

**AMENDMENT TO RULES COMMITTEE PRINT 114-5
OFFERED BY MR. THOMPSON OF CALIFORNIA**

Add at the end the following:

1 **SEC. 7. CLARIFICATION OF 6-YEAR STATUTE OF LIMITA-**
2 **TIONS IN CASE OF OVERSTATEMENT OF**
3 **BASIS.**

4 (a) IN GENERAL.—Section 6501(e)(1)(B) of the In-
5 ternal Revenue Code of 1986 is amended—

6 (1) by striking “and” at the end of clause (i),
7 by redesignating clause (ii) as clause (iii), and by in-
8 serting after clause (i) the following new clause:

9 “(ii) An understatement of gross in-
10 come by reason of an overstatement of un-
11 recovered cost or other basis is an omission
12 from gross income; and”, and

13 (2) by inserting “(other than in the case of an
14 overstatement of unrecovered cost or other basis)”
15 in clause (iii) (as so redesignated) after “In deter-
16 mining the amount omitted from gross income”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to—

19 (1) returns filed after the date of the enactment
20 of this Act, and

1 (2) returns filed on or before such date if the
2 period specified in section 6501 of the Internal Rev-
3 enue Code of 1986 (determined without regard to
4 such amendments) for assessment of the taxes with
5 respect to which such return relates has not expired
6 as of such date.

