

105TH CONGRESS
2D SESSION

H. R. 4640

To amend the Internal Revenue Code of 1986 to provide that disposition of property produced by a qualified family-owned business does not trigger additional estate tax.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1998

Mr. SMITH of Michigan introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that disposition of property produced by a qualified family-owned business does not trigger additional estate tax.

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. SALE OR EXCHANGE OF PROPERTY PRODUCED
4 ON REAL ESTATE IN ORDINARY COURSE OF
5 BUSINESS BY QUALIFIED FAMILY-OWNED
6 BUSINESS.

7 (a) IN GENERAL.—Subsection (c) of section 2057 of
8 the Internal Revenue Code of 1986 (relating to tax treat-
9 ment of dispositions and failures to use for qualified use)

1 is amended by adding at the end the following new para-
2 graph:

3 “(8) SALE OR EXCHANGE OF PROPERTY PRO-
4 DUCED IN THE ORDINARY COURSE OF BUSINESS.—
5 Paragraph (1) shall not apply to the sale or ex-
6 change of property produced through the qualified
7 use of qualified real property.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to estates of decedents dying
10 after the date of the enactment of this Act.

11 SEC. 2. INTEREST ON ADDITIONAL ESTATE TAX.

12 (a) IN GENERAL.—Subparagraph (A) of section
13 2057(f)(2) (relating to additional estate tax) is amended
14 to read as follows:

15 “(A) IN GENERAL.—The amount of addi-
16 tional estate tax imposed by paragraph (1) shall
17 be equal to the applicable percentage of the ad-
18 justed tax difference attributable to the quali-
19 fied family-owned business interests.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply to estates of decedents dying
22 after the date of the enactment of this Act.

