IN THE SENATE OF THE UNITED STATES

Mr. Menendez (for himself, Mr. Risch, Mr. Van Hollen, and Mr. Romney) introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To authorize negotiation and conclusion and to provide for congressional consideration of a tax agreement between the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office (TECRO).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Taiwan Tax Agreement Act of 2023”.

SEC. 2. FINDINGS.

Congress makes the following findings:
(1) The United States has entered into tax treaties covering 65 jurisdictions, which facilitate economic activity, strengthen bilateral cooperation, and benefit United States businesses and other United States taxpayers.

(2) Taiwan is a one of the largest trading partners of the United States and one of the world’s largest economies, and further bolstering economic ties between the United States and Taiwan remains critical, especially given Taiwan’s strategic importance and the increasing threat posed by the People’s Republic of China.

(3) A tax agreement with Taiwan would play a key role in facilitating and promoting increased bilateral investment and trade between the United States and Taiwan, fortifying the relationship between the two more generally, and encouraging other nations to increase their economic linkages to Taiwan.

SEC. 3. AUTHORIZATION TO NEGOTIATE AND CONCLUDE.

(a) In General.—The President is authorized to negotiate and enter into a tax agreement relative to Taiwan through the American Institute in Taiwan (AIT) (hereinafter the “Agreement”).
(b) Elements of Agreement.—The Agreement authorized to be negotiated and concluded under this section shall conform with the provisions customarily contained in United States bilateral income tax conventions, as exemplified by the 2016 United States Model Income Tax Convention, and shall include the following elements:

(1) Application to tax residents of the United States, Taiwan, or both, exclusive of enterprises permanently established in the People’s Republic of China or in third states that do not have a comprehensive income tax treaty with the United States.

(2) Relief from double taxation.

(3) Measures aimed at limiting the risk of tax evasion or avoidance.

(4) Entry into force conditioned upon confirmation by the President of approval by the United States Congress, as described in section 4, and relevant authority in Taiwan and necessary steps taken to enable implementation.

(c) Limitation.—The Agreement authorized to be negotiated and concluded under this section may not include elements outside the scope of the 2016 United States Model Income Tax Convention.
SEC. 4. CONSULTATION.

(a) Notification Upon Commencement of Negotiations.—The President shall provide written notification to the appropriate congressional committees of the commencement of negotiations between AIT and TECRO on the Agreement at least 15 calendar days before such commencement.

(b) Reports.—Not later than 90 days after commencement of negotiations on the Agreement, and every 180 days thereafter until conclusion of the Agreement, the President shall submit a report to the appropriate congressional committees providing an update on the status of negotiations, including a description of elements under negotiation.

(c) Consultations During Negotiations.—In the course of negotiations conducted under the authorities of this Act, the Secretary of the Treasury, in coordination with the Secretary of State, shall—

(1) meet, upon request, with the Chairman or Ranking Member of the appropriate congressional committees regarding negotiating objectives and the status of negotiations in progress; and

(2) consult closely, on a timely basis, and keep fully apprised of the negotiations, the appropriate congressional committees.
SEC. 5. APPROVAL OF THE AGREEMENT.

(a) Submission of Agreement.—Not later than 30 days after the Agreement is concluded, the Secretary of State shall provide the Agreement and technical explanation to the appropriate congressional committees.

(b) Approval.—The Agreement shall not take effect until after Congress passes a concurrent resolution of approval as described in subsection (c).

(c) Terms of Concurrent Resolution of Approval.—

(1) In general.—For purposes of subsection (b), the term “concurrent resolution of approval” means only a concurrent resolution—

(A) which does not have a preamble;

(B) which includes in the matter after the resolving clause the following: “That Congress approves the Tax Agreement concluded between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office, as submitted by the President on ________.”, the blank space being filled in with the appropriate date; and

(C) the title of which is as follows: “Concurrent resolution approving the Tax Agreement concluded between the American Institute
in Taiwan and the Taipei Economic and Cultural Representative Office.”.

(2) REFERRAL.— A resolution described in this subsection that is introduced in the Senate shall be referred to the Committee on Foreign Relations of the Senate. A resolution described in this subsection that is introduced in the House of Representatives shall be referred to the Committee on Foreign Affairs of the House of Representatives.

SEC. 6. ENTRY INTO FORCE AND LEGAL EFFECT OF THE AGREEMENT.

(a) ENTRY INTO FORCE.—Upon passage of the concurrent resolution of approval, the President may bring the Agreement into force.

(b) LEGAL EFFECT.—Upon entry into force, the Agreement shall be afforded the same treatment as a treaty for purposes of the laws of the United States.

SEC. 7. APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.

In this section, the term “appropriate congressional committees” means the Committee on Foreign Relations and the Committee on Finance of the Senate and the Committee on Foreign Affairs and the Committee on Ways and Means of the House of Representatives.