subsection, full-time equivalent employees has the  
5 meaning given such term under section 45R(d) (and the  
6 applicable rules of section 45R(e)), determined by only  
7 taking into account wages (as otherwise defined in section  
8 45R(e)) paid with respect to services performed within the  
9 United States. All employers treated as a single employer  
10 under subsection (b), (c), (m), or (o) of section 414 shall  
11 be treated as a single employer for purposes of this sub-  
12 section.

13 “(d) CREDIT ALLOWED UPON COMPLETION OF  
14 INSOURCING PLAN.—

15 “(1) IN GENERAL.—Except as provided in para-  
16 graph (2), eligible insourcing expenses shall be taken  
17 into account under subsection (a) in the taxable year  
18 during which the plan described in subsection (b)(5)  
19 has been completed and all eligible insourcing ex-  
20 penses pursuant to such plan have been paid or in-  
21 curred.

22 “(2) ELECTION TO APPLY EMPLOYMENT TEST  
23 AND CLAIM CREDIT IN FIRST FULL TAXABLE YEAR  
24 AFTER COMPLETION OF PLAN.—If the taxpayer  
25 elects the application of this paragraph, eligible

1 insourcing expenses shall be taken into account  
 2 under subsection (a) in the first taxable year after  
 3 the taxable year described in paragraph (1).

4 “(e) POSSESSIONS TREATED AS PART OF THE  
 5 UNITED STATES.—For purposes of this section, the term  
 6 ‘United States’ shall be treated as including each posses-  
 7 sion of the United States (including the Commonwealth  
 8 of Puerto Rico and the Commonwealth of the Northern  
 9 Mariana Islands).

10 “(f) REGULATIONS.—The Secretary shall prescribe  
 11 such regulations or other guidance as may be necessary  
 12 or appropriate to carry out the purposes of this section.”.

13 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 14 CREDIT.—Section 38(b) of such Code is amended by strik-  
 15 ing “plus” at the end of paragraph (32), by striking the  
 16 period at the end of paragraph (33) and inserting “, plus”,  
 17 and by adding at the end the following new paragraph:

18 “(34) the insourcing expenses credit determined  
 19 under section 45U(a).”.

20 (c) CONFORMING AMENDMENTS.—

21 (1) Section 280C of such Code is amended by  
 22 adding at the end the following new subsection:

23 “(i) CREDIT FOR INSOURCING EXPENSES.—No de-  
 24 duction shall be allowed for that portion of the expenses  
 25 otherwise allowable as a deduction taken into account in

1 determining the credit under section 45U for the taxable  
 2 year which is equal to the amount of the credit determined  
 3 for such taxable year under section 45U(a).”.

4 (2) The table of sections for subpart D of part  
 5 IV of subchapter A of chapter 1 of such Code is  
 6 amended by adding at the end the following new  
 7 item:

“Sec. 45U. Credit for insourcing expenses.”.

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

11 (e) APPLICATION TO UNITED STATES POSSES-  
 12 SIONS.—

13 (1) PAYMENTS TO POSSESSIONS.—

14 (A) MIRROR CODE POSSESSIONS.—The  
 15 Secretary of the Treasury shall make periodic  
 16 payments to the United States Virgin Islands,  
 17 Guam, and the Commonwealth of the Northern  
 18 Mariana Islands in an amount equal to the loss  
 19 to that possession by reason of section 45U of  
 20 the Internal Revenue Code of 1986. Such  
 21 amount shall be determined by the Secretary of  
 22 the Treasury based on information provided by  
 23 the government of the respective possession.

24 (B) OTHER POSSESSIONS.—The Secretary  
 25 of the Treasury shall make annual payments to

1 the Commonwealth of Puerto Rico and Amer-  
2 ican Samoa in an amount estimated by the Sec-  
3 retary of the Treasury as being equal to the ag-  
4 gregate benefits that would have been provided  
5 to residents of each such possession by reason  
6 of section 45U of such Code if a mirror code  
7 tax system had been in effect in such posses-  
8 sion. The preceding sentence shall not apply  
9 with respect to any possession of the United  
10 States unless such possession has a plan, which  
11 has been approved by the Secretary of the  
12 Treasury, under which such possession will  
13 promptly distribute such payment to the resi-  
14 dents of such possession.

15 (2) COORDINATION WITH CREDIT ALLOWED  
16 AGAINST UNITED STATES INCOME TAXES.—No cred-  
17 it shall be allowed against United States income  
18 taxes under section 45U of such Code to any per-  
19 son—

20 (A) to whom a credit is allowed against  
21 taxes imposed by the possession by reason of  
22 such section, or

23 (B) who is eligible for a payment under a  
24 plan described in paragraph (1)(B).



