

1. [IRC](#)
2. [Subtitle A](#)
3. [Chapter 1](#)
4. [Subchapter A](#)
5. [Part IV](#)
6. [Subpart B](#)
7. § 30a

Sec. 30A. Puerto Rico Economic Activity Credit [Repealed]

Editor's Note: Pub. L. 115-141, Div. U, Sec. 401(d)(1)(B), struck Sec. 30A, effective March 23, 2018.]

I.R.C. § 30A(a) Allowance Of Credit

I.R.C. § 30A(a)(1) In General —

Except as otherwise provided in this section, if the conditions of both paragraph (1) and paragraph (2) of subsection (b) are satisfied with respect to a qualified domestic corporation, there shall be allowed as a credit against the tax imposed by this chapter an amount equal to the portion of the tax which is attributable to the taxable income, from sources without the United States, from—

I.R.C. § 30A(a)(1)(A) —

the active conduct of a trade or business within Puerto Rico, or

I.R.C. § 30A(a)(1)(B) —

the sale or exchange of substantially all of the assets used by the taxpayer in the active conduct of such trade or business.

In the case of any taxable year beginning after December 31, 2001, the aggregate amount of taxable income taken into account under the preceding sentence (and in applying subsection (d)) shall not exceed the adjusted base period income of such corporation, as determined in the same manner as under section 936(j).

I.R.C. § 30A(a)(2) Qualified Domestic Corporation —

For purposes of paragraph (1), the term “qualified domestic corporation” means a domestic corporation—

I.R.C. § 30A(a)(2)(A) —

which is an existing credit claimant with respect to Puerto Rico, and

I.R.C. § 30A(a)(2)(B) —

with respect to which section 936(a)(4)(B) does not apply for the taxable year.

I.R.C. § 30A(a)(3) Separate Application —

For purposes of determining—

I.R.C. § 30A(a)(3)(A) —

whether a taxpayer is an existing credit claimant with respect to Puerto Rico, and

I.R.C. § 30A(a)(3)(B) —

the amount of the credit allowed under this section,

this section (and so much of section 936 as relates to this section) shall be applied separately with respect to Puerto Rico.

I.R.C. § 30A(b) Conditions Which Must Be Satisfied —

The conditions referred to in subsection (a) are—

I.R.C. § 30A(b)(1) 3-Year Period —

If 80 percent or more of the gross income of the qualified domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession (determined without regard to section 904(f)).

I.R.C. § 30A(b)(2) Trade Or Business —

If 75 percent or more of the gross income of the qualified domestic corporation for such period or such part thereof was derived from the active conduct of a trade or business within a possession.

I.R.C. § 30A(c) Credit Not Allowed Against Certain Taxes —

The credit provided by subsection (a) shall not be allowed against the tax imposed by—

I.R.C. § 30A(c)(1) —

section 531 (relating to the tax on accumulated earnings),

I.R.C. § 30A(c)(2) —

section 541 (relating to personal holding company tax), or

I.R.C. § 30A(c)(3) —

section 1351 (relating to recoveries of foreign expropriation losses).

I.R.C. § 30A(d) Limitations On Credit For Active Business Income —

The amount of the credit determined under subsection (a) for any taxable year shall not exceed the sum of the following amounts:

I.R.C. § 30A(d)(1) —

60 percent of the sum of—

I.R.C. § 30A(d)(1)(A) —

the aggregate amount of the qualified domestic corporation's qualified possession wages for such taxable year, plus

I.R.C. § 30A(d)(1)(B) —

the allocable employee fringe benefit expenses of the qualified domestic corporation for such taxable year.

I.R.C. § 30A(d)(2) —

The sum of—

I.R.C. § 30A(d)(2)(A) —

15 percent of the depreciation allowances for the taxable year with respect to short-life qualified tangible property,

I.R.C. § 30A(d)(2)(B) —

40 percent of the depreciation allowances for the taxable year with respect to medium-life qualified tangible property, and

I.R.C. § 30A(d)(2)(C) —

65 percent of the depreciation allowances for the taxable year with respect to long-life qualified tangible property.

I.R.C. § 30A(d)(3) —

If the qualified domestic corporation does not have an election to use the method described in section 936(h)(5)(C)(ii) (relating to profit split) in effect for the taxable year, the amount of the qualified possession income taxes for the taxable year allocable to nonsheltered income.

I.R.C. § 30A(e) Administrative Provisions —

For purposes of this title—

I.R.C. § 30A(e)(1) —

the provisions of section 936 (including any applicable election thereunder) shall apply in the same manner as if the credit under this section were a credit under section 936(a)(1)(A) for a domestic corporation to which section 936(a)(4)(A) applies,

I.R.C. § 30A(e)(2) —

the credit under this section shall be treated in the same manner as the credit under section 936, and

I.R.C. § 30A(e)(3) —

a corporation to which this section applies shall be treated in the same manner as if it were a corporation electing the application of section 936.

