

113TH CONGRESS
2D SESSION

H. R. 4453

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2014

Mr. REICHERT (for himself and Mr. KIND) 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 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,*

3 **SECTION 1. REDUCED RECOGNITION PERIOD FOR BUILT-IN**
4 **GAINS OF S CORPORATIONS MADE PERMA-**
5 **NENT.**

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

9 “(7) RECOGNITION PERIOD.—

1 “(A) IN GENERAL.—The term ‘recognition
2 period’ means the 5-year period beginning with
3 the 1st day of the 1st taxable year for which
4 the corporation was an S corporation. For pur-
5 poses of applying this section to any amount in-
6 cludible in income by reason of distributions to
7 shareholders pursuant to section 593(e), the
8 preceding sentence shall be applied without re-
9 gard to the phrase ‘5-year’.

10 “(B) INSTALLMENT SALES.—If an S cor-
11 poration sells an asset and reports the income
12 from the sale using the installment method
13 under section 453, the treatment of all pay-
14 ments received shall be governed by the provi-
15 sions of this paragraph applicable to the taxable
16 year in which such sale was made.”.

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

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