

117TH CONGRESS
1ST SESSION

S. 510

To amend the Internal Revenue Code of 1986 to impose a tax on the net value of assets of a taxpayer, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 1, 2021

Ms. WARREN (for herself, Mr. MARKEY, Mrs. GILLIBRAND, Mr. WHITEHOUSE, Mr. SCHATZ, Mr. SANDERS, Mr. MERKLEY, and Ms. HIRONO) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on the net value of assets of a taxpayer, and for other purposes.

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 “Ultra-Millionaire Tax
5 Act of 2021”.

6 **SEC. 2. IMPOSITION OF WEALTH TAX.**

7 (a) IN GENERAL.—The Internal Revenue Code of
8 1986 is amended by inserting after subtitle B the fol-
9 lowing new subtitle:

1 **“Subtitle B—Wealth Tax**

“CHAPTER 18—DETERMINATION OF WEALTH TAX

2 **“CHAPTER 18—DETERMINATION OF**
 3 **WEALTH TAX**

“Sec. 2901. Imposition of tax.

“Sec. 2902. Net value of taxable assets.

“Sec. 2903. Special rules.

“Sec. 2904. Information reporting.

“Sec. 2905. Enforcement.

4 **“SECTION 2901. IMPOSITION OF TAX.**

5 “(a) IN GENERAL.—In the case of any applicable tax-
 6 payer, a tax is hereby imposed on the net value of all tax-
 7 able assets of the taxpayer on the last day of any calendar
 8 year.

9 “(b) COMPUTATION OF TAX.—

10 “(1) IN GENERAL.—The tax imposed by this
 11 section shall be equal to the sum of—

12 “(A) 2 percent of so much of the net value
 13 of all taxable assets of the taxpayer in excess of
 14 \$50,000,000 but not in excess of
 15 \$1,000,000,000, plus

16 “(B) the applicable percentage of so much
 17 of the net value of all such taxable assets in ex-
 18 cess of \$1,000,000,000.

19 No tax shall be imposed under subsection (a) on the
 20 net value of taxable assets not in excess of
 21 \$50,000,000.

1 “(2) APPLICABLE PERCENTAGE.—

2 “(A) IN GENERAL.—For purposes of this
3 section, the applicable percentage is—

4 “(i) except as provided in clause (ii),
5 3 percent, and

6 “(ii) in the case of any calendar year
7 in which there is in effect legislation which
8 meets the requirements of subparagraph
9 (B), 6 percent.

10 “(B) LEGISLATION DESCRIBED.—Legisla-
11 tion meets the requirements of this paragraph
12 if such legislation—

13 “(i) establishes a health insurance
14 program that provides to all residents of
15 the United States comprehensive protec-
16 tion against the costs of health care and
17 health-related services, and

18 “(ii) prohibits private entities from
19 providing duplicate benefits.

20 “(c) APPLICABLE TAXPAYER.—

21 “(1) IN GENERAL.—The term ‘applicable tax-
22 payer’ means any individual or any trust (other than
23 a trust described in section 401(a) and exempt from
24 tax under section 501(a)).

1 “(2) TREATMENT OF MARRIED INDIVIDUALS.—

2 For purposes of this section, individuals who are
3 married (as defined in section 7703) shall be treated
4 as one applicable taxpayer.

5 “(3) TREATMENT OF TRUSTS.—

6 “(A) IN GENERAL.—All trusts with sub-
7 stantially the same beneficiaries shall be treated
8 as a single applicable taxpayer.

9 “(B) TRANSFERS OF PROPERTY BETWEEN
10 TRUSTS.—If a trust transfers property by gift
11 or decantation to another trust in any calendar
12 year after December 31, 2020, the transferor
13 trust and the transferee trust shall be treated
14 as a single applicable taxpayer for such cal-
15 endar year.

16 **“SEC. 2902. NET VALUE OF TAXABLE ASSETS.**

17 “(a) IN GENERAL.—For purposes of this subtitle, the
18 term ‘net value of all taxable assets’ means, as of any date,
19 the value of all property of the taxpayer (other than prop-
20 erty excluded under subsection (b)), real or personal, tan-
21 gible or intangible, wherever situated, reduced by any
22 debts (including any debts secured by property excluded
23 under subsection (b)) owed by the taxpayer.