I.R.C. § 30A(f) Denial Of Double Benefit —

Any wages or other expenses taken into account in determining the credit under this section may not be taken into account in determining the credit under section 41.

I.R.C. § 30A(g) Definitions —

For purposes of this section, any term used in this section which is also used in section 936 shall have the same meaning given such term by section 936.

I.R.C. § 30A(h) Application Of Section —

This section shall apply to taxable years beginning after December 31, 1995, and before January 1, 2006.

(Added by Pub. L. 104-188, title I, 1601(b), Aug. 20, 1996, 110 Stat. 1755; Pub. L. 105-34, title XVI, Sec. 1601(f)(1)(A), Aug. 5, 1997, 111 Stat. 788; Pub. L. 106-554, Sec. 311, Dec. 21, 2000, 114 Stat. 2763; Pub. L. 113-295, Div. A, title II, Sec. 221(a)(12)(C), Dec. 19, 2014, 128 Stat. 4010; repeal by Pub. L. 115-141, Div. U, title IV, Sec. 401(d)(1)(B), Mar. 23, 2018, 132 Stat. 348.)

BACKGROUND NOTES

AMENDMENTS

2018 — Sec. 30A. Pub. L. 115-141, Div. U, Sec. 401(d)(1)(B), struck Sec. 30A.

2014 — Subsec. (c)(1)-(4). Pub. L. 113-295, Div. A, Sec. 221(a)(12)(C), amended subsec. (c) by striking par. (1) and by redesignating par. (2)-(4) as par. (1)-(3), respectively. Before being struck, par. (1) read as follows: “(1) section 59A (relating to environmental tax).”

2000 — Subsec. (f)-(g). Pub. L. 106-554, Sec. 311(a)(2), redesignated subsecs. (f) and (g) as (g) and (h), respectively, and added a new subsec. (f).

1997 — Sec. 30A. Pub. L. 105-34, Sec. 1601(f)(1)(A), substituted “Puerto Rico” for “Puerto Rican” in the heading.

EFFECTIVE DATE OF REPEAL

Effective March 23, 2018. Section 401(e) provided the following savings provision:

“(e) GENERAL SAVINGS PROVISION WITH RESPECT TO DEADWOOD PROVISIONS.--If--

“(1) any provision amended or repealed by the amendments made by subsection (b) or (d) applied to--

“(A) any transaction occurring before the date of the enactment of this Act,

“(B) any property acquired before such date of enactment, or

“(C) any item of income, loss, deduction, or credit taken into account before such date of enactment, and

“(2) the treatment of such transaction, property, or item under such provision would (without regard to the amendments or repeals made by such subsection) affect the liability for tax for periods ending after such date of enactment,

“nothing in the amendments or repeals made by this section shall be construed to affect the treatment of such transaction, property, or item for purposes of determining liability for tax for periods ending after such date of enactment.”

EFFECTIVE DATE OF 2014 AMENDMENTS

Amendments by Pub. L. 113-295, Div. A, Sec. 221(a)(12)(C), effective on the date of the enactment of this Act [Enacted: Dec. 19, 2014].

Section 221(b)(2) of Pub. L. 113-295, Div. A, provided the following Savings Provision:

“(2) SAVINGS PROVISION.—If—

“(A) any provision amended or repealed by the amendments made by this section applied to—

“(i) any transaction occurring before the date of the enactment of this Act [Enacted: Dec. 19, 2014],

“(ii) any property acquired before such date of enactment, or

“(iii) any item of income, loss, deduction, or credit taken into account before such date of enactment, and

“(B) the treatment of such transaction, property, or item under such provision would (without regard to the amendments or repeals made by this section) affect the liability for tax for periods ending after date of enactment, nothing in the amendments or repeals made by this section shall be construed to affect the treatment of such transaction, property, or item for purposes of determining liability for tax for periods ending after such date of enactment.”

EFFECTIVE DATE OF 2000 AMENDMENTS

Amendment by Sec. 311(a)(2) of Pub. L. 106-554 effective as if included in the provisions of the Ticket to Work and Work Incentives Improvement Act of 1999, Sec. 502, to which it relates [amounts paid or incurred after June 30, 1999].

EFFECTIVE DATE OF 1997 AMENDMENTS

Amendment by Sec. 1601(f)(1)(A) of Pub. L. 105-34 effective as if included in the provisions of the Small Business Job Protection Act of 1996 to which it relates.

