

109TH CONGRESS
1ST SESSION

H. R. 365

To amend the Internal Revenue Code of 1986 to exclude working capital
in applying the accumulated earnings tax.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 2005

Mr. WILSON of South Carolina 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 exclude
working capital in applying the accumulated earnings 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. SHORT TITLE.**

4 This Act may be cited as the “Accumulated Earnings
5 Tax Modification Act of 2005”.

6 **SEC. 2. WORKING CAPITAL EXCLUDED FROM ACCUMU-**
7 **LATED EARNINGS TAX.**

8 (a) IN GENERAL.—Subsection (b) of section 537 of
9 the Internal Revenue Code of 1986 is amended by adding
10 at the end the following new paragraph:

1 “(6) WORKING CAPITAL.—The reasonably an-
2 ticipated needs of a business shall include working
3 capital for the business in an amount that is not less
4 than the sum of the cost of goods, operating ex-
5 penses, taxes, and interest expense that the business
6 incurred during the prior taxable year.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

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