

118TH CONGRESS
1ST SESSION

H. R. 3996

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

JUNE 9, 2023

Ms. VAN DUYNE (for herself, Mr. BUCHANAN, Mr. CAREY, Mr. KUSTOFF, Ms. MALLIOTAKIS, and Mr. ARRINGTON) introduced the following bill; which was referred to the Committee on Ways and Means

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) except as provided in paragraph (3),
5 any entity if persons described in subparagraph
6 (A), (B), or (C) (in the aggregate) 10-percent
7 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) EXCEPTION FOR CERTAIN PUBLICLY
18 TRADED CORPORATIONS.—

19 “(A) IN GENERAL.—An entity shall not be
20 treated as described in paragraph (1)(D) if—

21 “(i) such entity is a specified publicly
22 traded corporation, or

23 “(ii) specified publicly traded corpora-
24 tions (in the aggregate) control such enti-
25 ty.

1 “(B) SPECIFIED PUBLICLY TRADED COR-
2 PORATION.—

3 “(i) IN GENERAL.—The term ‘speci-
4 fied publicly traded corporation’ means any
5 corporation if—

6 “(I) the stock of such corporation
7 is regularly traded on an established
8 securities market located in the
9 United States, and

10 “(II) specified disqualified per-
11 sons do not (in the aggregate) control
12 such corporation.

13 “(ii) SPECIFIED DISQUALIFIED PER-
14 SONS.—The term ‘specified disqualified
15 persons’ means, with respect to any cor-
16 poration referred to in clause (i), any per-
17 son which—

18 “(I) is described in subparagraph
19 (A), (B), or (C) of paragraph (1), and

20 “(II) has 10-percent control such
21 entity.

22 “(c) PRORATED TAX ON ACQUISITIONS BY ENTITIES
23 NOT MORE THAN 50 PERCENT CONTROLLED BY DIS-
24 QUALIFIED PERSONS.—

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

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

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

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

24 “(2) 10-PERCENT CONTROL.—The term ‘10-
25 percent control’ means control (as defined in para-

1 graph (1)), determined by substituting ‘10 percent’
2 for ‘50 percent’ both places it appears in section
3 954(d)(3).

4 “(e) UNITED STATES AGRICULTURAL INTEREST.—
5 For purposes of this section—

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

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

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

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

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

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

1 “(A) agricultural land as defined in section
2 9 of the Agricultural Foreign Investment Dis-
3 closure Act of 1978 (7 U.S.C. 3508), and

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

8 (b) REPORTING REQUIREMENTS.—

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

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

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

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

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

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

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

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

11 “(2) the information described in paragraphs
12 (1), (2), and (3) of subsection (a) which relates to
13 such disqualified person.

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

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

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

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

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

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

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

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

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

10 (B) in paragraph (2), by striking “or” at
 11 the end of subparagraph (KK), by striking the
 12 period at the end of subparagraph (LL) and in-
 13 serting “, or”, and by inserting after subpara-
 14 graph (LL) the following new subparagraph:

15 “(MM) subsection (b) or (e) of section
 16 6055AA (relating to statements relating to ac-
 17 quisition of United States agricultural interests
 18 by disqualified persons).”.

19 (c) CLERICAL AMENDMENTS.—

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

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

23 (2) The table of sections for subpart B of part
 24 III of subchapter A of chapter 61 of such Code is

1 amended by adding at the end the following new
2 item:

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

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

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