

AMENDMENT TO
RULES COMMITTEE PRINT 119-3
OFFERED BY MS. LEGER FERNANDEZ OF NEW
MEXICO

In title XI, at the appropriate place, insert the following new section:

1 **SEC. _____. MINIMUM TAX ON CERTAIN WEALTHY TAX-**
2 **PAYERS.**

3 (a) IN GENERAL.—Subtitle A is amended by insert-
4 ing after chapter 4 the following new chapter:

5 **“CHAPTER 5—MINIMUM TAX ON CERTAIN**
6 **WEALTHY TAXPAYERS**

“Sec. 1481. Minimum tax on certain wealthy taxpayers.

“Sec. 1482. Certain otherwise exempt transfers by certain wealthy taxpayers treated as taxable.

7 **“SEC. 1481. MINIMUM TAX ON CERTAIN WEALTHY TAX-**
8 **PAYERS.**

9 “(a) IN GENERAL.—In the case of an applicable tax-
10 payer, there is hereby imposed (in addition to any other
11 tax imposed by this subtitle) for each taxable year a tax
12 equal to the excess (if any) of—

13 “(1) 25 percent of the sum of—

14 “(A) the taxpayer’s taxable income for
15 such taxable year, plus

1 “(B) the taxpayer’s net unrealized gain for
2 such taxable year, over

3 “(2) the sum of—

4 “(A) the taxpayer’s minimum tax account
5 balance for such taxable year, plus

6 “(B) the taxpayer’s regular tax liability (as
7 defined in section 26(b)) for such taxable year.

8 “(b) LIMITATION ON MINIMUM TAX.—The tax im-
9 posed under subsection (a) with respect to any applicable
10 taxpayer (other than an applicable taxpayer described in
11 subsection (c)(1)(B)) for any taxable year shall not exceed
12 40 percent of the excess described in subsection (c)(1)(A)
13 with respect to such taxpayer for such taxable year.

14 “(c) APPLICABLE TAXPAYER.—For purposes of this
15 section—

16 “(1) IN GENERAL.—The term ‘applicable tax-
17 payer’ means—

18 “(A) any individual for any taxable year if
19 the taxpayer’s net worth for such taxable year
20 exceeds \$100,000,000 (half such amount in the
21 case of a married individual filing a separate re-
22 turn), and

23 “(B) any trust or estate treated as an ap-
24 plicable taxpayer under subsection (g).

1 “(2) NET WORTH.—The term ‘net worth’
2 means, with respect to any taxpayer for any taxable
3 year, the excess (if any), determined as of the close
4 of such taxable year, of—

5 “(A) the estimated value of all assets of
6 the taxpayer and all trust attributed assets of
7 the taxpayer, as determined under regulations
8 provided by the Secretary, over

9 “(B) all debts (and such other liabilities as
10 the Secretary may provide) of the taxpayer and
11 all trust attributed debts of the taxpayer.

12 “(3) TRUST ATTRIBUTED ASSETS.—The term
13 ‘trust attributed assets’ means, with respect to any
14 taxpayer—

15 “(A) any asset of a trust which such tax-
16 payer is treated as owning under subpart E of
17 part I of subchapter J of chapter 1, and

18 “(B) any asset of a trust (other than a
19 trust which a person other than the taxpayer is
20 treated as owning under such subpart) that is
21 distributable to the taxpayer or from which in-
22 come is distributable to the taxpayer in whole
23 or in part, whether or not the taxpayer’s dis-
24 tribution rights are subject to a contingency,

1 unless that contingency is the death of another
2 trust beneficiary.

3 “(4) TRUST ATTRIBUTED DEBTS.—The term
4 ‘trust attributed debts’ means, with respect to any
5 taxpayer—

6 “(A) any debt (and such other liabilities as
7 the Secretary may provide) of a trust described
8 in paragraph (3)(A), and

9 “(B) any debt (and such other liabilities as
10 the Secretary may provide) with respect to an
11 asset described in paragraph (3)(B) if the hold-
12 ers of such debt have a right to repayment
13 which is senior to the distribution rights of the
14 taxpayer.

