

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.