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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to impose a tax on cargo transloaded through Canada or Mexico and entering the United States.

IN THE HOUSE OF REPRESENTATIVES

Mr. NEWHOUSE introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on cargo transloaded through Canada or Mexico and entering the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CARGO DIVERSION TAX.**

4 (a) IN GENERAL.—Chapter 36 of subtitle D of the
5 Internal Revenue Code of 1986 is amended by adding at
6 the end the following new subchapter:

7 **“Subchapter G—Cargo Diversion Tax**

“Sec. 4499. Tax imposed.

1 **“SEC. 4499. TAX IMPOSED.**

2 “(a) IN GENERAL.—There is hereby imposed a tax
3 on any transloaded cargo entering the United States.

4 “(b) AMOUNT OF TAX.—The amount of the tax im-
5 posed by subsection (a) shall be an amount equal to 0.125
6 percent of the value (determined under the customs laws
7 of the United States) of the commercial cargo involved.

8 “(c) LIABILITY.—The tax imposed by subsection (a)
9 shall be paid by the importer of the cargo entering the
10 United States.

11 “(d) TIME OF IMPOSITION.—The tax imposed by sub-
12 section (a) shall be imposed at the time of entry into the
13 United States.

14 “(e) TRANSLOADED CARGO.—For purposes of this
15 section, the term ‘transloaded cargo’ means cargo which
16 is discharged from a vessel in Canada or Mexico and sub-
17 sequently enters the United States by rail, highway, or in-
18 land port, including cargo which is modified, assembled,
19 or consolidated in Canada or Mexico.

20 “(f) REGULATIONS.—The Secretary shall issue such
21 regulations or other guidance as may be necessary or ap-
22 propriate to carry out the purposes of this section, includ-
23 ing procedures for the collection of the tax imposed under
24 subsection (a) and penalties for non-compliance.”.

1 (b) CLERICAL AMENDMENT.—The table of sub-
2 chapters for chapter 36 of subtitle D of such Code is
3 amended by adding at the end the following new item:

“Subchapter G. Cargo diversion tax.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to cargo entering the United States
6 after December 31, 2025.