

any tax imposed by a possession of the United States with respect to the complete liquidation occurring before January 1, 1979, of a corporation to the extent that such tax is attributable to earnings and profits accumulated by such corporation during periods ending before January 1, 1976.”

**[§ 28. Renumbered § 45C]**

**[§ 29. Renumbered § 45K]**

**[§ 30. Repealed. Pub. L. 113-295, div. A, title II, § 221(a)(2)(A), Dec. 19, 2014, 128 Stat. 4037]**

Section, added Pub. L. 102-486, title XIX, § 1913(b)(1), Oct. 24, 1992, 106 Stat. 3019; amended Pub. L. 104-188, title I, §§ 1205(d)(4), 1704(j)(4)(A), Aug. 20, 1996, 110 Stat. 1776, 1881; Pub. L. 107-147, title VI, § 602(a), Mar. 9, 2002, 116 Stat. 59; Pub. L. 108-311, title III, § 318(a), Oct. 4, 2004, 118 Stat. 1182; Pub. L. 109-58, title XIII, § 1322(a)(3)(A), Aug. 8, 2005, 119 Stat. 1011; Pub. L. 111-5, div. B, title I, § 1142(a), Feb. 17, 2009, 123 Stat. 328; Pub. L. 111-148, title X, § 10909(b)(2)(F), (c), Mar. 23, 2010, 124 Stat. 1023; Pub. L. 111-312, title I, § 101(b)(1), Dec. 17, 2010, 124 Stat. 3298; Pub. L. 112-240, title I, § 104(c)(2)(G), Jan. 2, 2013, 126 Stat. 2322; Pub. L. 113-295, div. A, title II, § 209(f)(2), Dec. 19, 2014, 128 Stat. 4028, related to certain plug-in electric vehicles.

A prior section 30 was renumbered section 41 of this title.

**EFFECTIVE DATE OF REPEAL**

Repeal effective Dec. 19, 2014, subject to a savings provision, see section 221(b) of Pub. L. 113-295, set out as an Effective Date of 2014 Amendment note under section 1 of this title.

**§ 30A. Puerto Rico economic activity credit**

**(a) Allowance of credit**

**(1) In general**

Except as otherwise provided in this section, if the conditions of both paragraph (1) and paragraph (2) of subsection (b) are satisfied with respect to a qualified domestic corporation, there shall be allowed as a credit against the tax imposed by this chapter an amount equal to the portion of the tax which is attributable to the taxable income, from sources without the United States, from—

(A) the active conduct of a trade or business within Puerto Rico, or

(B) the sale or exchange of substantially all of the assets used by the taxpayer in the active conduct of such trade or business.

In the case of any taxable year beginning after December 31, 2001, the aggregate amount of taxable income taken into account under the preceding sentence (and in applying subsection (d)) shall not exceed the adjusted base period income of such corporation, as determined in the same manner as under section 936(j).

**(2) Qualified domestic corporation**

For purposes of paragraph (1), the term “qualified domestic corporation” means a domestic corporation—

(A) which is an existing credit claimant with respect to Puerto Rico, and

(B) with respect to which section 936(a)(4)(B) does not apply for the taxable year.

**(3) Separate application**

For purposes of determining—

(A) whether a taxpayer is an existing credit claimant with respect to Puerto Rico, and  
(B) the amount of the credit allowed under this section,

this section (and so much of section 936 as relates to this section) shall be applied separately with respect to Puerto Rico.

**(b) Conditions which must be satisfied**

The conditions referred to in subsection (a) are—

**(1) 3-year period**

If 80 percent or more of the gross income of the qualified domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession (determined without regard to section 904(f)).

**(2) Trade or business**

If 75 percent or more of the gross income of the qualified domestic corporation for such period or such part thereof was derived from the active conduct of a trade or business within a possession.

**(c) Credit not allowed against certain taxes**

The credit provided by subsection (a) shall not be allowed against the tax imposed by—

(1) section 531 (relating to the tax on accumulated earnings),

(2) section 541 (relating to personal holding company tax), or

(3) section 1351 (relating to recoveries of foreign expropriation losses).

**(d) Limitations on credit for active business income**

The amount of the credit determined under subsection (a) for any taxable year shall not exceed the sum of the following amounts:

(1) 60 percent of the sum of—

(A) the aggregate amount of the qualified domestic corporation’s qualified possession wages for such taxable year, plus

(B) the allocable employee fringe benefit expenses of the qualified domestic corporation for such taxable year.

(2) The sum of—

(A) 15 percent of the depreciation allowances for the taxable year with respect to short-life qualified tangible property,

(B) 40 percent of the depreciation allowances for the taxable year with respect to medium-life qualified tangible property, and

(C) 65 percent of the depreciation allowances for the taxable year with respect to long-life qualified tangible property.

(3) If the qualified domestic corporation does not have an election to use the method described in section 936(h)(5)(C)(ii) (relating to profit split) in effect for the taxable year, the amount of the qualified possession income taxes for the taxable year allocable to non-sheltered income.

**(e) Administrative provisions**

For purposes of this title—

(1) the provisions of section 936 (including any applicable election thereunder) shall