



AMENDMENT NO. \_\_\_\_\_

Calendar No. \_\_\_\_\_

Purpose: To amend the Internal Revenue Code of 1986 to modify the tax treatment of Alaska Native Corporations and settlement trusts.

IN THE SENATE OF THE UNITED STATES—115th Cong., 1st Sess.

**H. R. 1****AMENDMENT N<sup>o</sup> 1630**By MurkowskiTo: Amot No 161813**Page(s)**

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. MURKOWSKI  
proposed by

to the amendment (NO. \_\_\_\_\_)

Viz:

1 Strike section 13821 and insert the following:

2 **SEC. 13821. MODIFICATION OF TAX TREATMENT OF ALASKA**

3 **NATIVE CORPORATIONS AND SETTLEMENT**

4 **TRUSTS.**

5 (a) EXCLUSION FOR ANCSA PAYMENTS ASSIGNED  
6 TO ALASKA NATIVE SETTLEMENT TRUSTS.—

7 (1) IN GENERAL.—Part III of subchapter B of  
8 chapter 1 is amended by inserting before section 140  
9 the following new section:

1   **“SEC. 139G. ASSIGNMENTS TO ALASKA NATIVE SETTLE-**  
2                           **MENT TRUSTS.**

3           “(a) IN GENERAL.—In the case of a Native Corpora-  
4   tion, gross income shall not include the value of any pay-  
5   ments that would otherwise be made, or treated as being  
6   made, to such Native Corporation pursuant to, or as re-  
7   quired by, any provision of the Alaska Native Claims Set-  
8   tlement Act (43 U.S.C. 1601 et seq.), including any pay-  
9   ment that would otherwise be made to a Village Corpora-  
10   tion pursuant to section 7(j) of the Alaska Native Claims  
11   Settlement Act (43 U.S.C. 1606(j)), provided that any  
12   such payments—

13           “(1) are assigned in writing to a Settlement  
14   Trust, and

15           “(2) were not received by such Native Corpora-  
16   tion prior to the assignment described in paragraph  
17   (1).

18           “(b) INCLUSION IN GROSS INCOME.—In the case of  
19   a Settlement Trust which has been assigned payments de-  
20   scribed in subsection (a), gross income shall include such  
21   payments when received by such Settlement Trust pursu-  
22   ant to the assignment and shall have the same character  
23   as if such payments were received by the Native Corpora-  
24   tion.

25           “(c) AMOUNT AND SCOPE OF ASSIGNMENT.—The  
26   amount and scope of any assignment under subsection (a)

1 shall be described with reasonable particularity and may  
2 either be in a percentage of one or more such payments  
3 or in a fixed dollar amount.

4 “(d) DURATION OF ASSIGNMENT; REVOCABILITY.—

5 Any assignment under subsection (a) shall specify—

6 “(1) a duration either in perpetuity or for a pe-  
7 riod of time, and

8 “(2) whether such assignment is revocable.

9 “(e) PROHIBITION ON DEDUCTION.—Notwith-  
10 standing section 247, no deduction shall be allowed to a  
11 Native Corporation for purposes of any amounts described  
12 in subsection (a).

13 “(f) DEFINITIONS.—For purposes of this section, the  
14 terms ‘Native Corporation’ and ‘Settlement Trust’ have  
15 the same meaning given such terms under section  
16 646(h).”.

17 (2) CONFORMING AMENDMENT.—The table of  
18 sections for part III of subchapter B of chapter 1  
19 is amended by inserting before the item relating to  
20 section 140 the following new item:

“Sec. 139G. Assignments to Alaska Native Settlement Trusts.”.

21 (3) EFFECTIVE DATE.—The amendments made  
22 by this subsection shall apply to taxable years begin-  
23 ning after December 31, 2016.

24 (b) DEDUCTION OF CONTRIBUTIONS TO ALASKA NA-  
25 TIVE SETTLEMENT TRUSTS.—

1           (1) IN GENERAL.—Part VIII of subchapter B  
2           of chapter 1 is amended by inserting before section  
3           248 the following new section:

4   **“SEC. 247. CONTRIBUTIONS TO ALASKA NATIVE SETTLE-**  
5                           **MENT TRUSTS.**

6           “(a) IN GENERAL.—In the case of a Native Corpora-  
7           tion, there shall be allowed a deduction for any contribu-  
8           tions made by such Native Corporation to a Settlement  
9           Trust (regardless of whether an election under section 646  
10          is in effect for such Settlement Trust) for which the Na-  
11          tive Corporation has made an annual election under sub-  
12          section (e).

13          “(b) AMOUNT OF DEDUCTION.—The amount of the  
14          deduction under subsection (a) shall be equal to—

15               “(1) in the case of a cash contribution (regard-  
16               less of the method of payment, including currency,  
17               coins, money order, or check), the amount of such  
18               contribution, or

19               “(2) in the case of a contribution not described  
20               in paragraph (1), the lesser of—

21                       “(A) the Native Corporation’s adjusted  
22                       basis in the property contributed, or

23                       “(B) the fair market value of the property  
24                       contributed.

