

105TH CONGRESS
2^D SESSION

S. 2538

To amend the Internal Revenue Code of 1986 to modify the active business definition relating to distributions of stock and securities of controlled corporations.

IN THE SENATE OF THE UNITED STATES

OCTOBER 1 (legislative day, SEPTEMBER 29), 1998

Mr. BREAUX 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 modify the active business definition relating to distributions of stock and securities of controlled corporations.

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. MODIFICATION OF ACTIVE BUSINESS DEFINI-**
4 **TION.**

5 (a) IN GENERAL.—Section 355(b)(2) of the Internal
6 Revenue Code of 1986 (defining active conduct of a trade
7 or business) is amended by adding at the end the follow-
8 ing: “For purposes of subparagraph (A), all corporations
9 that are members of the same affiliated group (as defined

1 in section 1504(a)) shall be treated as a single corpora-
2 tion.”

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to distributions or transfers after
5 the date of the enactment of this Act.

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