

118TH CONGRESS  
1ST SESSION

# H. R. 6498

To amend the Internal Revenue Code of 1986 to impose a minimum tax on certain wealthy taxpayers that takes into account unrealized gains.

---

## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 2023

Mr. COHEN (for himself, Ms. SCHAKOWSKY, Ms. TLAIB, Mr. GARCÍA of Illinois, Ms. KELLY of Illinois, Mr. MCGOVERN, Ms. NORTON, Mr. DAVIS of Illinois, Mrs. WATSON COLEMAN, Ms. DELAURO, Ms. BUSH, Ms. TOKUDA, Ms. BARRAGÁN, Mr. BOYLE of Pennsylvania, Ms. MCCOLLUM, Mr. RASKIN, Mr. GOMEZ, Ms. OCASIO-CORTEZ, Mr. NADLER, Ms. PORTER, Ms. CHU, Mr. POCAN, Mr. PASCRELL, Ms. WILD, Mr. GARAMENDI, Mr. SCHIFF, Mr. FOSTER, Ms. BUDZINSKI, Ms. DEAN of Pennsylvania, Mr. DESAULNIER, Mr. MULLIN, Mr. CASAR, Mr. GOLDMAN of New York, Ms. OMAR, Mr. LANDSMAN, Mr. MOULTON, Ms. SCANLON, Mrs. NAPOLITANO, Ms. JACKSON LEE, Ms. CLARKE of New York, Mr. LARSON of Connecticut, Ms. WILLIAMS of Georgia, Mr. HUFFMAN, Ms. HOYLE of Oregon, Mr. NORCROSS, Mr. CLEAVER, Ms. SÁNCHEZ, Ms. WATERS, Mr. CARSON, Mr. TAKANO, Mr. EVANS, Mr. CARTER of Louisiana, Mr. GRIJALVA, Mrs. TRAHAN, Mr. TRONE, Ms. KAPTUR, Ms. LEE of California, Mr. LIEU, Ms. TITUS, Mr. FROST, and Mr. KEATING) introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to impose a minimum tax on certain wealthy taxpayers that takes into account unrealized gains.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Billionaire Minimum  
3 Income Tax Act”.

4 **SEC. 2. MINIMUM TAX ON CERTAIN WEALTHY TAXPAYERS.**

5 (a) IN GENERAL.—Subtitle A of the Internal Rev-  
6 enue Code of 1986 is amended by inserting after chapter  
7 4 the following new chapter:

8 **“CHAPTER 5—MINIMUM TAX ON CERTAIN**  
9 **WEALTHY TAXPAYERS**

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

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

10 **“SEC. 1481. MINIMUM TAX ON CERTAIN WEALTHY TAX-**  
11 **PAYERS.**

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

16 “(1) 25 percent of the sum of—

17 “(A) the taxpayer’s taxable income for  
18 such taxable year, plus

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

21 “(2) the sum of—

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

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

3           “(b) LIMITATION ON MINIMUM TAX.—The tax im-  
4 posed under subsection (a) with respect to any applicable  
5 taxpayer (other than an applicable taxpayer described in  
6 subsection (c)(1)(B)) for any taxable year shall not exceed  
7 40 percent of the excess described in subsection (c)(1)(A)  
8 with respect to such taxpayer for such taxable year.

9           “(c) APPLICABLE TAXPAYER.—For purposes of this  
10 section—

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

13           “(A) any individual for any taxable year if  
14 the taxpayer’s net worth for such taxable year  
15 exceeds \$100,000,000 (half such amount in the  
16 case of a married individual filing a separate re-  
17 turn), and

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

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

24           “(A) the estimated value of all assets of  
25 the taxpayer and all trust attributed assets of

1 the taxpayer, as determined under regulations  
2 provided by the Secretary, over

3 “(B) all debts (and such other liabilities as  
4 the Secretary may provide) of the taxpayer and  
5 all trust attributed debts of the taxpayer.

6 “(3) TRUST ATTRIBUTED ASSETS.—The term  
7 ‘trust attributed assets’ means, with respect to any  
8 taxpayer—

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

12 “(B) any asset of a trust (other than a  
13 trust which a person other than the taxpayer is  
14 treated as owning under such subpart) that is  
15 distributable to the taxpayer or from which in-  
16 come is distributable to the taxpayer in whole  
17 or in part, whether or not the taxpayer’s dis-  
18 tribution rights are subject to a contingency,  
19 unless that contingency is the death of another  
20 trust beneficiary.

