

117TH CONGRESS  
1ST SESSION

# H. R. 4061

To amend the Internal Revenue Code of 1986 to provide an exception to percentage of completion method of accounting for certain residential construction contracts.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 2021

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

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## A BILL

To amend the Internal Revenue Code of 1986 to provide an exception to percentage of completion method of accounting for certain residential construction contracts.

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 “Fair Accounting for  
5 Condominium Construction Act”.

1 **SEC. 2. EXCEPTION TO PERCENTAGE OF COMPLETION**  
2 **METHOD OF ACCOUNTING FOR CERTAIN RES-**  
3 **IDENTIAL CONSTRUCTION CONTRACTS.**

4 (a) **IN GENERAL.**—Section 460(e) of the Internal  
5 Revenue Code of 1986 is amended—

6 (1) in paragraph (1)—

7 (A) by striking “home construction con-  
8 tract” both places it appears and inserting  
9 “residential construction contract”, and

10 (B) by inserting “(in the case of a residen-  
11 tial construction contract which is not a home  
12 construction contract, determined by sub-  
13 stituting ‘3-year’ for ‘2-year’ in subparagraph  
14 (B)(i))” after “the requirements of clauses (i)  
15 and (ii) of subparagraph (B) are not met”,

16 (2) in paragraph (5)(A), by striking “paragraph  
17 (4)” and inserting “paragraph (3)”, and

18 (3) by striking paragraph (4) and redesignating  
19 paragraph (5) as paragraph (4).

20 (b) **APPLICATION OF EXCEPTION FOR PURPOSES OF**  
21 **ALTERNATIVE MINIMUM TAX.**—Section 56(a)(3) of such  
22 Code is amended by striking “any home construction con-  
23 tract (as defined in section 460(e)(6))” and inserting “any  
24 residential construction contract (as defined in section  
25 460(e)(4))”.

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to contracts entered into after the  
3 date of the enactment of this Act.

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