

## S 1598

Carried Interest Fairness Act of 2021

**Congress:** 117 (2021–2023, Ended)

**Chamber:** Senate

**Policy Area:** Taxation

**Introduced:** May 12, 2021

**Current Status:** Read twice and referred to the Committee on Finance.

**Latest Action:** Read twice and referred to the Committee on Finance. (May 12, 2021)

**Official Text:** <https://www.congress.gov/bill/117th-congress/senate-bill/1598>

### Sponsor

**Name:** Sen. Baldwin, Tammy [D-WI]

**Party:** Democratic • **State:** WI • **Chamber:** Senate

### Cosponsors (13 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Booker, Cory A. [D-NJ]	D · NJ		May 12, 2021
Sen. Brown, Sherrod [D-OH]	D · OH		May 12, 2021
Sen. Feinstein, Dianne [D-CA]	D · CA		May 12, 2021
Sen. Hirono, Mazie K. [D-HI]	D · HI		May 12, 2021
Sen. Kaine, Tim [D-VA]	D · VA		May 12, 2021
Sen. Klobuchar, Amy [D-MN]	D · MN		May 12, 2021
Sen. Manchin, Joe, III [D-WV]	D · WV		May 12, 2021
Sen. Markey, Edward J. [D-MA]	D · MA		May 12, 2021
Sen. Reed, Jack [D-RI]	D · RI		May 12, 2021
Sen. Sanders, Bernard [I-VT]	I · VT		May 12, 2021
Sen. Van Hollen, Chris [D-MD]	D · MD		May 12, 2021
Sen. Warren, Elizabeth [D-MA]	D · MA		May 12, 2021
Sen. Whitehouse, Sheldon [D-RI]	D · RI		May 12, 2021

### Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	May 12, 2021

### Subjects & Policy Tags

**Policy Area:**

Taxation

## Related Bills

Bill	Relationship	Last Action
117 HR 5648	Related bill	Nov 1, 2022: Referred to the Subcommittee on the Constitution, Civil Rights, and Civil Liberties.
117 S 3022	Related bill	Sep 8, 2022: Committee on Banking, Housing, and Urban Affairs. Hearings held.
117 HR 6763	Related bill	Feb 18, 2022: Referred to the House Committee on Ways and Means.
117 HR 1376	Related bill	Feb 26, 2021: Referred to the Subcommittee on Environment and Climate Change.
117 HR 1068	Related bill	Feb 15, 2021: Referred to the House Committee on Ways and Means.

## Summary (as of May 12, 2021)

### Carried Interest Fairness Act of 2021

This bill modifies the tax treatment of carried interest, which is compensation that is typically received by a partner of a private equity or hedge fund and is based on a share of the fund's profits. (Under current law, carried interest is taxed as investment income rather than at ordinary income tax rates.)

This bill includes provisions that

- set forth a special rule for the inclusion in gross income of partnership interests transferred in connection with the performance of services,
- treat as ordinary income the net capital gain with respect to an investment services partnership interest except to the extent such gain is attributable to a partner's qualified capital interest,
- exempt income from investment services partnership interests from treatment as qualifying income of a publicly traded partnership,
- exempt certain family partnerships from the application of this bill,
- increase the penalty for underpayments of tax resulting from failure to treat income from an investment services partnership interest as ordinary income, and
- include income and loss from an investment services partnership interest for purposes of determining net earnings from self-employment and applicable self-employment taxes.

The bill defines *investment services partnership interest* as any interest in a partnership held by a person who provides services to a partnership by (1) advising the partnership about investing in, purchasing, or selling specified assets; (2) managing, acquiring, or disposing of specified assets; or (3) arranging financing with respect to acquiring specified assets.

### Actions Timeline

- **May 12, 2021:** Introduced in Senate
- **May 12, 2021:** Read twice and referred to the Committee on Finance.