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

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

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

10          “(5) GRATUITOUS TRANSFERS.—

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

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

21                   “(ii) decreased (but not in excess of  
22                   the amount of the increase under clause  
23                   (i)) by the amount paid in consideration  
24                   for such asset by the transferee,

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

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

16           “(B) EXCEPTIONS.—Subparagraph (A)  
17           shall not apply with respect to any transfer of  
18           an asset to—

19           “(i) an organization described in sec-  
20           tion 170(c),

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

23           “(iii) a spouse if both spouses are ap-  
24           plicable taxpayers at the time of such  
25           transfer.

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

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

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

18               “(2) the sum of—

19                       “(A) the aggregate credits allowed under  
20                       sections 25F and 36C with respect to the tax-  
21                       payer for all prior taxable years, and

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

25          “(e) NET UNREALIZED GAIN.—

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

5                   “(A) the aggregate gains which would be  
6                   recognized if such taxpayer sold each asset held  
7                   at the close of such taxable year (including any  
8                   asset described in subsection (c)(3)(A)) for such  
9                   asset’s estimated value at such time, over

10                   “(B) the aggregate losses which would be  
11                   so recognized.

12           “(2) ESTIMATED VALUE.—For purposes of this  
13           section—

14                   “(A) IN GENERAL.—Except as otherwise  
15                   provided in this subsection, the term ‘estimated  
16                   value’ means fair market value determined in  
17                   such manner as the Secretary may provide.

18                   “(B) NON-READILY TRADABLE ASSETS.—

19                           “(i) DEFAULT METHOD.—In the ab-  
20                           sence of regulations or other guidance  
21                           under clause (iii) or (iv) (and only in such  
22                           absence), the estimated value of a non-  
23                           readily tradable asset shall be determined  
24                           by beginning with the greatest (determined  
25                           after adjustment under clause (ii)) of—



1 “(I) the original basis amount,

2 “(II) the adjusted cost basis  
3 amount, or

4 “(III) the most recent fair mar-  
5 ket valuation amount.

6 “(ii) ADJUSTMENT FOR DEEMED AP-  
7 PRECIATION.—Each amount described in  
8 subclauses (I), (II), and (III) of clause (i)  
9 shall be separately increased by a rate of  
10 appreciation equal to the sum of—

11 “(I) the annual rate of interest  
12 determined by the Secretary to be  
13 equivalent to the average of the 5-year  
14 constant maturity Treasury yields, as  
15 published by the Board of Governors  
16 of the Federal Reserve System, for  
17 the 5-year period ending on Sep-  
18 tember 30 of the calendar year ending  
19 before the date with respect to which  
20 the estimated value is determined,  
21 plus

22 “(II) 2 percentage points,  
23 for the period beginning on the date with  
24 respect to which such amount relates and

1 ending on the date with respect to which  
2 the estimated value is determined.

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

14 “(I) Required formulaic valu-  
15 ations based on any of the original  
16 basis amount (grossed up by a for-  
17 mula), other adjusted cost basis  
18 amounts (potentially adjusted by a  
19 formula), most recent fair market  
20 valuation amount (grossed up by a  
21 formula), or formulaic multiple of  
22 book value or other financial state-  
23 ment valuation.

24 “(II) Any valuation method uti-  
25 lized with respect to illiquid taxpayers

1 under subsection (f), including any  
2 method under the special valuation re-  
3 gime and the rule that a valuation  
4 may be challenged by the taxpayer  
5 only upon a showing of clear and con-  
6 vincing error.

7 “(iv) CERTAIN REQUIRED APPLICA-  
8 TIONS OF ILLIQUID TAXPAYER RULES.—  
9 The Secretary may issue regulations or  
10 other guidance which require certain tax-  
11 payers which hold one or more non-readily  
12 tradable assets to apply one or more of the  
13 rules applicable to illiquid taxpayers under  
14 paragraph (4) and subsection (h) (without  
15 regard to whether the taxpayer makes the  
16 election described in paragraph (4) or any  
17 election under subsection (h)) with respect  
18 to all or any portion of such assets. The  
19 Secretary may require calculation and pay-  
20 ment of estimated annual taxes on such as-  
21 sets to the extent that the Secretary deter-  
22 mines that doing so would best advance  
23 the goal of minimizing gaming by tax-  
24 payers.

