S 850

Small Business and Financial Institutions Tax Relief Act of 2003

Congress: 108 (2003–2005, Ended)
Chamber: Senate
Policy Area: Taxation
Introduced: Apr 10, 2003
Current Status: Read twice and referred to the Committee on Finance.
Latest Action: Read twice and referred to the Committee on Finance. (Apr 10, 2003)
Official Text: https://www.congress.gov/bill/108th-congress/senate-bill/850

Sponsor

Name: Sen. Allard, Wayne [R-CO]
Party: Republican • **State:** CO • **Chamber:** Senate

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Apr 10, 2003

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
108 HR 714	Identical bill	**Feb 12, 2003:** Referred to the House Committee on Ways and Means.

Summary (as of Apr 10, 2003)

Small Business and Financial Institutions Tax Relief Act of 2003 - Amends the Internal Revenue Code to make a trust-individual retirement account (IRA) an eligible bank S corporation shareholder.

Exempts from prohibited transaction rules any sale of stock in an IRA pursuant to a small business corporation's election to be an S corporation.

Excludes from the definition of passive income for purposes of S status termination any interest income earned by or dividends on assets required to be held by a bank, a bank holding company, or a qualified subchapter S subsidiary bank.

Increases to 150 the maximum number of shareholders a small business organization may have to be eligible to elect S corporation treatment.

States that stock held by a bank director as required by banking regulations (director qualifying stock) shall not be considered a disqualifying second class of S corporation stock.

Permits a bank which makes an S corporation election to recapture certain bad debt reserves in the year of election or the preceding year.

Limits any special rules regarding corporate income preference items to the three years following S corporation election.

Treats a husband and wife as one shareholder. Permits, and sets forth criteria for, an election to treat all members of a family as one shareholder.

Permits the issuance of qualified preferred stock, which shall not be treated as second class stock. Makes any distribution (not in payment in exchange for stock) made by an S corporation with respect to qualified preferred stock includible as ordinary income of the holder and deductible to the corporation as an expense.

Revises exceptions to the criteria for the treatment of certain wholly owned subchapter S subsidiaries with reference to required information returns.

Provides for a charitable contribution basis adjustment of S corporation stock based upon the shareholder's pro rata share of adjusted basis.

Actions Timeline

- **Apr 10, 2003:** Introduced in Senate
- **Apr 10, 2003:** Read twice and referred to the Committee on Finance.