

# **H.R. 1769**

## *Job Protection Act of 2003*

### **Sponsored by:**

- Rep. Phil Crane (R-IL)
- Rep. Charles Rangel (D-NY)
- Rep. Donald Manzullo (R-IL)

### **Summary:**

- Amends the Internal Revenue Code to repeal the foreign sales corporation/extraterritorial income (FSC/ETI) exclusion, with an exemption for certain binding contracts in effect before the date of enactment of this Act.
- Permits a foreign corporation that elected to be treated as a domestic corporation to revoke such election and be treated as a domestic corporation transferring its property to a foreign corporation with no gain recognized on such transfer.
- Provides: (1) a transitional 2004 through 2008 sliding-scale deduction for an FSC/ETI beneficiary based on the corporation's 2001 FSC/ETI benefit; and (2) special rules for 2003 and for fiscal year taxpayers. Defines "FSC/ETI benefit."
- Allows a deduction for income attributable to U.S. production activities equal to ten percent of qualified production activities. Provides a 2006 through 2009 phase-in period. Defines "qualified production activities" as: (1) the portion of the modified taxable income attributable to domestic activities; and (2) the domestic/foreign fraction.
- Sets forth related provisions with respect to: (1) determination of income attributable to domestic production activities; (2) domestic production gross receipts; (3) qualifying production property; (4) domestic/foreign fraction; and (5) special rules.