

115TH CONGRESS
1ST SESSION

H. R. 2181

To amend the Internal Revenue Code of 1986 to permit the consolidation
of life insurance companies with other companies.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2017

Mr. TIBERI (for himself, Mr. LARSON of Connecticut, Mr. PAULSEN, and Mr.
REED) 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 permit
the consolidation of life insurance companies with other
companies.

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 “Insurance Company
5 Tax Modernization and Parity Act of 2017”.

6 **SEC. 2. CONSOLIDATION OF LIFE INSURANCE COMPANIES**
7 **WITH OTHER COMPANIES PERMITTED.**

8 (a) IN GENERAL.—Section 1504(b) of the Internal
9 Revenue Code of 1986 is amended by striking paragraph

1 (2) and by redesignating paragraphs (3) through (8) as
2 paragraphs (2) through (7), respectively.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 1503 of the Internal Revenue Code
5 of 1986 is amended by striking subsection (c) and
6 by redesignating subsections (d), (e), and (f) as sub-
7 sections (c), (d), and (e), respectively.

8 (2) Section 1504 of such Code is amended by
9 striking subsection (c) and by redesignating sub-
10 sections (d), (e), and (f) as subsections (c), (d), and
11 (e), respectively.

12 (3) Section 243(b)(2)(A) of such Code is
13 amended by striking “sections 1504(b)(2),
14 1504(b)(4), and 1504(c)” and inserting “section
15 1504(b)(3)”.

16 (4) Section 805(a)(4)(E) of such Code is
17 amended by striking “1504(b)(3)” and inserting
18 “1504(b)(2)”.

19 (5) Section 818(e)(1) of such Code is amended
20 to read as follows:

21 “(1) ITEMS OF COMPANIES OTHER THAN IN-
22 SURANCE COMPANIES.—If an affiliated group in-
23 cludes members which are and which are not taxed
24 under section 801, all items of the members of such
25 group which are not taxed under section 801 shall

1 not be taken into account in determining the amount
2 of the tentative LICTI of members of such group
3 which are taxed under section 801.”.

4 (6) Section 832(b)(5)(D)(ii)(II) of such Code is
5 amended by striking “1504(b)(3)” and inserting
6 “1504(b)(2)”.

7 (7) Section 864(e)(5)(A) of such Code is
8 amended by striking “paragraph (4)” and inserting
9 “paragraph (3)”.

10 (8) Section 936(i)(5)(A) of such Code is
11 amended by striking “section 1504(b)(3) or (4)”
12 and inserting “section 1504(b)(2) or (3)”.

13 (9) Section 952(c)(1)(B)(vii)(II) of such Code
14 is amended by striking “1504(b)(3)” and inserting
15 “1504(b)(2)”.

16 (10) Section 953(d)(3) of such Code is amend-
17 ed by striking “1503(d)” and inserting “1503(c)”.

18 (11) Section 954(h)(4)(F)(ii) of such Code is
19 amended by striking “1504(b)(3)” and inserting
20 “1504(b)(2)”.

21 (12) Section 6166(b)(10)(B)(ii)(V) of such
22 Code is amended by striking “1504(b)(3)” and in-
23 serting “1504(b)(2)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. 3. PHASE-IN OF APPLICATION OF CERTAIN LOSSES**
5 **AGAINST INCOME OF INSURANCE COMPA-**
6 **NIES.**

7 (a) PHASE-IN.—

8 (1) IN GENERAL.—For taxable years beginning
9 after December 31, 2017, and before January 1,
10 2024, if—

11 (A) an affiliated group includes one or
12 more domestic insurance companies subject to
13 tax under section 801 of the Internal Revenue
14 Code of 1986; and

15 (B) the consolidated taxable income of the
16 members of the group not taxed under such
17 section 801 results in a consolidated net oper-
18 ating loss for such taxable year,

19 then, under regulations prescribed by the Secretary
20 of the Treasury or his delegate, the amount of such
21 loss (including carryovers from years prior to the ef-
22 fective date of this provision) which cannot be ab-
23 sorbed in the applicable carryback periods against
24 the taxable income of such members not taxed under
25 such section 801 shall be taken into account in de-

1 termining the consolidated taxable income of the af-
 2 filiated group for such taxable year to the extent of
 3 the applicable percentage of such loss or the applica-
 4 ble percentage of the taxable income of the members
 5 taxed under such section 801, whichever is less. The
 6 unused portion of such loss shall be available as a
 7 carryover, subject to the same limitations (but deter-
 8 mined based on the applicable percentage with re-
 9 spect to the year to which carried and applicable to
 10 the sum of the loss for the carryover year and the
 11 loss (or losses) carried over to such year), in applica-
 12 ble carryover years.

13 (2) APPLICABLE PERCENTAGE.—For purposes
 14 of paragraph (1), the applicable percentage shall be
 15 determined in accordance with the following table:

For taxable years beginning in:	The applicable percentage is:
2018	40
2019	50
2020	60
2021	70
2022	80
2023	90.

16 (b) NO CARRYBACK BEFORE JANUARY 1, 2018.—To
 17 the extent that a consolidated net operating loss is allowed
 18 or increased by reason of this section or the amendments
 19 made by this Act, such loss (or increase in such loss, as
 20 the case may be) may not be carried back to a taxable
 21 year beginning before January 1, 2018.

1 (c) NONTERMINATION OF GROUP.—No affiliated
2 group shall terminate solely as a result of this section or
3 the amendments made by this Act.

4 (d) SUBSIDIARY STOCK BASIS ADJUSTMENTS.—A
5 member corporation's basis in the stock of a subsidiary
6 corporation shall be adjusted upon consolidation to reflect
7 the preconsolidation income, gain, deduction, loss, dis-
8 tributions, and other relevant amounts during a period
9 when such corporations were members of an affiliated
10 group (determined without regard to section 1504(b)(2)
11 of the Internal Revenue Code of 1986 as in effect on the
12 day before the date of enactment of this Act) but were
13 not included in a consolidated return of such group by op-
14 eration of section 1504(c)(2)(A) of such Code (as in effect
15 on the day before the date of the enactment of this Act).

16 (e) WAIVER OF 5-YEAR WAITING PERIOD.—An auto-
17 matic waiver from the 5-year waiting period for reconsoli-
18 dation provided in section 1504(a)(3) of the Internal Rev-
19 enue Code of 1986 shall be granted to any corporation
20 which was previously an includible corporation but was
21 subsequently deemed a nonincludible corporation as a re-
22 sult of becoming a subsidiary of a corporation which was
23 not an includible corporation solely by operation of section
24 1504(c)(2) of such Code (as in effect on the day before

- 1 the date of enactment of this Act), subject to such condi-
- 2 tions as the Secretary may prescribe.