15 “(5) GRATUITOUS TRANSFERS.—

16 “(A) IN GENERAL.—In the case of any
17 asset which was transferred by the taxpayer
18 during the 5-year period ending with the close
19 of the taxable year for which the taxpayer’s net
20 worth is determined (and which is not otherwise
21 taken into account in determining such net
22 worth), such taxpayer’s net worth (as deter-
23 mined for purposes of this section) shall be—

24 “(i) increased by the value of such
25 transferred asset at the time of transfer,

1 “(ii) decreased (but not in excess of
2 the amount of the increase under clause
3 (i)) by the amount paid in consideration
4 for such asset by the transferee,

5 “(iii) in the case of any decrease
6 under clause (ii), increased to the extent of
7 any liability of the transferee to the trans-
8 feror or related party (as defined under
9 section 267(b)) of the transferor, incurred
10 in connection with the transfer of such
11 asset, to the extent that the right to collect
12 such liability is not already reflected in the
13 net wealth of the transferor, and

14 “(iv) increased by the value of any
15 such transferred asset transferred with a
16 purpose that was in substantial part to
17 avoid tax, to the extent not already in-
18 cluded as an increase under clause (i) or
19 (iii).

20 “(B) EXCEPTIONS.—Subparagraph (A)
21 shall not apply with respect to any transfer of
22 an asset to—

23 “(i) an organization described in sec-
24 tion 170(c),

1 “(ii) a spouse or former spouse if sec-
2 tion 1041 applies to such transfer, or

3 “(iii) a spouse if both spouses are ap-
4 plicable taxpayers at the time of such
5 transfer.

6 “(C) SPECIAL RULE REGARDING TRANS-
7 FER TO AVOID TAX.—For purposes of subpara-
8 graph (A)(iv), if one or more transfers of assets
9 would (but for this sentence) reduce the tax im-
10 posed under this section and the taxpayer re-
11 tains a substantial degree of control over such
12 assets, the purpose of such transfers shall be
13 treated as avoidance of tax unless the taxpayer
14 shows otherwise by clear and convincing evi-
15 dence.

16 “(d) MINIMUM TAX ACCOUNT BALANCE.—For pur-
17 poses of this section, the term ‘minimum tax account bal-
18 ance’ means, with respect to any taxpayer for any taxable
19 year, the excess (if any) of—

20 “(1) the aggregate amount of tax imposed
21 under this section with respect to the taxpayer for
22 all prior taxable years, over

23 “(2) the sum of—

1 “(A) the aggregate credits allowed under
2 sections 25G and 36D with respect to the tax-
3 payer for all prior taxable years, and

4 “(B) the aggregate reductions described in
5 subsection (h)(6) with respect to the taxpayer
6 for all prior taxable years.

7 “(e) NET UNREALIZED GAIN.—

8 “(1) IN GENERAL.—For purposes of this sec-
9 tion, the term ‘net unrealized gain’ means, with re-
10 spect to any taxpayer for any taxable year, the ex-
11 cess (if any) of—

12 “(A) the aggregate gains which would be
13 recognized if such taxpayer sold each asset held
14 at the close of such taxable year (including any
15 asset described in subsection (c)(3)(A)) for such
16 asset’s estimated value at such time, over

17 “(B) the aggregate losses which would be
18 so recognized.

19 “(2) ESTIMATED VALUE.—For purposes of this
20 section—

21 “(A) IN GENERAL.—Except as otherwise
22 provided in this subsection, the term ‘estimated
23 value’ means fair market value determined in
24 such manner as the Secretary may provide.

25 “(B) NON-READILY TRADABLE ASSETS.—

1 “(i) DEFAULT METHOD.—In the ab-
2 sence of regulations or other guidance
3 under clause (iii) or (iv) (and only in such
4 absence), the estimated value of a non-
5 readily tradable asset shall be determined
6 by beginning with the greatest (determined
7 after adjustment under clause (ii)) of—

8 “(I) the original basis amount,

9 “(II) the adjusted cost basis
10 amount, or

11 “(III) the most recent fair mar-
12 ket valuation amount.

13 “(ii) ADJUSTMENT FOR DEEMED AP-
14 PRECIATION.—Each amount described in
15 subclauses (I), (II), and (III) of clause (i)
16 shall be separately increased by a rate of
17 appreciation equal to the sum of—

18 “(I) the annual rate of interest
19 determined by the Secretary to be
20 equivalent to the average of the 5-year
21 constant maturity Treasury yields, as
22 published by the Board of Governors
23 of the Federal Reserve System, for
24 the 5-year period ending on Sep-
25 tember 30 of the calendar year ending

1 before the date with respect to which
2 the estimated value is determined,
3 plus

4 “(II) 2 percentage points,
5 for the period beginning on the date with
6 respect to which such amount relates and
7 ending on the date with respect to which
8 the estimated value is determined.