1 “(b) EXCLUSION FOR CERTAIN ASSETS UNDER
2 \$50,000.—Property of the taxpayer shall not be taken
3 into account under subsection (a) if such property—

4 “(1) has a value of \$50,000 or less (determined
5 without regard to any debt owed by the taxpayer
6 with respect to such property),

7 “(2) is tangible personal property, and

8 “(3) is not property—

9 “(A) which is used in a trade or business
10 of the taxpayer,

11 “(B) in connection with which a deduction
12 is allowable under section 212, or

13 “(C) which is a collectible as defined in
14 section 408(m), a boat, an aircraft, a mobile
15 home, a trailer, a vehicle, or an antique or other
16 asset that maintains or increases its value over
17 time (within the meaning of section 5.02(2) of
18 Revenue Procedure 2018–08).

19 “(c) RULES FOR DETERMINING PROPERTY OF THE
20 TAXPAYER.—For purposes of this subtitle—

21 “(1) PROPERTY INCLUDED IN ESTATE.—Any
22 property that would be included in the estate of the
23 taxpayer if the taxpayer died shall be treated as
24 property of the taxpayer.

1 “(2) PROPERTY OF GRANTOR TRUSTS.—If an
 2 individual is treated as the owner of any portion of
 3 a trust under subpart E of subchapter J of chapter
 4 1, property attributable to such portion of the trust
 5 shall be treated as property of the individual and not
 6 as property of the trust.

7 “(3) INCLUSION OF CERTAIN GIFTS.—Any
 8 property transferred by the taxpayer after the date
 9 of the enactment of this chapter, to an individual
 10 who is a member of the family of the taxpayer (as
 11 determined under section 267(c)(4)) and has not at-
 12 tained the age of 18 shall be treated as property of
 13 the taxpayer for any calendar year before the year
 14 in which such individual attains the age of 18.

15 “(d) ESTABLISHMENT OF VALUATION RULES.—Not
 16 later than 12 months after the date of the enactment of
 17 this section, the Secretary shall establish rules and meth-
 18 ods for determining the value of any asset for purposes
 19 of this subtitle, including rules for the valuation of assets
 20 that are not publicly traded or that do not have a readily
 21 ascertainable value. Such rules and methods—

22 “(1) may utilize retrospective and prospective
 23 formulaic valuation methods not currently in use by
 24 the Secretary,

1 “(2) may require the use of formulaic valuation
 2 approaches for designated assets, including
 3 formulaic approaches based on proxies for deter-
 4 mining presumptive valuations, formulaic approaches
 5 based on prospective adjustments from purchase
 6 prices or other prior events, or formulaic approaches
 7 based on retrospectively adding deferral charges
 8 based on eventual sale prices or other specified later
 9 events indicative of valuation, and

10 “(3) may address the use of valuation dis-
 11 counts.

12 **“SEC. 2903. SPECIAL RULES.**

13 “(a) DECEASED INDIVIDUALS.—

14 “(1) IN GENERAL.—In the case of any indi-
 15 vidual who dies during a calendar year and who is
 16 not married on the date of such individual’s death—

17 “(A) section 2901 shall be applied by sub-
 18 stituting ‘the date of the applicable taxpayer’s
 19 death’ for ‘the last day of the calendar year’,
 20 and

21 “(B) the amount of the tax imposed under
 22 such section shall be reduced by an amount
 23 which bears the same ratio to such amount (de-
 24 termined without regard to this subsection)
 25 as—

1 “(i) the number of days in the cal-
 2 endar year after the date of the individ-
 3 ual’s death, bears to

4 “(ii) 365.

5 “(2) COORDINATION WITH ESTATE TAX.—For
 6 purposes of section 2053, the tax imposed by this
 7 section for the year of the decedent’s death shall be
 8 considered to have been imposed before such death.

9 “(b) APPLICATION TO NON-RESIDENTS.—In the case
 10 of any individual who is a non-resident and not a citizen
 11 of the United States, this subtitle shall apply only to the
 12 property of such individual which is situated in the United
 13 States (determined under rules similar to the rules under
 14 subchapter B of chapter 11).