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

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

16                   “(4) ILLIQUID TAXPAYERS.—

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

20                   “(i) the net unrealized gain of such  
21                   taxpayer shall be determined by only tak-  
22                   ing into account the unrealized gains (and  
23                   losses) on assets other than non-readily  
24                   tradable assets, and

1                   “(ii) such taxpayer shall be subject to  
2                   the requirements of subsection (f) with re-  
3                   spect to all non-readily tradable assets held  
4                   by the taxpayer.

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

13                  “(C) ELECTION.—Any election made  
14                  under this paragraph shall be made at such  
15                  time and in such manner as the Secretary may  
16                  provide and, once made with respect to any  
17                  asset, may be revoked only with the consent of  
18                  the Secretary (and subject to such requirements  
19                  as the Secretary may provide to ensure proper  
20                  taxation of gains and losses with respect to  
21                  such assets). If the Secretary determines that it  
22                  is consistent with the purposes of this section,  
23                  the Secretary may permit an illiquid taxpayer  
24                  to elect to apply this paragraph (and subsection  
25                  (f)) with respect to such portion of non-readily

1 tradable assets of the taxpayer as the Secretary  
2 determines is consistent with such purposes.

3 “(f) SPECIAL LIMITED DEFERRAL OPTION AC-  
4 COUNTS.—

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

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

21 “(A) Any taxpayer subject to this sub-  
22 section shall be treated as having an Special  
23 Limited Deferral Option account (hereafter in  
24 this subsection referred to as an ‘SLDO ac-  
25 count’) which consists of the non-readily

1 tradable assets held by such taxpayer (or, as  
2 the case may be, to the portion of such assets  
3 described in subsection (e)(2)(B)(iv) or  
4 (e)(4)(C)) (hereafter in this subsection referred  
5 to as the ‘SLDO assets’).

6 “(B) Except as provided in subparagraph  
7 (K)—

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

17 “(ii) at the end of the first year in  
18 which a taxpayer becomes subject to this  
19 subsection and so has assets in the SLDO  
20 account and at the end of each subsequent  
21 year during which the taxpayer continues  
22 to be subject to this subsection and have  
23 assets in the SLDO account, the notional  
24 interest percentage of the SLDO account

1 shall be increased annually by an amount  
2 equal to the product of—

3 “(I) the deemed rate of return  
4 multiplied by 25 percent, multiplied  
5 by

6 “(II) 1 minus the notional inter-  
7 est percentage immediately prior to  
8 the increase.

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

18 “(D) Any sale, or other transfer, of any  
19 SLDO asset shall be treated as a distribution  
20 from the SLDO account, except that the Sec-  
21 retary shall provide rules for treating transfers  
22 made in the ordinary course of a trade or busi-  
23 ness and exchanges of non-readily tradable as-  
24 sets as other than distributions.



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

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

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

19          “(H) The Secretary shall establish a spe-  
20          cial valuation regime for purposes of deter-  
21          mining the estimated value of any distribution  
22          of a non-tradable asset from a SLDO account.  
23          Such special valuation regime shall ensure valu-  
24          ation accuracy, minimize the potential for  
25          under-valuation, and minimize the potential for

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

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

1 SLDO account, a determination by the Sec-  
2 retary that further treatment as a SLDO ac-  
3 count is inconsistent with the purposes of this  
4 section, or a determination by the Secretary de-  
5 scribed in subparagraph (J).

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

10 “(i) all remaining assets of such  
11 SLDO account shall be treated as distrib-  
12 uted, and

13 “(ii) such SLDO account shall be  
14 treated as resolved.

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

1           this subsection which is paid in advance under  
2           subparagraph (G).

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

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

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

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

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

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

1 tributed assets with respect to any applicable tax-  
2 payer.