9 “(iii) REGULATIONS.—In the case of
10 any non-readily tradable asset, the esti-
11 mated value of such asset shall be deter-
12 mined by such method as the Secretary
13 may prescribe in regulations or other guid-
14 ance. Such method may require a single
15 valuation method with respect to any such
16 asset or may provide one or more options
17 for valuing any such asset and may (but is
18 not required to) include one or more of the
19 following:

20 “(I) Required formulaic valu-
21 ations based on any of the original
22 basis amount (grossed up by a for-
23 mula), other adjusted cost basis
24 amounts (potentially adjusted by a
25 formula), most recent fair market

1 valuation amount (grossed up by a
2 formula), or formulaic multiple of
3 book value or other financial state-
4 ment valuation.

5 “(II) Any valuation method uti-
6 lized with respect to illiquid taxpayers
7 under subsection (f), including any
8 method under the special valuation re-
9 gime and the rule that a valuation
10 may be challenged by the taxpayer
11 only upon a showing of clear and con-
12 vincing error.

13 “(iv) CERTAIN REQUIRED APPLICA-
14 TIONS OF ILLIQUID TAXPAYER RULES.—
15 The Secretary may issue regulations or
16 other guidance which require certain tax-
17 payers which hold one or more non-readily
18 tradable assets to apply one or more of the
19 rules applicable to illiquid taxpayers under
20 paragraph (4) and subsection (h) (without
21 regard to whether the taxpayer makes the
22 election described in paragraph (4) or any
23 election under subsection (h)) with respect
24 to all or any portion of such assets. The
25 Secretary may require calculation and pay-

1 ment of estimated annual taxes on such as-
2 sets to the extent that the Secretary deter-
3 mines that doing so would best advance
4 the goal of minimizing gaming by tax-
5 payers.

6 “(v) RECAPTURE OF DEPRECIATION
7 AND AMORTIZATION PERMITTED.—Nothing
8 in this subsection shall be construed to
9 prevent the determination of gains and
10 losses for purposes of this subsection with
11 respect to any asset on the basis of the ad-
12 justed basis of such asset (after taking into
13 account any reductions in such basis for
14 depreciation or amortization).

15 “(3) NON-READILY TRADABLE ASSET.—For
16 purposes of this section, the term ‘non-readily
17 tradable asset’ means any asset which is part of any
18 class of assets with respect to which the Secretary
19 has determined that mandatory annual valuations
20 are inappropriate for purposes of this section.

21 “(4) ILLIQUID TAXPAYERS.—

22 “(A) IN GENERAL.—In the case of an il-
23 liquid taxpayer which makes the election de-
24 scribed in subparagraph (B)—

1 “(i) the net unrealized gain of such
2 taxpayer shall be determined by only tak-
3 ing into account the unrealized gains (and
4 losses) on assets other than non-readily
5 tradable assets, and

6 “(ii) such taxpayer shall be subject to
7 the requirements of subsection (f) with re-
8 spect to all non-readily tradable assets held
9 by the taxpayer.

10 “(B) ILLIQUID TAXPAYER.—For purposes
11 of this subsection, the term ‘illiquid taxpayer’
12 means any taxpayer for any taxable year if the
13 estimated value of all assets other than non-
14 readily tradable assets of the taxpayer as of the
15 close of such taxable year does not exceed 20
16 percent of the taxpayer’s net worth for such
17 taxable year.

18 “(C) ELECTION.—Any election made
19 under this paragraph shall be made at such
20 time and in such manner as the Secretary may
21 provide and, once made with respect to any
22 asset, may be revoked only with the consent of
23 the Secretary (and subject to such requirements
24 as the Secretary may provide to ensure proper
25 taxation of gains and losses with respect to

1 such assets). If the Secretary determines that it
2 is consistent with the purposes of this section,
3 the Secretary may permit an illiquid taxpayer
4 to elect to apply this paragraph (and subsection
5 (f)) with respect to such portion of non-readily
6 tradable assets of the taxpayer as the Secretary
7 determines is consistent with such purposes.

8 “(f) SPECIAL LIMITED DEFERRAL OPTION AC-
9 COUNTS.—

10 “(1) IN GENERAL.—The Secretary shall issue
11 regulations or other guidance under which, in the
12 case of any taxpayer subject to the requirements of
13 this subsection (including by reason of subsection
14 (e)(2)(B)(iv) or (e)(4) or paragraph (2)(K) of this
15 subsection), the taxpayer’s tax liability under this
16 section, and the timing of any such liability, with re-
17 spect to any non-readily tradable assets held by such
18 taxpayer are determined on the basis of the Special
19 Limited Deferral Option account rules prescribed by
20 the Secretary under this subsection.