1           (3) TREATMENT OF PAYMENTS.—For purposes  
 2           of section 1324(b)(2) of title 31, United States  
 3           Code, the payments under this section shall be treat-  
 4           ed in the same manner as a refund due from sec-  
 5           tions referred to in such section 1324(b)(2).

6 **SEC. 3. DENIAL OF DEDUCTION FOR OUTSOURCING EX-**  
 7 **PENSES.**

8           (a) IN GENERAL.—Part IX of subchapter B of chap-  
 9           ter 1 of the Internal Revenue Code of 1986 is amended  
 10          by adding at the end the following new section:

11 **“SEC. 280I. OUTSOURCING EXPENSES.**

12          “(a) IN GENERAL.—No deduction otherwise allow-  
 13          able under this chapter shall be allowed for any specified  
 14          outsourcing expense.

15          “(b) SPECIFIED OUTSOURCING EXPENSE.—For pur-  
 16          poses of this section—

17                 “(1) IN GENERAL.—The term ‘specified out-  
 18                 sourcing expense’ means—

19                         “(A) any eligible expense paid or incurred  
 20                         by the taxpayer in connection with the elimi-  
 21                         nation of any business unit of the taxpayer (or  
 22                         of any member of any expanded affiliated group  
 23                         in which the taxpayer is also a member) located  
 24                         within the United States, and

1           “(B) any eligible expense paid or incurred  
2           by the taxpayer in connection with the estab-  
3           lishment of any business unit of the taxpayer  
4           (or of any member of any expanded affiliated  
5           group in which the taxpayer is also a member)  
6           located outside the United States,  
7           if such establishment constitutes the relocation of  
8           business unit so eliminated. For purposes of the pre-  
9           ceding sentence, a relocation shall not be treated as  
10          failing to occur merely because such elimination oc-  
11          curs in a different taxable year than such establish-  
12          ment.

13           “(2) APPLICATION OF CERTAIN DEFINITIONS  
14          AND RULES.—

15           “(A) DEFINITIONS.—For purposes of this  
16          section, the terms ‘eligible expenses’, ‘business  
17          unit’, and ‘expanded affiliated group’ shall have  
18          the respective meanings given such terms by  
19          section 45U(b).

20           “(B) OPERATING EXPENSES NOT TAKEN  
21          INTO ACCOUNT.—A rule similar to the rule of  
22          section 45U(b)(6) shall apply for purposes of  
23          this section.

24          “(c) SPECIAL RULES.—

1           “(1) APPLICATION TO DEDUCTIONS FOR DE-  
2       PRECIATION AND AMORTIZATION.—In the case of  
3       any portion of a specified outsourcing expense which  
4       is not deductible in the taxable year in which paid  
5       or incurred, such portion shall neither be chargeable  
6       to capital account nor amortizable.

7           “(2) POSSESSIONS TREATED AS PART OF THE  
8       UNITED STATES.—For purposes of this section, the  
9       term ‘United States’ shall be treated as including  
10      each possession of the United States (including the  
11      Commonwealth of Puerto Rico and the Common-  
12      wealth of the Northern Mariana Islands).

13       “(d) REGULATIONS.—The Secretary shall prescribe  
14   such regulations or other guidance as may be necessary  
15   or appropriate to carry out the purposes of this section,  
16   including regulations which provide (or create a rebuttable  
17   presumption) that certain establishments of business units  
18   outside the United States will be treated as relocations  
19   (based on timing or such other factors as the Secretary  
20   may provide) of business units eliminated within the  
21   United States.”.

22       (b) LIMITATION ON SUBPART F INCOME OF CON-  
23   TROLLED FOREIGN CORPORATIONS DETERMINED WITH-  
24   OUT REGARD TO SPECIFIED OUTSOURCING EXPENSES.—

1 Section 952(c) of such Code is amended by adding at the  
2 end the following new paragraph:

3 “(4) EARNINGS AND PROFITS DETERMINED  
4 WITHOUT REGARD TO SPECIFIED OUTSOURCING EX-  
5 PENSES.—For purposes of this subsection, earnings  
6 and profits of any controlled foreign corporation  
7 shall be determined without regard to any specified  
8 outsourcing expense (as defined in section  
9 280I(b)).”.

10 (c) CLERICAL AMENDMENT.—The table of sections  
11 for part IX of subchapter B of chapter 1 of such Code  
12 is amended by adding at the end the following new item:

“Sec. 280I. Outsourcing expenses.”.

13 (d) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to amounts paid or incurred after  
15 the date of the enactment of this Act.

16 **SEC. 4. REINSTATEMENT OF DEDUCTION FOR MOVING EX-**  
17 **PENSES.**

18 (a) IN GENERAL.—Section 217 of the Internal Rev-  
19 enue Code of 1986 is amended by striking subsection (k).

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to taxable years ending after the  
22 date of the enactment of this Act.

