

Calendar No. 433

113TH CONGRESS
2^D SESSION

H. R. 4453

IN THE SENATE OF THE UNITED STATES

JUNE 16, 2014

Received; read the first time

JUNE 17, 2014

Read the second time and placed on the calendar

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,*

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. REDUCED RECOGNITION PERIOD FOR BUILT-IN**
2 **GAINS OF S CORPORATIONS MADE PERMA-**
3 **NENT.**

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

7 “(7) **RECOGNITION PERIOD.**—

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

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

24 (b) **EFFECTIVE DATE.**—The amendment made by
25 this section shall apply to taxable years beginning after
26 December 31, 2013.

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

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

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

11 **SEC. 4. BUDGETARY EFFECTS.**

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

16 (b) SENATE PAYGO SCORECARDS.—The budgetary
17 effects of this Act shall not be entered on any PAYGO
18 scorecard maintained for purposes of section 201 of S.
19 Con. Res. 21 (110th Congress).

Passed the House of Representatives June 12, 2014.

Attest:

KAREN L. HAAS,

Clerk.

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