EFFECTIVE DATE

Effective, except as otherwise provided, for taxable years beginning after December 31, 1995. Sec. 1601(c) (2) and (3) provide special rules:

“(2) Special rule for qualified possession source investment income.--The amendments made by this section shall not apply to qualified possession source investment income received or accrued before July 1, 1996, without regard to the taxable year in which received or accrued.

(3) Special transition rule for payment of estimated tax installment.--In determining the amount of any installment due under section 6655 of the Internal Revenue Code of 1986 after the date of the enactment of this Act and before October 1, 1996, only 1/2 of any increase in tax (for the taxable year for which such installment is made) by reason of the amendments made by subsections (a) and (b) shall be taken into account. Any reduction in such installment by reason of the preceding sentence shall be recaptured by increasing the next required installment for such year by the amount of such reduction.”

AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT

Section 119 of Pub. L. 109-432, as amended by Pub. L. 110-343, Div. C, Sec. 309(a), Pub. L. 111-312, Sec. 756, Pub. L. 112-240, Sec. 330, Pub. L. 113-295, Div. A, Sec. 141(a), Pub. L. 114-113, Div. Q, Sec. 173(a), Pub. L. 115-123, Sec. 40312, Pub. L. 116-94, Div. Q, Sec. 119 (effective for taxable years beginning after December 31, 2017), and Pub. L. 116-260, Div. EE, Sec. 139(a) (effective for taxable years beginning after December 31, 2020), provided that:

“(a) IN GENERAL.—For purposes of section 30A of the Internal Revenue Code of 1986, a domestic corporation shall be treated as a qualified domestic corporation to which such section applies if—

“(1) in the case of a taxable year beginning before January 1, 2012, such corporation—

“(A) is an existing credit claimant with respect to American Samoa, and

“(B) elected the application of section 936 of the Internal Revenue Code of 1986 for its last taxable year beginning before January 1, 2006, and

“(2) in the case of a taxable year beginning after December 31, 2011, such corporation meets the requirements of subsection (e).”

“(b) SPECIAL RULES FOR APPLICATION OF SECTION.—The following rules shall apply in applying section 30A of the Internal Revenue Code of 1986 for purposes of this section:

“(1) AMOUNT OF CREDIT.—Notwithstanding section 30A(a)(1) of such Code, the amount of the credit determined under section 30A(a)(1) of such Code for any taxable year shall be the amount determined under section 30A(d) of such Code, except that section 30A(d) shall be applied without regard to paragraph (3) thereof.

“(2) SEPARATE APPLICATION.—In applying section 30A(a)(3) of such Code in the case of a corporation treated as a qualified domestic corporation by reason of this section, section 30A of such Code (and so much of section 936 of such Code as relates to such section 30A) shall be applied separately with respect to American Samoa.

“(3) FOREIGN TAX CREDIT ALLOWED.—Notwithstanding section 30A(e) of such Code, the provisions of section 936(c) of such Code shall not apply with respect to the credit allowed by reason of this section.

“(c) DEFINITIONS.—For purposes of this section, any term which is used in this section which is also used in section 30A or 936 of such Code shall have the same meaning given such term by such section 30A or 936.

“(d) APPLICATION OF SECTION.—Notwithstanding section 30A(h) or section 936(j) of such Code, this section (and so much of section 30A and section 936 of such Code as relates to this section) shall apply—

“(1) in the case of a corporation that meets the requirements of subparagraphs (A) and (B) of subsection (a)(1), to the first 16 taxable years of such corporation which begin after December 31, 2006, and before January 1, 2022, and

“(2) in the case of a corporation that does not meet the requirements of subparagraphs (A) and (B) of subsection (a)(1), to the first 10 taxable years of such corporation which begin after December 31, 2011, and before January 1, 2022.

“In the case of a corporation described in subsection (a)(2), the Internal Revenue Code of 1986 shall be applied and administered without regard to the amendments made by section 401(d)(1) of the Tax Technical Corrections Act of 2018.

“(e) QUALIFIED PRODUCTION ACTIVITIES INCOME REQUIREMENT.—A corporation meets the requirement of this subsection if such corporation has qualified production activities income, as defined in subsection (c) of section 199 of the Internal Revenue Code of 1986 (as in effect before its repeal), determined by substituting ‘American Samoa’ for ‘the United States’ each place it appears in paragraphs (3), (4), and (6) of such subsection (c), for the taxable year. References in this subsection to section 199 of the Internal Revenue Code of 1986 shall be treated as references to such section as in effect before its repeal.”

Bloomberg

Tax

MORE INFORMATION

-
- [About Us](#)
 - [Contact Us](#)

- 1-833-697-9559
- help@bloombergtax.com

[Copyright](#) © 2023 Bloomberg Industry Group, Inc. All Rights Reserved

- [Terms & Conditions](#)
- [Privacy Policy](#)
- [Bloomberg.com](#)
- [Accessibility](#)