

114TH CONGRESS
2D SESSION

H. R. 4831

To amend the Internal Revenue Code of 1986 to make an exception to the 100 shareholder S corporation limitation in the case of shareholders whose shares were acquired through certain crowd-funding or small public offerings.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 2016

Mr. HILL (for himself and Mr. NEUGEBAUER) 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 make an exception to the 100 shareholder S corporation limitation in the case of shareholders whose shares were acquired through certain crowd-funding or small public offerings.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. EXCEPTION TO S CORPORATION SHARE-**
 2 **HOLDER LIMITATION IN CASE OF CROWD-**
 3 **FUNDING AND SMALL PUBLIC OFFERINGS.**

4 (a) IN GENERAL.—Section 1361(c) of the Internal
 5 Revenue Code of 1986 is amended by adding at the end
 6 the following new paragraph:

7 “(7) TREATMENT OF SHARES ACQUIRED
 8 THROUGH CROWD-FUNDING AND SMALL PUBLIC OF-
 9 FERINGS.—The number of shareholders of the cor-
 10 poration shall be determined under subsection
 11 (b)(1)(A) without regard to any individual who has
 12 only acquired shares in the corporation through—

13 “(A) a public offering that meets the terms
 14 and conditions set forth in Regulation A pro-
 15 mulgated by the Securities and Exchange Com-
 16 mission (17 C.F.R. 230.251 et seq.), or

17 “(B) one or more transactions described in
 18 section 4(a)(6) of the Securities Act of 1933
 19 (15 U.S.C. 77d(a)(6)).”.

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

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