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

11 “(3) TRUSTS ACQUIRING UNITED STATES  
12 BENEFICIARIES.—

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

23 “(i) the aggregate increases in the tax  
24 imposed under this title for each such prior  
25 taxable year (beginning after the date of

1 the enactment of this chapter) which would  
2 have occurred if paragraph (1) had applied  
3 to such trust for such year, plus

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

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

13 “(i) the aggregate increases in the tax  
14 imposed under this title for each such prior  
15 taxable year (beginning after the date of  
16 the enactment of this chapter) which would  
17 have occurred if paragraph (1) had applied  
18 to such trust, but only to the extent of  
19 such increases in tax which would have oc-  
20 curred with respect to such portion of trust  
21 assets as are distributable to the bene-  
22 ficiary, or such portion of trust income as  
23 is distributable to the beneficiary (whether  
24 or not such assets or income are so distrib-  
25 uted), plus

1                   “(ii) interest on such increase deter-  
2                   mined with respect to each such taxable  
3                   year determined at the underpayment rate.

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

19                  “(D) CONTINGENT.—For purposes of this  
20                  paragraph, a beneficiary’s interest in a trust  
21                  shall be treated as contingent if (and only if)  
22                  such interest depends on the outcome of uncer-  
23                  tain future events (other than the discretion of  
24                  the trustee to determine the timing of the dis-  
25                  tribution of income).

1       “(h) ELECTION TO PAY LIABILITY IN INSTALL-  
2 MENTS.—

3               “(1) IN GENERAL.—A taxpayer may elect to  
4 pay the tax imposed under subsection (a) or (g) for  
5 any taxable year in 5 equal annual installments (in  
6 the case of the taxpayer’s first taxable year begin-  
7 ning in 2023, 9 equal annual installments).

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

18               “(3) ACCELERATION OF PAYMENT.—

19               “(A) IN GENERAL.—If there is an addition  
20 to tax for failure to timely pay any installment  
21 required under this subsection (other than by  
22 reason of a timely election made under para-  
23 graph (5)), a bankruptcy of the taxpayer (in-  
24 cluding in a title 11 or similar case), or any  
25 similar circumstance, then the unpaid portion



1 of all remaining installments shall be due on  
2 the date of such event (or in the case of a title  
3 11 or similar case, the day before the petition  
4 is filed).

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

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

1 tional disregard of rules and regulations, or to fraud  
2 with intent to evade tax.

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

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

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

24 “(1) requiring such persons as the Secretary  
25 determines appropriate to file a return with the Sec-

1       retary which include such information as the Sec-  
2       retary determines necessary to carry out this sec-  
3       tion, including the provision of applicable financial  
4       statements (within the meaning of section 451(b)),  
5       other financial or accounting statements, insurance  
6       valuations, or similar documents, and

7               “(2) requiring persons required to file returns  
8       under paragraph (1) to furnish statements to such  
9       other persons as the Secretary determines appro-  
10      priate which contain all or a portion of the informa-  
11      tion contained in such return.

12      “(j) REGULATIONS.—The Secretary shall issue such  
13      regulations or other guidance as may be necessary or ap-  
14      propriate to carry out the purposes this section and sec-  
15      tions 25F and 36C, including regulations or other guid-  
16      ance to—

17               “(1) require reporting of basis and estimated  
18      value of assets, aggregated by asset class or other-  
19      wise, held by the applicable taxpayer, and liabilities  
20      of the applicable taxpayer, as of the close of the tax-  
21      able year, in such manner as the Secretary may pro-  
22      vide,

23               “(2) discourage applicable taxpayers from inap-  
24      propriately converting assets into assets which are  
25      non-readily tradable assets,

1           “(3) treat assets held directly or indirectly by  
2           the applicable taxpayer as held by the applicable tax-  
3           payer,

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

9           “(5) provide for the application of such sections  
10          with respect to married individuals, including rules  
11          with respect to—

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

14                 “(B) the transfer of an individual’s min-  
15                 imum tax account balance to the individual’s  
16                 spouse or otherwise upon the death of such in-  
17                 dividual,

18          “(6) provide that the tax imposed under this  
19          section shall not be taken into account in deter-  
20          mining the amount of any required payment of esti-  
21          mated tax or in satisfying the safe harbor to avoid  
22          a penalty for the underpayment of estimated tax,  
23          and

24          “(7) if the Secretary determines appropriate to  
25          carry out the purposes of this section, provide for

1 the separate application of such sections with re-  
2 spect to different classes of assets.

