

Union Calendar No. 9

114TH CONGRESS
1ST SESSION

H. R. 629

[Report No. 114–15]

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

JANUARY 30, 2015

Mr. REICHERT (for himself and Mr. KIND) introduced the following bill; which was referred to the Committee on Ways and Means

FEBRUARY 9, 2015

Additional sponsors: Mr. REED and Mr. COSTELLO of Pennsylvania

FEBRUARY 9, 2015

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on January 30, 2015]

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. SHORT TITLE.**

4 *This Act may be cited as the “Permanent S Corpora-*
5 *tion Built-in Gain Recognition Period Act of 2015”.*

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

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

12 *“(7) RECOGNITION PERIOD.—*

13 *“(A) IN GENERAL.—The term ‘recognition*
14 *period’ means the 5-year period beginning with*
15 *the 1st day of the 1st taxable year for which the*
16 *corporation was an S corporation. For purposes*
17 *of applying this section to any amount includ-*
18 *ible in income by reason of distributions to*
19 *shareholders pursuant to section 593(e), the pre-*
20 *ceding sentence shall be applied without regard*
21 *to the phrase ‘5-year’.*

22 *“(B) INSTALLMENT SALES.—If an S cor-*
23 *poration sells an asset and reports the income*
24 *from the sale using the installment method under*
25 *section 453, the treatment of all payments re-*

1 *ceived shall be governed by the provisions of this*
2 *paragraph applicable to the taxable year in*
3 *which such sale was made.”.*

4 ***(b) EFFECTIVE DATE.—****The amendment made by this*
5 *section shall apply to taxable years beginning after Decem-*
6 *ber 31, 2014.*

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