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# SELECTED US TAX DEVELOPMENTS

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## INTEREST-STRIPPING CHANGES AFFECTING US CORPORATIONS SEEM LIKELY; ONLY THE DETAILS REMAIN OPAQUE

*Peter A. Glicklich and Abraham Leitner\**

The proposed changes to the interest-stripping rules of Internal Revenue Code section 163(j) included in last session's Thomas bill were not enacted. Yet Congress and the Bush administration appear intent on tightening those rules, as well as blocking inversions, repealing export incentives, and easing subpart F inclusions.

**KEYWORDS:** INTEREST ■ INTEREST DEDUCTIBILITY ■ CROSS BORDER ■ DEBT TO EQUITY RATIO

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1 Internal Revenue Code of 1986, as amended (herein referred to as "the Code"). Unless otherwise stated, statutory references in this article are to the Code.

2 Peter A. Glicklich and Abraham Leitner, "Thomas Bill Currently Pending in Congress Includes Many Important Foreign Tax and Other Legislative Proposals" (2002) vol. 50, no. 6 *Canadian Tax Journal* 2195-2202. The Thomas bill was formally known as the American Competitiveness and Corporate Accountability Act of 2002, HR 5095, 107th Cong., 2d sess. (2002).