

113TH CONGRESS
1ST SESSION

S. 1855

To amend the Internal Revenue Code of 1986 to make permanent the reduced recognition period for built-in gains for S corporations.

IN THE SENATE OF THE UNITED STATES

DECEMBER 18, 2013

Mr. CARDIN (for himself and Mr. ROBERTS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to make permanent the reduced recognition period for built-in gains for S corporations.

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. REDUCED RECOGNITION PERIOD FOR BUILT-IN**
4 **GAINS MADE PERMANENT.**

5 (a) IN GENERAL.—Paragraph (7) of section 1374(d)
6 of the Internal Revenue Code of 1986 is amended—

7 (1) by striking subparagraphs (A), (B), (C),
8 and (D),

9 (2) by redesignating subparagraph (E) as sub-
10 paragraph (B), and

1 (3) by inserting before subparagraph (B) (as so
2 redesignated) the following new subparagraph:

3 “(A) IN GENERAL.—The term ‘recognition
4 period’ means the 5-year period beginning with
5 the 1st day of the 1st taxable year for which
6 the corporation was an S corporation. For pur-
7 poses of applying this section to any amount in-
8 cludible in income by reason of distributions to
9 shareholders pursuant to section 593(e), the
10 preceding sentence shall be applied without re-
11 gard to the phrase ‘5-year’.”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to taxable years beginning after
14 December 31, 2013.

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