

107TH CONGRESS
2D SESSION

H. R. 4651

To amend the Internal Revenue Code of 1986 to provide for installment reporting of certain gain from the sale of an interest in service business.

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 2002

Mr. HERGER 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 for installment reporting of certain gain from the sale of an interest in service business.

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 “Installment Sale Pro-
5 tection Act of 2002”.

6 SEC. 2. INTANGIBLES RECAPTURE GAIN FROM CERTAIN
7 SALES OF SERVICE BUSINESS INTERESTS EL-
8 IGIBLE FOR INSTALLMENT REPORTING.

9 (a) IN GENERAL.—Section 453(i)(2) of the Internal
10 Revenue Code of 1986 (relating to recapture income) is

1 amended by adding at the end the following sentence:
2 “Notwithstanding the preceding sentence, such term shall
3 not include amounts attributable to any amortizable sec-
4 tion 197 intangible (as defined in section 197(c)) in con-
5 nection with the disposition by an individual of an interest
6 in a business in which capital is not a material income-
7 producing factor, if such individual has been an active par-
8 ticipant in such business for at least 5 of the 7 years pre-
9 ceding such disposition.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to sales in taxable years ending
12 after the date of the enactment of this Act.

