

105TH CONGRESS  
2D SESSION

# S. 2538

To amend the Internal Revenue Code of 1986 to modify the active business definition relating to distributions of stock and securities of controlled corporations.

---

## IN THE SENATE OF THE UNITED STATES

OCTOBER 1 (legislative day, SEPTEMBER 29), 1998

Mr. BREAUX 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 modify the active business definition relating to distributions of stock and securities of controlled 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. MODIFICATION OF ACTIVE BUSINESS DEFINI-**  
4 **TION.**

5 (a) IN GENERAL.—Section 355(b)(2) of the Internal  
6 Revenue Code of 1986 (defining active conduct of a trade  
7 or business) is amended by adding at the end the follow-  
8 ing: “For purposes of subparagraph (A), all corporations  
9 that are members of the same affiliated group (as defined

1 in section 1504(a)) shall be treated as a single corpora-  
2 tion.”

3 (b) EFFECTIVE DATE.—The amendment made by  
4 this section shall apply to distributions or transfers after  
5 the date of the enactment of this Act.

○