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

10 **“SEC. 1482. CERTAIN OTHERWISE EXEMPT TRANSFERS BY**  
11 **CERTAIN WEALTHY TAXPAYERS TREATED AS**  
12 **TAXABLE.**

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

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

23 “(c) COVERED TAXPAYER.—For purposes of this sec-  
24 tion, the term ‘covered taxpayer’ means, with respect to  
25 any taxable year, any taxpayer which is an applicable tax-

1 payer for such taxable year or was an applicable taxpayer  
2 for any of the 10 taxable years immediately preceding such  
3 taxable year.

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

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

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

13 (b) CREDIT AGAINST TAXES ON RECOGNIZED  
14 GAINS.—Subpart A of part IV of subchapter A of chapter  
15 1 of the Internal Revenue Code of 1986 is amended by  
16 inserting after section 25E the following new section:

17 **“SEC. 25F. MINIMUM TAX ON CERTAIN WEALTHY TAX-**  
18 **PAYERS CREDITED AGAINST RECOGNIZED**  
19 **GAINS.**

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

24 “(1) the taxpayer’s minimum tax account bal-  
25 ance (as defined in section 1481) for such taxable

1 year determined, in the case of any tax imposed  
 2 under section 1481 with respect to which an election  
 3 is made under such section to pay such tax in in-  
 4 stallments, by only taking into account so much of  
 5 such tax as has been paid as of the close of such  
 6 taxable year, and

7 “(2) the excess (if any) of—

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

10 “(B) the amount which would be deter-  
 11 mined under subparagraph (A) if the taxpayer  
 12 did not recognize any gain or loss for such tax-  
 13 able year.”.

14 (c) REFUND OF EXCESS MINIMUM TAX ON CERTAIN  
 15 WEALTHY TAXPAYERS.—Subpart C of part IV of sub-  
 16 chapter A of chapter 1 of the Internal Revenue Code of  
 17 1986 is amended by inserting after section 36B the fol-  
 18 lowing new section:

19 **“SEC. 36C. CREDIT FOR EXCESS MINIMUM TAX ON CERTAIN**  
 20 **WEALTHY TAXPAYERS.**

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

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

3           “(2) the sum of—

4                 “(A) 25 percent of the taxpayer’s net unre-  
5 realized gain (as defined in section 1481) for such  
6 taxable year,

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

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

13 (d) PENALTIES FOR FAILURE TO REPORT.—

14           (1) RETURNS.—Section 6724(d)(1)(D) of the  
15 Internal Revenue Code of 1986 is amended by in-  
16 sserting “1481(i)(1) or” before “6055”.

17           (2) STATEMENTS.—Section 6724(d)(2) of such  
18 Code is amended—

19                 (A) in subparagraph (II), by striking “or”  
20 at the end,

21                 (B) in the first subparagraph (JJ), by  
22 striking the period at the end and inserting a  
23 comma,

24                 (C) in the second subparagraph (JJ)—



1 (i) by redesignating such subpara-  
2 graph as subparagraph (KK), and

3 (ii) by striking the period at the end  
4 and inserting “, or”, and

5 (D) by adding at the end the following new  
6 subparagraph:

7 “(LL) section 1481(i)(2) (relating to state-  
8 ments relating to minimum tax on certain  
9 wealthy taxpayers).”.

10 (e) CONFORMING AMENDMENTS.—

11 (1) Section 6211(b)(4)(A) of the Internal Rev-  
12 enue Code of 1986 is amended by inserting “36C,”  
13 after “36B,”.

14 (2) Paragraph (2) of section 1324(b) of title  
15 31, United States Code, is amended by inserting  
16 “36C,” after “36B,”.

17 (3) The table of chapters for subtitle A of the  
18 Internal Revenue Code of 1986 is amended by in-  
19 serring after the item relating to chapter 4 the fol-  
20 lowing new item:

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

21 (4) The table of sections for subpart A of part  
22 IV of subchapter A of chapter 1 of the Internal Rev-  
23 enue Code of 1986 is amended by inserting after the  
24 item relating to section 25E the following new item:

“Sec. 25F. Minimum tax on certain wealthy taxpayers credited against recognized gains.”.

1           (5) The table of sections for subpart C of part  
2           IV of subchapter A of chapter 1 of the Internal Rev-  
3           enue Code of 1986 is amended by inserting after the  
4           item relating to section 36B the following new item:

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

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

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

○