15 “(c) APPLICATION TO COVERED EXPATRIATES.—In
 16 the case of an individual who is a covered expatriate (as
 17 defined in section 877A), section 2901(a) shall be ap-
 18 plied—

19 “(1) as if the calendar year ended on the day
 20 before the expatriation, and

21 “(2) as if the rate of tax under both subpara-
 22 graphs (A) and (B) of section 2901(b)(1) were 40
 23 percent.

1 **“SEC. 2904. INFORMATION REPORTING.**

2 “(a) IN GENERAL.—Not later than 12 months after
3 the date of the enactment of this section, the Secretary
4 shall by regulations require the reporting of any informa-
5 tion concerning the net value of assets appropriate to en-
6 force the tax imposed by this chapter.

7 “(b) METHOD OF REPORTING.—The Secretary shall,
8 where appropriate, require the reporting made under sub-
9 section (a) to be made as a part of existing income report-
10 ing requirements (including requirements under chapter
11 4 (relating to taxes to enforce reporting on certain foreign
12 accounts)).

13 “(c) RESPONSIBILITY FOR REPORTING.—The Sec-
14 retary may impose reporting obligations by reference to
15 the ownership, control, management, claim to income
16 from, or other relationship to assets and liabilities for pur-
17 poses of administering the tax imposed by this section and
18 may impose such obligations on financial institutions,
19 business entities, or other persons, including requiring
20 business entities to provide estimates of the value of the
21 entity itself.

22 **“SEC. 2905. ENFORCEMENT.**

23 “The Secretary shall annually audit not less than 30
24 percent of taxpayers required to pay the tax imposed
25 under this chapter.”.

1 (b) NO DEDUCTION FROM INCOME TAXES.—Section
 2 275 of the Internal Revenue Code of 1986 is amended by
 3 inserting after paragraph (6) the following new paragraph:

4 “(7) Taxes imposed by chapter 18.”.

5 (c) EXTENSION OF TIME FOR PAYMENT OF TAX.—

6 (1) IN GENERAL.—Section 6161(a) of the In-
 7 ternal Revenue Code of 1986 is amended by adding
 8 at the end the following new paragraph:

9 “(3) WEALTH TAX.—

10 “(A) IN GENERAL.—In the case of an ap-
 11 plicable taxpayer described in subparagraph
 12 (B), the Secretary may extend the time for pay-
 13 ment of the tax imposed under chapter 18 for
 14 a reasonable period not to exceed 5 years from
 15 the date fixed for the payment thereof.

16 “(B) TAXPAYERS DESCRIBED.—An appli-
 17 cable taxpayer is described in this subparagraph
 18 if such the Secretary determines—

19 “(i) the applicable taxpayer has severe
 20 liquidity constraints, or

21 “(ii) immediate payment would cause
 22 undue hardship on an ongoing enterprise.

23 “(C) APPLICABLE TAXPAYER.—For pur-
 24 poses of this paragraph, the term ‘applicable

1 taxpayer' has the meaning given such term
2 under section 2901.”.

3 (2) RULES.—Not later than 12 months after
4 the date of the enactment of this Act, the Secretary
5 of the Treasury (or the Secretary's delegate) shall
6 establish rules for the application of the amend-
7 ments made by paragraph (1).

8 (d) APPLICATION OF ACCURACY RELATED PEN-
9 ALTIES.—

10 (1) IN GENERAL.—Section 6662(b) of the In-
11 ternal Revenue Code of 1986 is amended by adding
12 at the end the following new paragraph:

13 “(10) Any substantial wealth tax valuation un-
14 derstatement.”.

15 (2) SUBSTANTIAL WEALTH TAX UNDERSTATE-
16 MENT.—Section 6662 of such Code is amended by
17 adding at the end the following new subsection:

18 “(m) APPLICATION TO SUBSTANTIAL WEALTH TAX
19 VALUATION UNDERSTATEMENT.—

20 “(1) SUBSTANTIAL WEALTH TAX VALUATION
21 UNDERSTATEMENT DEFINED.—

22 “(A) IN GENERAL.—For purposes of this
23 section, there is a substantial wealth tax valu-
24 ation understatement if the value of any prop-
25 erty claimed on any return of tax imposed by

1 subtitle B–1 is 65 percent or less of the amount
 2 determined to be the correct amount of such
 3 valuation.

