

108TH CONGRESS  
1ST SESSION

# H. R. 1912

To amend the Internal Revenue Code of 1986 to modify the unrelated  
business taxable income rules.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2003

Mr. CAMP (for himself, Mr. DOOLITTLE, Mr. HERGER, Mr. HAYWORTH, and  
Mr. ENGLISH) introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to modify  
the unrelated business taxable income rules.

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. MODIFICATIONS TO SECTION 512(b)(13).**

4 (a) IN GENERAL.—Paragraph (13) of section 512(b)  
5 of the Internal Revenue Code of 1986 (relating to special  
6 rules for certain amounts received from controlled entities)  
7 is amended by redesignating subparagraph (E) as sub-  
8 paragraph (F) and by inserting after subparagraph (D)  
9 the following new subparagraph:

1           “(E) PARAGRAPH TO APPLY ONLY TO EX-  
2           CESS PAYMENTS.—

3           “(i) IN GENERAL.—Subparagraph (A)  
4           shall apply only to the portion of a speci-  
5           fied payment received or accrued by the  
6           controlling organization that exceeds the  
7           amount which would have been paid or ac-  
8           crued if such payment met the require-  
9           ments prescribed under section 482.

10           “(ii) ADDITION TO TAX FOR VALU-  
11           ATION MISSTATEMENTS.—The tax imposed  
12           by this chapter on the controlling organiza-  
13           tion shall be increased by an amount equal  
14           to 20 percent of the larger of—

15           “(I) such excess determined with-  
16           out regard to any amendment or sup-  
17           plement to a return of tax, or

18           “(II) such excess determined  
19           with regard to all such amendments  
20           and supplements.”.

21           (b) EFFECTIVE DATE.—

22           (1) IN GENERAL.—The amendment made by  
23           this section shall apply to payments received or ac-  
24           crued after December 31, 2000.

1           (2) PAYMENTS SUBJECT TO BINDING CONTRACT  
2           TRANSITION RULE.—If the amendments made by  
3           section 1041 of the Taxpayer Relief Act of 1997 did  
4           not apply to any amount received or accrued in the  
5           first 2 taxable years beginning on or after the date  
6           of the enactment of the Taxpayer Relief Act of 1997  
7           under any contract described in subsection (b)(2) of  
8           such section, such amendments also shall not apply  
9           to amounts received or accrued under such contract  
10          before January 1, 2001.

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