

113TH CONGRESS
2D SESSION

H. R. 4453

AN ACT

To amend the Internal Revenue Code of 1986 to make permanent the reduced recognition period for built-in gains of S corporations.

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. SHORT TITLE.**

2 This Act may be cited as the “S Corporation Perma-
3 nent Tax Relief Act of 2014”.

4 **SEC. 2. REDUCED RECOGNITION PERIOD FOR BUILT-IN**
5 **GAINS OF S CORPORATIONS MADE PERMA-**
6 **NENT.**

7 (a) IN GENERAL.—Paragraph (7) of section 1374(d)
8 of the Internal Revenue Code of 1986 is amended to read
9 as follows:

10 “(7) RECOGNITION PERIOD.—

11 “(A) IN GENERAL.—The term ‘recognition
12 period’ means the 5-year period beginning with
13 the 1st day of the 1st taxable year for which
14 the corporation was an S corporation. For pur-
15 poses of applying this section to any amount in-
16 cludible in income by reason of distributions to
17 shareholders pursuant to section 593(e), the
18 preceding sentence shall be applied without re-
19 gard to the phrase ‘5-year’.

20 “(B) INSTALLMENT SALES.—If an S cor-
21 poration sells an asset and reports the income
22 from the sale using the installment method
23 under section 453, the treatment of all pay-
24 ments received shall be governed by the provi-
25 sions of this paragraph applicable to the taxable
26 year in which such sale was made.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2013.

4 **SEC. 3. PERMANENT RULE REGARDING BASIS ADJUST-**
5 **MENT TO STOCK OF S CORPORATIONS MAK-**
6 **ING CHARITABLE CONTRIBUTIONS OF PROP-**
7 **ERTY.**

8 (a) IN GENERAL.—Section 1367(a)(2) of the Internal
9 Revenue Code of 1986 is amended by striking the last sen-
10 tence.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to contributions made in taxable
13 years beginning after December 31, 2013.

14 **SEC. 4. BUDGETARY EFFECTS.**

15 (a) STATUTORY PAY-AS-YOU-GO SCORECARDS.—The
16 budgetary effects of this Act shall not be entered on either
17 PAYGO scorecard maintained pursuant to section 4(d) of
18 the Statutory Pay-As-You-Go Act of 2010.

19 (b) SENATE PAYGO SCORECARDS.—The budgetary
20 effects of this Act shall not be entered on any PAYGO

- 1 scorecard maintained for purposes of section 201 of S.
- 2 Con. Res. 21 (110th Congress).

Passed the House of Representatives June 12, 2014.

Attest:

Clerk.

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