21 “(2) SPECIAL LIMITED DEFERRAL OPTION AC-
22 COUNT RULES.—The Special Limited Deferral Op-
23 tion account rules prescribed by the Secretary under
24 this subsection shall, except as otherwise provided by
25 the Secretary, be consistent with the following:

1 “(A) Any taxpayer subject to this sub-
2 section shall be treated as having an Special
3 Limited Deferral Option account (hereafter in
4 this subsection referred to as an ‘SLDO ac-
5 count’) which consists of the non-readily
6 tradable assets held by such taxpayer (or, as
7 the case may be, to the portion of such assets
8 described in subsection (e)(2)(B)(iv) or
9 (e)(4)(C)) (hereafter in this subsection referred
10 to as the ‘SLDO assets’).

11 “(B) Except as provided in subparagraph
12 (K)—

13 “(i) in the case of the first year in
14 which a taxpayer becomes subject to this
15 subsection and so has assets in the SLDO
16 account, the notional interest percentage of
17 the SLDO account shall be 25 percent (0
18 percent in the case of a taxpayer which
19 elects to recognize all unrealized gains of
20 all assets in the SLDO account upon initi-
21 ation of the SLDO account), and

22 “(ii) at the end of the first year in
23 which a taxpayer becomes subject to this
24 subsection and so has assets in the SLDO
25 account and at the end of each subsequent

1 year during which the taxpayer continues
2 to be subject to this subsection and have
3 assets in the SLDO account, the notional
4 interest percentage of the SLDO account
5 shall be increased annually by an amount
6 equal to the product of—

7 “(I) the deemed rate of return
8 multiplied by 25 percent, multiplied
9 by

10 “(II) 1 minus the notional inter-
11 est percentage immediately prior to
12 the increase.

13 “(C) The deemed rate of return for pur-
14 poses of subparagraph (B)(ii)(I) shall be the es-
15 timated investment rate of return for the entire
16 economy as determined by the Secretary, or if
17 the Secretary provides that the notional interest
18 percentage should be determined separately
19 with respect to any class of assets, such other
20 rate of return as the Secretary determines ap-
21 propriate for such asset class.

22 “(D) Any sale, or other transfer, of any
23 SLDO asset shall be treated as a distribution
24 from the SLDO account, except that the Sec-
25 retary shall provide rules for treating transfers

1 made in the ordinary course of a trade or busi-
2 ness and exchanges of non-readily tradable as-
3 sets as other than distributions.

4 “(E) Except as otherwise provided by the
5 Secretary, an increase in debt shall be treated
6 as a distribution from the SLDO account and
7 any subsequent decrease in debt shall be taken
8 into account as a reduction in distributions
9 from the SLDO account or as a credit against
10 tax (as the Secretary determines appropriate).

11 “(F) Any distribution from the SLDO ac-
12 count shall result in an increase in the taxable
13 income of the taxpayer equal to the product of
14 the estimated value of the distribution multi-
15 plied by the notional interest percentage at the
16 time of the distribution.

17 “(G) A taxpayer may elect to pay liabilities
18 under this subsection in advance and proper
19 credit shall be provided for any such liabilities
20 so paid in advance upon resolution of the
21 SLDO account.

22 “(H) The Secretary shall establish a spe-
23 cial valuation regime for purposes of deter-
24 mining the estimated value of any distribution
25 of a non-tradable asset from a SLDO account.

1 Such special valuation regime shall ensure valu-
2 ation accuracy, minimize the potential for
3 under-valuation, and minimize the potential for
4 taxpayer gaming. Such regime may include the
5 use of appraisers employed by the Secretary,
6 formulaic valuations, or any other method de-
7 signed to ensure valuation accuracy and mini-
8 mize the potential for gaming. Any estimated
9 value determined under such special valuation
10 regime may be challenged by the taxpayer only
11 upon a showing of clear and convincing error.
12 In place of the standard due process safe-
13 guards, a taxpayer may opt to reject such spe-
14 cial valuations (under rules and procedures to
15 be determined by the Secretary) and instead
16 maintain the non-tradable asset within a SLDO
17 account.

