

## HR 5973

To amend the Internal Revenue Code of 1986 to clarify the tax treatment of certain life insurance contract transactions, and for other purposes.

**Congress:** 114 (2015–2017, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Sep 8, 2016

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

**Latest Action:** Referred to the House Committee on Ways and Means. (Sep 8, 2016)

**Official Text:** <https://www.congress.gov/bill/114th-congress/house-bill/5973>

### Sponsor

**Name:** Rep. Tiberi, Patrick J. [R-OH-12]

**Party:** Republican • **State:** OH • **Chamber:** House

### Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Kind, Ron [D-WI-3]	D · WI		Sep 8, 2016

### Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Sep 8, 2016

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

*No related bills are listed.*

This bill amends the Internal Revenue Code to modify the tax treatment of certain life insurance contract transactions.

The bill establishes reporting requirements for acquisitions of life insurance contracts in a reportable policy sale. Specified details must be reported regarding:

- the payments, contracts, and people involved in the acquisition;
- the seller's basis; and
- payments of death benefits.

A "reportable policy sale" is the acquisition of an interest in a life insurance contract, directly or indirectly, if the acquirer has no substantial family, business, or financial relationship with the insured apart from the acquirer's interest in such life insurance contract.

The bill also: (1) specifies that no basis adjustment shall be made for mortality, expense, or other reasonable charges incurred under an annuity or life insurance contract; and (2) exempts the transfer of a life insurance contract, or any interest therein, in a reportable policy sale from the transfer for valuable consideration rule.

(Under current law, the transfer for valuable consideration rule provides that, if a life insurance contract or an interest in a contract is transferred for a valuable consideration, the tax exclusion for amounts received under a life insurance contract due to the death of the insured is limited to the sum of the actual value of the consideration and the premiums and other amounts subsequently paid by the transferee.)

### **Actions Timeline**

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- **Sep 8, 2016:** Introduced in House
- **Sep 8, 2016:** Referred to the House Committee on Ways and Means.

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