25          “(c) LIMITATION AND CARRYOVER.—

1           “(1) IN GENERAL.—Subject to paragraph (2),  
2       the deduction allowed under subsection (a) for any  
3       taxable year shall not exceed the taxable income (as  
4       determined without regard to such deduction) of the  
5       Native Corporation for the taxable year in which the  
6       contribution was made.

7           “(2) CARRYOVER.—If the aggregate amount of  
8       contributions described in subsection (a) for any tax-  
9       able year exceeds the limitation under paragraph  
10      (1), such excess shall be treated as a contribution  
11      described in subsection (a) in each of the 15 suc-  
12      ceeding years in order of time.

13          “(d) DEFINITIONS.—For purposes of this section, the  
14      terms ‘Native Corporation’ and ‘Settlement Trust’ have  
15      the same meaning given such terms under section 646(h).

16          “(e) MANNER OF MAKING ELECTION.—

17               “(1) IN GENERAL.—For each taxable year, a  
18      Native Corporation may elect to have this section  
19      apply for such taxable year on the income tax return  
20      or an amendment or supplement to the return of the  
21      Native Corporation, with such election to have effect  
22      solely for such taxable year.

23               “(2) REVOCATION.—Any election made by a  
24      Native Corporation pursuant to this subsection may  
25      be revoked pursuant to a timely filed amendment or

1 supplement to the income tax return of such Native  
2 Corporation.

3 “(f) ADDITIONAL RULES.—

4 “(1) EARNINGS AND PROFITS.—Notwith-  
5 standing section 646(d)(2), in the case of a Native  
6 Corporation which claims a deduction under this sec-  
7 tion for any taxable year, the earnings and profits  
8 of such Native Corporation for such taxable year  
9 shall be reduced by the amount of such deduction.

10 “(2) GAIN OR LOSS.—No gain or loss shall be  
11 recognized by the Native Corporation with respect to  
12 a contribution of property for which a deduction is  
13 allowed under this section.

14 “(3) INCOME.—Subject to subsection (g), a Set-  
15 tlement Trust shall include in income the amount of  
16 any deduction allowed under this section in the tax-  
17 able year in which the Settlement Trust actually re-  
18 ceives such contribution.

19 “(4) PERIOD.—The holding period under sec-  
20 tion 1223 of the Settlement Trust shall include the  
21 period the property was held by the Native Corpora-  
22 tion.

23 “(5) BASIS.—The basis that a Settlement Trust  
24 has for which a deduction is allowed under this sec-  
25 tion shall be equal to the lesser of—

1                   “(A) the adjusted basis of the Native Cor-  
2                   poration in such property immediately before  
3                   such contribution, or

4                   “(B) the fair market value of the property  
5                   immediately before such contribution.

6                   “(6) PROHIBITION.—No deduction shall be al-  
7                   lowed under this section with respect to any con-  
8                   tributions made to a Settlement Trust which are in  
9                   violation of subsection (a)(2) or (c)(2) of section 39  
10                  of the Alaska Native Claims Settlement Act (43  
11                  U.S.C. 1629e).

12                  “(g) ELECTION BY SETTLEMENT TRUST TO DEFER  
13                  INCOME RECOGNITION.—

14                  “(1) IN GENERAL.—In the case of a contribu-  
15                  tion which consists of property other than cash, a  
16                  Settlement Trust may elect to defer recognition of  
17                  any income related to such property until the sale or  
18                  exchange of such property, in whole or in part, by  
19                  the Settlement Trust.

20                  “(2) TREATMENT.—In the case of property de-  
21                  scribed in paragraph (1), any income or gain real-  
22                  ized on the sale or exchange of such property shall  
23                  be treated as—

24                  “(A) for such amount of the income or  
25                  gain as is equal to or less than the amount of

1 income which would be included in income at  
2 the time of contribution under subsection (f)(3)  
3 but for the taxpayer's election under this sub-  
4 section, ordinary income, and

5 “(B) for any amounts of the income or  
6 gain which are in excess of the amount of in-  
7 come which would be included in income at the  
8 time of contribution under subsection (f)(3) but  
9 for the taxpayer's election under this sub-  
10 section, having the same character as if this  
11 subsection did not apply.

12 “(3) ELECTION.—

13 “(A) IN GENERAL.—For each taxable year,  
14 a Settlement Trust may elect to apply this sub-  
15 section for any property described in paragraph  
16 (1) which was contributed during such year.  
17 Any property to which the election applies shall  
18 be identified and described with reasonable par-  
19 ticularity on the income tax return or an  
20 amendment or supplement to the return of the  
21 Settlement Trust, with such election to have ef-  
22 fect solely for such taxable year.