18 “(I) If a taxpayer is subject to the require-
19 ments of this subsection with respect to any as-
20 sets, such taxpayer shall remain subject to the
21 requirements of this subsection (without regard
22 to whether or not such taxpayer ceases to be an
23 applicable taxpayer) until the SLDO account is
24 resolved and all liabilities with respect to such
25 SLDO account have been paid. For purposes of

1 this subsection, an SLDO account shall be
2 treated as resolved upon the death of the tax-
3 payer, the distribution of all assets of the
4 SLDO account, a determination by the Sec-
5 retary that further treatment as a SLDO ac-
6 count is inconsistent with the purposes of this
7 section, or a determination by the Secretary de-
8 scribed in subparagraph (J).

9 “(J) If the Secretary determines, upon ap-
10 plication by the taxpayer, that the resolution of
11 a SLDO account is not inconsistent with the
12 purposes of this section—

13 “(i) all remaining assets of such
14 SLDO account shall be treated as distrib-
15 uted, and

16 “(ii) such SLDO account shall be
17 treated as resolved.

18 “(K) Upon the resolution of the SLDO ac-
19 count, there shall be imposed on the taxpayer a
20 tax (or a refund of taxes previously paid may
21 be awarded) as determined by the Secretary by
22 applying a retrospective formula determined by
23 the Secretary to eliminate the entire tax advan-
24 tage of deferral. Such tax shall be determined
25 in a manner to take into account prior distribu-

1 tions from the SLDO account and any tax pre-
2 viously imposed thereon and any liability under
3 this subsection which is paid in advance under
4 subparagraph (G).

5 “(L) If, upon the death of a taxpayer, an
6 heir of SLDO assets elects to initiate a carry-
7 over SLDO account for such inherited assets—

8 “(i) such assets shall not be taken
9 into account under subparagraph (J) upon
10 the resolution of the decedent’s SLDO ac-
11 count,

12 “(ii) such heir’s carry-over SLDO ac-
13 count shall begin with a notional interest
14 percentage equal to that of the decedent’s
15 SLDO account at the time of death, and

16 “(iii) such carry-over SLDO account
17 shall be maintained separately from any
18 SLDO account otherwise maintained by
19 such heir.

20 “(g) TREATMENT OF TRUSTS AND ESTATES AS AP-
21 PLICABLE TAXPAYERS.—For purposes of this chapter—

22 “(1) IN GENERAL.—Any trust (other than a
23 trust the assets of which are treated as owned by
24 another taxpayer under subpart E of part I of sub-
25 chapter J of chapter 1) or applicable estate shall be

1 treated as an applicable taxpayer for purposes of
2 this chapter if any assets of the trust are trust at-
3 tributed assets with respect to any applicable tax-
4 payer.

5 “(2) APPLICABLE ESTATE.—An estate is an ap-
6 plicable estate if the decedent was an applicable tax-
7 payer for any taxable year ending during the 5-year
8 period ending on the date of the decedent’s death,
9 except that such estate shall not be treated as an
10 applicable taxpayer for any taxable year beginning
11 before the third taxable year following the date of
12 the decedent’s death.

13 “(3) TRUSTS ACQUIRING UNITED STATES
14 BENEFICIARIES.—

15 “(A) IN GENERAL.—If paragraph (1) ap-
16 plies to a trust for a transferor or beneficiary’s
17 taxable year, and paragraph (1) would have ap-
18 plied to the trust for any of the preceding 10
19 taxable years (other than years prior to the ef-
20 fective date of this section) but for the fact that
21 in such year or years there was no United
22 States beneficiary for any portion of the trust,
23 then the transferor shall be treated as having
24 income for the taxable year equal to—

1 “(i) the aggregate increases in the tax
2 imposed under this title for each such prior
3 taxable year (beginning after the date of
4 the enactment of this chapter) which would
5 have occurred if paragraph (1) had applied
6 to such trust for such year, plus

7 “(ii) interest on such increase deter-
8 mined with respect to each such taxable
9 year determined at the underpayment rate.

10 “(B) NO LIVING TRANSFEROR.—In the
11 event that subparagraph (A) would apply, but
12 for the fact that there is no living transferor,
13 then each beneficiary of such trust, other than
14 a contingent beneficiary, shall be treated as
15 having income for the taxable year equal to—

16 “(i) the aggregate increases in the tax
17 imposed under this title for each such prior
18 taxable year (beginning after the date of
19 the enactment of this chapter) which would
20 have occurred if paragraph (1) had applied
21 to such trust, but only to the extent of
22 such increases in tax which would have oc-
23 curred with respect to such portion of trust
24 assets as are distributable to the bene-
25 ficiary, or such portion of trust income as

1 is distributable to the beneficiary (whether
2 or not such assets or income are so distrib-
3 uted), plus

4 “(ii) interest on such increase deter-
5 mined with respect to each such taxable
6 year determined at the underpayment rate.

