

104TH CONGRESS
1ST SESSION

S. 1100

To amend the Internal Revenue Code of 1986 to provide for the deduction of partnership investment expenses under the minimum tax.

IN THE SENATE OF THE UNITED STATES

AUGUST 1 (legislative day, JULY 10), 1995

Mr. MOYNIHAN (for himself, Mr. HATCH, Mr. BAUCUS, Mr. BINGAMAN, Mrs. BOXER, Mr. BREAUX, Mr. COCHRAN, Mr. D'AMATO, Mr. DODD, Mr. GRASSLEY, Mr. KYL, Ms. MOSELEY-BRAUN, Mr. PRYOR, and Mr. SIMPSON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide for the deduction of partnership investment expenses under the minimum tax.

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. TREATMENT OF PARTNERSHIP INVESTMENT**
4 **EXPENSES UNDER MINIMUM TAX.**

5 (a) GENERAL RULE.—Subparagraph (A) of section
6 56(b)(1) of the Internal Revenue Code of 1986 (relating
7 to limitation on deductions) is amended to read as follows:

1 “(A) DISALLOWANCE OF CERTAIN DEDUC-
2 TIONS.—

3 “(i) IN GENERAL.—No deduction shall
4 be allowed—

5 “(I) for any miscellaneous item-
6 ized deduction (as defined in section
7 67(b)), or

8 “(II) for any taxes described in
9 paragraph (1), (2), or (3) of section
10 164(a).

11 “(ii) TREATMENT OF PARTNERSHIP
12 INVESTMENT EXPENSES.—Subclause (I) of
13 clause (i) shall not apply to the taxpayer’s
14 distributive share of the expenses described
15 in section 212 of any partnership; except
16 that the aggregate amount allowed as a de-
17 duction by reason of this sentence shall not
18 exceed the lesser of (I) the aggregate ad-
19 justed investment income of the taxpayer
20 from partnerships, or (II) the excess of the
21 aggregate of the taxpayer’s distributive
22 shares of such expenses over 2 percent of
23 adjusted gross income. For purposes of the
24 preceding sentence, the term ‘adjusted in-
25 vestment income’ means investment income

1 (as defined in section 163(d)(4)(B) without
2 regard to clause (ii)(II) or clause (iii)) re-
3 duced by investment interest (as defined in
4 section 163(d)(3)).

5 “(iii) TREATMENT OF CERTAIN
6 TAXES.—Subclause (II) of clause (i) shall
7 not apply to any amount allowable in com-
8 puting adjusted gross income.”

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall apply to taxable years beginning after
11 December 31, 1994.

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