

104TH CONGRESS
2D SESSION

H. R. 4256

To amend the Internal Revenue Code of 1986 to provide for the abatement of interest on deficiencies attributable to certain partnership items.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 1996

Mr. LAUGHLIN introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for the abatement of interest on deficiencies attributable to certain partnership items.

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. ABATEMENT OF INTEREST ON DEFICIENCIES**
4 **ATTRIBUTABLE TO CERTAIN PARTNERSHIP**
5 **ITEMS.**

6 (a) IN GENERAL.—Section 6404 of the Internal Rev-
7 enue Code of 1986 is amended by redesignating sub-
8 sections (f) and (g) as subsections (g) and (h), respec-
9 tively, and by inserting after subsection (e) the following
10 new subsection:

1 “(f) ABATEMENT OF INTEREST ATTRIBUTABLE TO
2 CERTAIN PARTNERSHIP ITEMS.—

3 “(1) IN GENERAL.—In the case of any assess-
4 ment of interest on any deficiency in income tax at-
5 tributable to a partnership item, the Secretary shall
6 abate such portion, if any, of such interest which
7 constitutes suspended partnership item interest.

8 “(2) SUSPENDED PARTNERSHIP ITEM INTER-
9 EST.—For purposes of this subsection, the term
10 ‘suspended partnership item interest’ means interest
11 accruing for the period during which a judicial pro-
12 ceeding is pending pursuant to section 6226 with re-
13 spect to the deficiency referred to in paragraph (1),
14 but only to the extent that, during the pendency of
15 such proceeding, a non-indictable criminal investiga-
16 tion is also pending.

17 “(3) NON-INDICTABLE CRIMINAL INVESTIGA-
18 TION.—For purposes of this subsection, the term
19 ‘non-indictable criminal investigation’ means an in-
20 vestigation by the Internal Revenue Service, the De-
21 partment of Justice, or a grand jury, of any poten-
22 tial criminal violation of United States tax laws in-
23 volving matters related to the partnership which is
24 the subject of the judicial proceeding referred to in
25 paragraph (2), if such investigation does not result

1 in the indictment of any partner in such partner-
2 ship.

3 “(4) PENDING OF NON-INDICTABLE CRIMINAL
4 INVESTIGATION.—For purposes of this subsection, a
5 non-indictable criminal investigation shall be deemed
6 pending—

7 “(A) from the date of the Internal Revenue
8 Service or the Department of Justice authorizes
9 such investigation,

10 “(B) to the last date on which each person
11 under investigation either has been indicted or
12 has been notified in writing that such investiga-
13 tion of him or her has terminated.

14 “(5) CONVERTED PARTNERSHIP ITEMS.—A
15 partnership item subsequently converted to or other-
16 wise treated as a nonpartnership item shall nonethe-
17 less be deemed a partnership item for purposes of
18 paragraph (1).”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 subsection (a) shall apply to interest on deficiencies in in-
21 come tax attributable to—

22 (1) partnership items, and

23 (2) partnership items subsequently converted to
24 or otherwise treated as nonpartnership items,

1 with respect to a partnership which is the subject of a
2 judicial proceeding under section 6226 of the Internal
3 Revenue Code of 1986 pending on or commencing after
4 the date of the enactment of this Act.

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