7 “(C) CONTINGENT BENEFICIARIES.—In
8 the event that no tax is imposed on a bene-
9 ficiary under subparagraph (B) because such
10 beneficiary is contingent, then in the first tax-
11 able year in which such beneficiary is no longer
12 contingent, such beneficiary shall be treated as
13 having income for the taxable year equal to the
14 amount that would have been imposed under
15 subparagraph (B), plus interest on such in-
16 crease determined with respect to each such
17 taxable year determined at the underpayment
18 rate, but in no case will such tax and interest
19 be imposed with respect to any portion of trust
20 assets or income previously subject to tax under
21 this section.

22 “(D) CONTINGENT.—For purposes of this
23 paragraph, a beneficiary’s interest in a trust
24 shall be treated as contingent if (and only if)
25 such interest depends on the outcome of uncer-

1 tain future events (other than the discretion of
2 the trustee to determine the timing of the dis-
3 tribution of income).

4 “(h) ELECTION TO PAY LIABILITY IN INSTALL-
5 MENTS.—

6 “(1) IN GENERAL.—A taxpayer may elect to
7 pay the tax imposed under subsection (a) or (g) for
8 any taxable year in 5 equal annual installments (in
9 the case of the taxpayer’s first taxable year begin-
10 ning in 2025, 9 equal annual installments).

11 “(2) DATE FOR PAYMENT OF INSTALLMENTS.—
12 If an election is made under paragraph (1), the first
13 installment shall be paid on or before the due date
14 (determined without regard to any extension of time
15 for filing the return) for the return of tax for the
16 taxable year described in subsection (a) and each
17 succeeding installment shall be paid on or before the
18 due date (as so determined) for the return of tax for
19 the taxable year following the taxable year with re-
20 spect to which the preceding installment was made.

21 “(3) ACCELERATION OF PAYMENT.—

22 “(A) IN GENERAL.—If there is an addition
23 to tax for failure to timely pay any installment
24 required under this subsection (other than by
25 reason of a timely election made under para-

1 graph (5)), a bankruptcy of the taxpayer (in-
2 cluding in a title 11 or similar case), or any
3 similar circumstance, then the unpaid portion
4 of all remaining installments shall be due on
5 the date of such event (or in the case of a title
6 11 or similar case, the day before the petition
7 is filed).

8 “(B) PAYMENT WITHIN 6 MONTHS.—In
9 the case of the payment of any installment re-
10 quired under this subsection during the 6-
11 month period beginning on the due date of such
12 installment, subparagraph (A) shall not apply
13 and rules similar to the rules of section
14 6166(g)(3)(B) shall apply.

15 “(4) PRORATION OF DEFICIENCY TO INSTALL-
16 MENTS.—If an election is made under paragraph (1)
17 to pay tax imposed under subsection (a) in install-
18 ments and a deficiency has been assessed with re-
19 spect to such tax, the deficiency shall be prorated to
20 the installments payable under paragraph (1). The
21 part of the deficiency so prorated to any installment
22 the date for payment of which has not arrived shall
23 be collected at the same time as, and as a part of,
24 such installment. The part of the deficiency so pro-
25 rated to any installment the date for payment of

1 which has arrived shall be paid upon notice and de-
2 mand from the Secretary. This subsection shall not
3 apply if the deficiency is due to negligence, to inten-
4 tional disregard of rules and regulations, or to fraud
5 with intent to evade tax.

6 “(5) ELECTION.—Any election under paragraph
7 (1) shall be made at such time and in such manner
8 as the Secretary shall provide.

9 “(6) REDUCTION OF INSTALLMENT PAYMENTS
10 TO EXTENT MINIMUM ACCOUNT BALANCE IS IN EX-
11 CESS OF EXPECTED RECOGNIZED GAIN.—If the min-
12 imum account balance of the taxpayer for any tax-
13 able year (reduced by the amount of any credit al-
14 lowed under section 25G for such taxable year) ex-
15 ceeds 25 percent of the taxpayer’s net unrealized
16 gain for such taxable year, such excess shall be ap-
17 plied to reduce the amount of any installment pay-
18 ments of the taxpayer the date for payment of which
19 has not yet arrived (without regard to the taxable
20 year to which such installment payment relates).
21 Any reduction under the preceding sentence shall be
22 applied to installment payments on a last-due, first-
23 reduced basis.

