

JUNE 5, 2014

**RULES COMMITTEE PRINT 113-46**  
**TEXT OF H.R. 4453, THE PERMANENT S COR-**  
**PORATION BUILT-IN GAINS RECOGNITION PE-**  
**RIOD ACT OF 2014**

**[Showing the texts of H.R. 4453 and H.R. 4454 as reported by  
the Committee on Ways and Means with a modification.]**

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “S Corporation Perma-  
3 nent Tax Relief Act of 2014”.

4 **SEC. 2. REDUCED RECOGNITION PERIOD FOR BUILT-IN**  
5                   **GAINS OF S CORPORATIONS MADE PERMA-**  
6                   **NENT.**

7       (a) **IN GENERAL.**—Paragraph (7) of section 1374(d)  
8 of the Internal Revenue Code of 1986 is amended to read  
9 as follows:

10               “(7) **RECOGNITION PERIOD.**—

11                   “(A) **IN GENERAL.**—The term ‘recognition  
12 period’ means the 5-year period beginning with  
13 the 1st day of the 1st taxable year for which  
14 the corporation was an S corporation. For pur-  
15 poses of applying this section to any amount in-  
16 cludible in income by reason of distributions to  
17 shareholders pursuant to section 593(e), the

1 preceding sentence shall be applied without re-  
2 gard to the phrase ‘5-year’.

3 “(B) **INSTALLMENT SALES.**—If an S cor-  
4 poration sells an asset and reports the income  
5 from the sale using the installment method  
6 under section 453, the treatment of all pay-  
7 ments received shall be governed by the provi-  
8 sions of this paragraph applicable to the taxable  
9 year in which such sale was made.”.

10 (b) **EFFECTIVE DATE.**—The amendment made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2013.

13 **SEC. 3. PERMANENT RULE REGARDING BASIS ADJUST-**  
14 **MENT TO STOCK OF S CORPORATIONS MAK-**  
15 **ING CHARITABLE CONTRIBUTIONS OF PROP-**  
16 **ERTY.**

17 (a) **IN GENERAL.**—Section 1367(a)(2) of the Internal  
18 Revenue Code of 1986 is amended by striking the last sen-  
19 tence.

20 (b) **EFFECTIVE DATE.**—The amendment made by  
21 this section shall apply to contributions made in taxable  
22 years beginning after December 31, 2013.

23 **SEC. 4. BUDGETARY EFFECTS.**

24 (a) **STATUTORY PAY-AS-YOU-GO SCORECARDS.**—The  
25 budgetary effects of this Act shall not be entered on either

1 PAYGO scorecard maintained pursuant to section 4(d) of  
2 the Statutory Pay-As-You-Go Act of 2010.

3 (b) SENATE PAYGO SCORECARDS.—The budgetary  
4 effects of this Act shall not be entered on any PAYGO  
5 scorecard maintained for purposes of section 201 of S.  
6 Con. Res. 21 (110th Congress).

