

108TH CONGRESS  
2D SESSION

# H. R. 5141

To amend the Internal Revenue Code of 1986 to repeal the alternative minimum tax treatment of incentive stock options, thereby changing the taxable event from the exercise of the stock option to the sale of stock.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 2004

Ms. LOFGREN 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 repeal the alternative minimum tax treatment of incentive stock options, thereby changing the taxable event from the exercise of the stock option to the sale of stock.

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. REPEAL OF ALTERNATIVE MINIMUM TAX**  
4               **TREATMENT OF INCENTIVE STOCK OPTIONS.**

5       (a) IN GENERAL.—Subsection (b) of section 56 of the  
6 Internal Revenue Code of 1986 (relating to adjustments  
7 applicable to individuals) is amended by striking para-  
8 graph (3).

1       (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply with respect to incentive stock  
3 options exercised in 2000 or thereafter regardless of when  
4 such options were granted.

5       (c) WAIVER OF LIMITATIONS.—If refund or credit of  
6 any overpayment of tax resulting from the application of  
7 the amendment made by subsection (a) is prevented at any  
8 time before the close of the 1-year period beginning on  
9 the date of the enactment of this Act by the operation  
10 of any law or rule of law (including res judicata), such  
11 refund or credit may nevertheless be made or allowed if  
12 claim therefor is filed before the close of such period.

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