1 “(i) INFORMATION REPORTING.—The Secretary
2 shall, not later than 1 year after the date of the enactment
3 of this section, issue regulations—

4 “(1) requiring such persons as the Secretary
5 determines appropriate to file a return with the Sec-
6 retary which include such information as the Sec-
7 retary determines necessary to carry out this sec-
8 tion, including the provision of applicable financial
9 statements (within the meaning of section 451(b)),
10 other financial or accounting statements, insurance
11 valuations, or similar documents, and

12 “(2) requiring persons required to file returns
13 under paragraph (1) to furnish statements to such
14 other persons as the Secretary determines appro-
15 priate which contain all or a portion of the informa-
16 tion contained in such return.

17 “(j) REGULATIONS.—The Secretary shall issue such
18 regulations or other guidance as may be necessary or ap-
19 propriate to carry out the purposes this section and sec-
20 tions 25G and 36D, including regulations or other guid-
21 ance to—

22 “(1) require reporting of basis and estimated
23 value of assets, aggregated by asset class or other-
24 wise, held by the applicable taxpayer, and liabilities
25 of the applicable taxpayer, as of the close of the tax-

1 able year, in such manner as the Secretary may pro-
2 vide,

3 “(2) discourage applicable taxpayers from inap-
4 propriately converting assets into assets which are
5 non-readily tradable assets,

6 “(3) treat assets held directly or indirectly by
7 the applicable taxpayer as held by the applicable tax-
8 payer,

9 “(4) in such circumstances as the Secretary de-
10 termines there is a reasonable risk of an intent to
11 avoid tax, treat assets owned or controlled by per-
12 sons related to the applicable taxpayer as owned by
13 the applicable taxpayer,

14 “(5) provide for the application of such sections
15 with respect to married individuals, including rules
16 with respect to—

17 “(A) individuals whose marital or joint re-
18 turn filing status changes, and

19 “(B) the transfer of an individual’s min-
20 imum tax account balance to the individual’s
21 spouse or otherwise upon the death of such in-
22 dividual,

23 “(6) provide that the tax imposed under this
24 section shall not be taken into account in deter-
25 mining the amount of any required payment of esti-

1 mated tax or in satisfying the safe harbor to avoid
2 a penalty for the underpayment of estimated tax,
3 and

4 “(7) if the Secretary determines appropriate to
5 carry out the purposes of this section, provide for
6 the separate application of such sections with re-
7 spect to different classes of assets.

8 “(k) STANDARDS FOR MAKING CERTAIN DETER-
9 MINATIONS.—For purposes of making any determination
10 described in subsection (e)(2)(A), (e)(2)(B)(iii), (e)(3),
11 (f)(2)(C), or (f)(2)(D), the Secretary shall balance the
12 goals of ensuring valuation accuracy, minimizing the po-
13 tential for taxpayer gaming, and avoiding unduly excessive
14 compliance and administrative costs.

15 **“SEC. 1482. CERTAIN OTHERWISE EXEMPT TRANSFERS BY**
16 **CERTAIN WEALTHY TAXPAYERS TREATED AS**
17 **TAXABLE.**

18 “(a) IN GENERAL.—Notwithstanding any other pro-
19 vision of this title, in the case of any specified transfer
20 by a covered taxpayer, gain shall be recognized by such
21 covered taxpayer in an amount equal to the excess (if any)
22 of the estimated value (as defined in section 1481(e)(2))
23 of the property transferred over the adjusted basis of such
24 property.

1 “(b) SPECIFIED TRANSFER.—For purposes of this
2 section, the term ‘specified transfer’ means any gift, chari-
3 table contribution, bequest, or other transfer upon death.

4 “(c) COVERED TAXPAYER.—For purposes of this sec-
5 tion, the term ‘covered taxpayer’ means, with respect to
6 any taxable year, any taxpayer which is an applicable tax-
7 payer for such taxable year or was an applicable taxpayer
8 for any of the 10 taxable years immediately preceding such
9 taxable year.

10 “(d) REGULATIONS.—The Secretary shall issue such
11 regulations or other guidance as may be necessary or ap-
12 propriate to carry out the purposes of this section, includ-
13 ing regulations or other guidance that provide for excep-
14 tions with respect to—

15 “(1) transfers which are de minimis or which
16 otherwise do not pose a risk of circumventing the
17 purposes of this chapter, and

18 “(2) taxpayers which do not pose such a risk.”.

