II

Calendar No. 39

114TH CONGRESS
1ST SESSION

S. 905

[Report No. 114–16]

To amend the Internal Revenue Code of 1986 to increase the limitation on eligibility for the alternative tax for certain small insurance companies.

IN THE SENATE OF THE UNITED STATES

APRIL 14, 2015

Mr. HATCH, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

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A BILL

To amend the Internal Revenue Code of 1986 to increase the limitation on eligibility for the alternative tax for certain small insurance companies.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INCREASE IN LIMITATION ON ELIGIBILITY FOR ALTERNATIVE TAX FOR CERTAIN SMALL INSURANCE COMPANIES.

(a) INCREASE IN LIMITATION ON PREMIUMS.—

(1) IN GENERAL.—Clause (i) of section 831(b)(2)(A) of the Internal Revenue Code of 1986 is amended by striking "$1,200,000" and inserting "$2,200,000".

(2) INFLATION ADJUSTMENT.—Paragraph (2) of section 831(b) of such Code is amended by adding at the end the following new subparagraph:

"(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2015, the dollar amount set forth in subparagraph (A)(i) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2013' for 'calendar year 1992' in subparagraph (B) thereof.

If the amount as adjusted under the preceding sentence is not a multiple of $50,000, such amount shall be rounded to the next lowest multiple of $50,000.".

(b) STUDY.—Not later than February 11, 2016, the Secretary of the Treasury shall submit to the Committee on Finance of the Senate a report on the abuse of captive insurance companies for estate planning purposes. Such report shall include legislative recommendations for addressing any such abuses.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 2. INCREASE IN CONTINUOUS LEVY.

(a) IN GENERAL.—Paragraph (3) of section 6331(h) of the Internal Revenue Code of 1986 is amended by striking ‘‘30 percent’’ and inserting ‘‘45 percent’’.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made after 180 days after the date of the enactment of this Act.

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