

111TH CONGRESS
1ST SESSION

H. R. 396

To amend the Internal Revenue Code of 1986 to provide that certain net capital gain of individuals who have attained age 65 shall not be subject to tax.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2009

Mr. COHEN (for himself, Mr. WEXLER, and Mr. GALLEGLY) 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 certain net capital gain of individuals who have attained age 65 shall not be subject to 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 “Senior Assets
5 Verification Exemption (SAVE) from Capital Gains Tax
6 Act of 2009”.

1 **SEC. 2. DEDUCTION FOR NET CAPITAL GAIN ON LONG-**
 2 **HELD ASSETS OF INDIVIDUALS WHO HAVE**
 3 **ATTAINED AGE 65.**

4 (a) IN GENERAL.—Part I of subchapter P of chapter
 5 1 of the Internal Revenue Code of 1986 is amended by
 6 adding at the end the following new section:

7 **“SEC. 1203. DEDUCTION FOR NET CAPITAL GAIN ON LONG-**
 8 **HELD ASSETS OF INDIVIDUALS WHO HAVE**
 9 **ATTAINED AGE 65.**

10 “(a) IN GENERAL.—In the case of an eligible tax-
 11 payer, there shall be allowed a deduction against gross in-
 12 come the amount equal to the taxpayer’s qualified net cap-
 13 ital gain for the taxable year.

14 “(b) ELIGIBLE TAXPAYER.—For purposes of this
 15 section—

16 “(1) IN GENERAL.—The term ‘eligible taxpayer’
 17 means any individual who has attained age 65 before
 18 the close of the taxable year.

19 “(2) JOINT RETURNS.—In the case of a tax-
 20 payer filing a joint return, such taxpayer shall be
 21 treated as an eligible individual if either spouse has
 22 attained age 65 before the close of the taxable year.

23 “(c) QUALIFIED NET CAPITAL GAIN.—For purposes
 24 of this section, the term ‘qualified net capital gain’ means
 25 the lesser of—

26 “(1) net capital gain, or

1 “(2) net capital gain determined by taking into
 2 account only assets held for at least 15 years.”.

3 (b) COORDINATION WITH MAXIMUM CAPITAL GAINS
 4 RATES.—Paragraph (2) of section 1(h) of such Code is
 5 amended to read as follows:

6 “(2) REDUCTION OF NET CAPITAL GAIN.—For
 7 purposes of this subsection, the net capital gain for
 8 any taxable year shall be reduced (but not below
 9 zero) by the sum of—

10 “(A) the amount which the taxpayer takes
 11 into account as investment income under sec-
 12 tion 163(d)(4)(B)(iii), and

13 “(B) the deduction allowed by section
 14 1203.”.

15 (c) DEDUCTION ALLOWABLE IN COMPUTING AD-
 16 JUSTED GROSS INCOME.—Subsection (a) of section 62 of
 17 such Code (defining adjusted gross income) is amended
 18 by inserting after paragraph (21) the following new para-
 19 graph:

20 “(22) CERTAIN NET CAPITAL GAIN OF INDIVID-
 21 UALS ATTAINING AGE 65.—The deduction allowed by
 22 section 1203.”.

23 (d) CONFORMING AMENDMENTS.—

24 (1) Subparagraph (E) of section 163(d)(4) of
 25 such Code is amended to read as follows:

1 “(E) COORDINATION WITH CAPITAL GAINS
 2 DEDUCTION.—The net capital gain taken into
 3 account under section 1202 for any taxable
 4 year shall be reduced (but not below zero) by
 5 the amount which the taxpayer takes into ac-
 6 count as investment income under subpara-
 7 graph (B)(iii) for such year.”.

8 (2) Subparagraph (B) of section 172(d)(2) of
 9 such Code is amended to read as follows:

10 “(B) the exclusion under section 1202, and
 11 the deduction under section 1203, shall not be
 12 allowed.”.

13 (3) Paragraph (4) of section 691(c) of such
 14 Code is amended by inserting “1203,” after
 15 “1202,”.

16 (4) Paragraph (2) of section 871(a) of such
 17 Code is amended by inserting “or 1203,” after
 18 “1202,”.

19 (5) Paragraph (1) of section 1402(i) of such
 20 Code is amended by inserting “, and the deduction
 21 provided by section 1203 shall not apply” before the
 22 period at the end thereof.

23 (6) The table of sections for part I of sub-
 24 chapter P of chapter 1 of such Code is amended by
 25 adding at the end the following new item:

“Sec. 1203. Deduction for net capital gain on long-held assets of individuals who have attained age 65.”.

- 1 (e) EFFECTIVE DATE.—The amendments made by
- 2 this section shall apply to taxable years beginning after
- 3 the date of the enactment of this Act.

