

105TH CONGRESS
2^D SESSION

H. R. 3947

To amend the Internal Revenue Code of 1986 to provide that certain liquidating distributions of a regulated investment company or a real estate investment trust which are allowable as a deduction shall be included in the gross income of the distributee.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1998

Mr. ARCHER 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 that certain liquidating distributions of a regulated investment company or a real estate investment trust which are allowable as a deduction shall be included in the gross income of the distributee.

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

1 **SECTION 1. TREATMENT OF CERTAIN DEDUCTIBLE LIQ-**
2 **UIDATING DISTRIBUTIONS OF REGULATED**
3 **INVESTMENT COMPANIES AND REAL ESTATE**
4 **INVESTMENT TRUSTS.**

5 (a) IN GENERAL.—Section 332 of the Internal Reve-
6 nue Code of 1986 (relating to complete liquidations of sub-
7 sidiaries) is amended by adding at the end the following
8 new subsection:

9 “(c) DEDUCTIBLE LIQUIDATING DISTRIBUTIONS OF
10 REGULATED INVESTMENT COMPANIES AND REAL ES-
11 TATE INVESTMENT TRUSTS.—If a corporation receives a
12 distribution from a regulated investment company or a
13 real estate investment trust which is considered under sub-
14 section (b) as being in complete liquidation of such com-
15 pany or trust, then, notwithstanding any other provision
16 of this chapter, such corporation shall recognize and treat
17 as a dividend from such company or trust an amount
18 equal to the deduction for dividends paid allowable to such
19 company or trust by reason of such distribution.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) The material preceding paragraph (1) of
22 section 332(b) of such Code is amended by striking
23 “subsection (a)” and inserting “this section”.

24 (2) Paragraph (1) of section 334(b) of such
25 Code is amended by striking “section 332(a)” and
26 inserting “section 332”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to distributions after May 21,
3 1998.

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