23 “(B) REVOCATION.—Any election made by  
24 a Settlement Trust pursuant to this subsection  
25 may be revoked pursuant to a timely filed

1 amendment or supplement to the income tax re-  
2 turn of such Settlement Trust.

3 “(C) CERTAIN DISPOSITIONS.—

4 “(i) IN GENERAL.—In the case of any  
5 property for which an election is in effect  
6 under this subsection and which is dis-  
7 posed of within the first taxable year sub-  
8 sequent to the taxable year in which such  
9 property was contributed to the Settlement  
10 Trust—

11 “(I) this section shall be applied  
12 as if the election under this subsection  
13 had not been made,

14 “(II) any income or gain which  
15 would have been included in the year  
16 of contribution under subsection (f)(3)  
17 but for the taxpayer’s election under  
18 this subsection shall be included in in-  
19 come for the taxable year of such con-  
20 tribution, and

21 “(III) the Settlement Trust shall  
22 pay any increase in tax resulting from  
23 such inclusion, including any applica-  
24 ble interest, and increased by 10 per-

1 cent of the amount of such increase  
2 with interest.

3 “(ii) ASSESSMENT.—Notwithstanding  
4 section 6501(a), any amount described in  
5 subclause (III) of clause (i) may be as-  
6 sessed, or a proceeding in court with re-  
7 spect to such amount may be initiated  
8 without assessment, within 4 years after  
9 the date on which the return making the  
10 election under this subsection for such  
11 property was filed.”.

12 (2) CONFORMING AMENDMENT.—The table of  
13 sections for part VIII of subchapter B of chapter 1  
14 is amended by inserting before the item relating to  
15 section 248 the following new item:

“Sec. 247. Contributions to Alaska Native Settlement Trusts.”.

16 (3) EFFECTIVE DATE.—

17 (A) IN GENERAL.—The amendments made  
18 by this subsection shall apply to taxable years  
19 for which the period of limitation on refund or  
20 credit under section 6511 of the Internal Rev-  
21 enue Code of 1986 has not expired.

22 (B) ONE-YEAR WAIVER OF STATUTE OF  
23 LIMITATIONS.—If the period of limitation on a  
24 credit or refund resulting from the amendments  
25 made by paragraph (1) expires before the end

1 of the 1-year period beginning on the date of  
2 the enactment of this Act, refund or credit of  
3 such overpayment (to the extent attributable to  
4 such amendments) may, nevertheless, be made  
5 or allowed if claim therefor is filed before the  
6 close of such 1-year period.

7 (c) INFORMATION REPORTING FOR DEDUCTIBLE  
8 CONTRIBUTIONS TO ALASKA NATIVE SETTLEMENT  
9 TRUSTS.—

10 (1) IN GENERAL.—Section 6039H is amend-  
11 ed—

12 (A) in the heading, by striking “**SPON-**  
13 **SORING**”, and

14 (B) by adding at the end the following new  
15 subsection:

16 “(e) DEDUCTIBLE CONTRIBUTIONS BY NATIVE COR-  
17 PORATIONS TO ALASKA NATIVE SETTLEMENT TRUSTS.—

18 “(1) IN GENERAL.—Any Native Corporation (as  
19 defined in subsection (m) of section 3 of the Alaska  
20 Native Claims Settlement Act (43 U.S.C. 1602(m)))  
21 which has made a contribution to a Settlement  
22 Trust (as defined in subsection (t) of such section)  
23 to which an election under subsection (e) of section  
24 247 applies shall provide such Settlement Trust with  
25 a statement regarding such election not later than

1 January 31 of the calendar year subsequent to the  
2 calendar year in which the contribution was made.

3 “(2) CONTENT OF STATEMENT.—The state-  
4 ment described in paragraph (1) shall include—

5 “(A) the total amount of contributions to  
6 which the election under subsection (e) of sec-  
7 tion 247 applies,

8 “(B) for each contribution, whether such  
9 contribution was in cash,

10 “(C) for each contribution which consists  
11 of property other than cash, the date that such  
12 property was acquired by the Native Corpora-  
13 tion and the adjusted basis and fair market  
14 value of such property on the date such prop-  
15 erty was contributed to the Settlement Trust,

16 “(D) the date on which each contribution  
17 was made to the Settlement Trust, and

18 “(E) such information as the Secretary de-  
19 termines to be necessary or appropriate for the  
20 identification of each contribution and the accu-  
21 rate inclusion of income relating to such con-  
22 tributions by the Settlement Trust.”.

23 (2) CONFORMING AMENDMENT.—The item re-  
24 lating to section 6039H in the table of sections for

1       subpart A of part III of subchapter A of chapter 61  
2       is amended to read as follows:

“Sec. 6039H. Information With Respect to Alaska Native Settlement Trusts  
and Native Corporations.”.

3               (3) EFFECTIVE DATE.—The amendments made  
4       by this subsection shall apply to taxable years begin-  
5       ning after December 31, 2016.