4 “(B) LIMITATION.—No penalty shall be
 5 imposed by reason of subsection (b)(10) unless
 6 the portion of the underpayment attributable to
 7 substantial wealth tax valuation understate-
 8 ments for the calendar year exceeds \$5,000.

9 “(2) INCREASED PENALTY.—

10 “(A) IN GENERAL.—In the case of any
 11 portion of an underpayment which is attrib-
 12 utable to one or more substantial wealth tax
 13 valuation understatement, subsection (a) shall
 14 be applied—

15 “(i) in the case of a substantial wealth
 16 tax valuation understatement which is a
 17 gross wealth tax valuation misstatement,
 18 by substituting ‘50 percent’ for ‘20 per-
 19 cent’, and

20 “(ii) in any other case, by substituting
 21 ‘30 percent’ for ‘20 percent’.

22 “(B) GROSS WEALTH TAX VALUATION
 23 MISSTATEMENT.—For purposes of subpara-
 24 graph (A), the term ‘gross wealth tax valuation
 25 misstatement’ means a substantial wealth tax

1 valuation understatement, as determined under
 2 paragraph (1) by substituting ‘40 percent’ for
 3 ‘65 percent’.”.

4 (e) CLERICAL AMENDMENT.—The table of subtitles
 5 of such Code is amended by inserting after the item relat-
 6 ing to subtitle B the following new item:

“Subtitle B–1—Wealth Tax”.

7 (f) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to calendar years beginning after
 9 December 31, 2022.

10 (g) PERIODIC REPORTS.—Not later than January 1,
 11 2025, and every 2 years thereafter, the Secretary of the
 12 Treasury (or the Secretary’s delegate) shall submit to
 13 Congress a report on the tax imposed under chapter 18
 14 of the Internal Revenue Code of 1986 (as added by this
 15 Act), including any issues related to the administration
 16 and enforcement of such tax.

17 **SEC. 3. STRENGTHENING DISCLOSURE REQUIREMENTS.**

18 (a) REGULATORY AUTHORITY.—The Secretary of the
 19 Treasury (or the Secretary’s delegate) may issue such
 20 rules and regulations as necessary to prevent taxpayers
 21 from avoiding the purpose of information reporting re-
 22 quirements under the Internal Revenue Code of 1986 by
 23 placing assets in any foreign corporation, partnership, or
 24 trust in which the taxpayer holds directly or indirectly,

1 a significant interest as the sole or principal owner or the
 2 sole or principal beneficial owner.

3 (b) **FATCA ENFORCEMENT PLAN.**—The Secretary
 4 of the Treasury (or the Secretary’s delegate) shall develop
 5 a comprehensive plan for managing efforts to leverage
 6 data collected under chapter 4 of the Internal Revenue
 7 Code of 1986 in agency compliance efforts. Such plan
 8 shall include an evaluation of the extent to which actions
 9 being undertaken as of the date of the enactment of this
 10 Act for the enforcement of the requirements of such chap-
 11 ter improve voluntary compliance and address noncompli-
 12 ance with such requirements.

13 **SEC. 4. INTERNAL REVENUE SERVICE FUNDING.**

14 (a) **IN GENERAL.**—Subchapter A of chapter 80 of the
 15 Internal Revenue Code of 1986 is amended by adding at
 16 the end the following new section:

17 **“SEC. 7813. AUTHORIZATION OF APPROPRIATIONS.**

18 “There are authorized to be appropriated to the Sec-
 19 retary for each of fiscal years 2022 through 2032—

20 “(1) for enforcement of this title,
 21 \$70,000,000,000,

22 “(2) for taxpayer services, \$10,000,000,000,
 23 and

24 “(3) for business system modernization,
 25 \$20,000,000,000.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for subchapter A of chapter 80 of the Internal Revenue
3 Code of 1986 is amended by adding at the end the fol-
4 lowing new item:

“Sec. 7813. Authorization of appropriations.”.