19 (b) CREDIT AGAINST TAXES ON RECOGNIZED
20 GAINS.—Subpart A of part IV of subchapter A of chapter
21 1, as amended by the preceding provisions of this Act, is
22 amended by inserting after section 25F the following new
23 section:

1 **“SEC. 25G. MINIMUM TAX ON CERTAIN WEALTHY TAX-**
2 **PAYERS CREDITED AGAINST RECOGNIZED**
3 **GAINS.**

4 “In the case of an individual (including any estate
5 or trust), there shall be allowed as a credit against the
6 tax imposed by this chapter for the taxable year an
7 amount equal to the lesser of—

8 “(1) the taxpayer’s minimum tax account bal-
9 ance (as defined in section 1481) for such taxable
10 year determined, in the case of any tax imposed
11 under section 1481 with respect to which an election
12 is made under such section to pay such tax in in-
13 stallments, by only taking into account so much of
14 such tax as has been paid as of the close of such
15 taxable year, and

16 “(2) the excess (if any) of—

17 “(A) the taxpayer’s regular tax (as defined
18 in section 26(b)) for such taxable year, over

19 “(B) the amount which would be deter-
20 mined under subparagraph (A) if the taxpayer
21 did not recognize any gain or loss for such tax-
22 able year.”.

23 (c) REFUND OF EXCESS MINIMUM TAX ON CERTAIN
24 WEALTHY TAXPAYERS.—Subpart C of part IV of sub-
25 chapter A of chapter 1, as amended by the preceding pro-

visions of this Act, is amended by inserting after section 36C the following new section:

“SEC. 36D. CREDIT FOR EXCESS MINIMUM TAX ON CERTAIN WEALTHY TAXPAYERS.

“In the case of an individual (including any estate or trust), there shall be allowed as a credit against the tax imposed by this subtitle for any taxable year an amount equal to the excess (if any) of—

“(1) the amount described in section 25G(1) for such taxable year, over

“(2) the sum of—

“(A) 25 percent of the taxpayer’s net unrealized gain (as defined in section 1481) for such taxable year,

“(B) the aggregate credits allowed under section 25G for such taxable year and all prior taxable years, and

“(C) the aggregate reductions determined under section 1481(h)(6) for such taxable year and all prior taxable years.”.

(d) PENALTIES FOR FAILURE TO REPORT.—

(1) RETURNS.—Section 6724(d)(1)(D) is amended by inserting “1481(i)(1) or” before “6055”.

1 (2) STATEMENTS.—Section 6724(d)(2), as
2 amended by the preceding provisions of this Act, is
3 amended by striking “or” at the end of subpara-
4 graph (OO), by striking the period at the end of
5 subparagraph (PP) and inserting “, or”, and by in-
6 serting after subparagraph (PP) the following new
7 subparagraph:

8 “(QQ) section 1481(i)(2) (relating to
9 statements relating to minimum tax on certain
10 wealthy taxpayers).”.

11 (e) CONFORMING AMENDMENTS.—

12 (1) Section 6211(b)(4)(A), as amended by the
13 preceding provisions of this Act, is amended by in-
14 serting “36D,” after “36C,”.

15 (2) Paragraph (2) of section 1324(b) of title
16 31, United States Code, as amended by the pre-
17 ceding provisions of this Act, is amended by insert-
18 ing “36D,” after “36C,”.

19 (3) The table of chapters for subtitle A is
20 amended by inserting after the item relating to
21 chapter 4 the following new item:

“CHAPTER 5. MINIMUM TAX ON CERTAIN WEALTHY TAXPAYERS.”.

22 (4) The table of sections for subpart A of part
23 IV of subchapter A of chapter 1, as amended by the
24 preceding provisions of this Act, is amended by in-

1 serting after the item relating to section 25F the fol-
2 lowing new item:

“Sec. 25G. Minimum tax on certain wealthy taxpayers credited against recog-
nized gains.”.

3 (5) The table of sections for subpart C of part
4 IV of subchapter A of chapter 1, as amended by the
5 preceding provisions of this Act, is amended by in-
6 serting after the item relating to section 36C the fol-
7 lowing new item:

“Sec. 36D. Credit for excess minimum tax on certain wealthy taxpayers.”.

8 (f) SENSE OF CONGRESS REGARDING STATE RESI-
9 DENCY RULES.—It is the sense of Congress that the tax-
10 ation by the several States of extreme wealth is in the pub-
11 lic interest and that silence on the part of Congress shall
12 not be construed to impose any barrier to the use of rea-
13 sonable residency rules, including such rules that appor-
14 tion a tax on deemed sales or extreme wealth over no more
15 than five years, by the several States or the District of
16 Columbia.

17 (g) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 the date of the enactment of this Act.

