

HR 5754

S Corporation Modernization Act of 2016

Congress: 114 (2015–2017, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Jul 13, 2016

Current Status: Referred to the House Committee on Ways and Means.

Latest Action: Referred to the House Committee on Ways and Means. (Jul 13, 2016)

Official Text: <https://www.congress.gov/bill/114th-congress/house-bill/5754>

Sponsor

Name: Rep. Reichert, David G. [R-WA-8]

Party: Republican • State: WA • Chamber: House

Cosponsors (3 total)

| Cosponsor | Party / State | Role | Date Joined |
|----------------------------------|---------------|------|--------------|
| Rep. Kind, Ron [D-WI-3] | D · WI | | Jul 13, 2016 |
| Rep. Paulsen, Erik [R-MN-3] | R · MN | | Sep 13, 2016 |
| Rep. Renacci, James B. [R-OH-16] | R · OH | | Sep 13, 2016 |

Committee Activity

| Committee | Chamber | Activity | Date |
|--------------------------|---------|-------------|--------------|
| Ways and Means Committee | House | Referred To | Jul 13, 2016 |

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

| Bill | Relationship | Last Action |
|------------|----------------|--|
| 114 S 3181 | Identical bill | Jul 13, 2016: Read twice and referred to the Committee on Finance. |

S Corporation Modernization Act of 2016

This bill amends the Internal Revenue Code, with respect to the tax treatment of S corporations, to:

- allow a nonresident alien to be a qualifying beneficiary of an electing small business trust (ESBT), which is a type of trust that is permitted to hold shares in an S corporation;
- allow S corporations to increase passive investment income from 25% to 60% without incurring additional taxes;
- eliminate a provision terminating the S corporation status of corporations with excessive passive income for three consecutive years;
- allow any S corporation bank to have individual retirement account shareholders;
- allow ESBTs to claim expanded tax deductions for charitable contributions; and
- allow an adjustment to the basis of an S corporation's assets upon the death of a shareholder, in the form of a 15-year amortization deduction.

Actions Timeline

- **Jul 13, 2016:** Introduced in House
- **Jul 13, 2016:** Referred to the House Committee on Ways and Means.