

117TH CONGRESS  
2D SESSION

# H. R. 8558

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

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## IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2022

Mr. COHEN (for himself, Mr. BEYER, Mr. CARSON, Ms. DELAURO, Mr. EVANS, Mr. FOSTER, Mr. GARCÍA of Illinois, Mr. GRIJALVA, Mr. JONES, Ms. LEE of California, Ms. MCCOLLUM, Ms. NEWMAN, Mr. DEFazio, Mr. NADLER, Ms. SCHAKOWSKY, Ms. BARRAGÁN, Mr. GOMEZ, Ms. NORTON, Ms. PORTER, Ms. TLAIB, Mrs. WATSON COLEMAN, Mr. WELCH, Mr. GARAMENDI, Mr. DANNY K. DAVIS of Illinois, Mr. YARMUTH, Mr. MCGOVERN, Ms. CLARKE of New York, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. PLASKETT, Mr. TAKANO, Mr. MOULTON, Mrs. CAROLYN B. MALONEY of New York, and Mr. DESAULNIER) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Billionaire Minimum  
5 Income Tax Act”.

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

2 (a) IN GENERAL.—Subtitle A of the Internal Rev-  
 3 enue Code of 1986 is amended by inserting after chapter  
 4 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) 20 percent of the sum of—

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

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

18 “(2) the sum of—

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

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

23 “(b) LIMITATION ON MINIMUM TAX.—The tax im-  
 24 posed under subsection (a) with respect to any applicable

1 taxpayer (other than an applicable taxpayer described in  
 2 subsection (c)(1)(B)) for any taxable year shall not exceed  
 3 40 percent of the excess described in subsection (c)(1)(A)  
 4 with respect to such taxpayer for such taxable year.

5 “(c) APPLICABLE TAXPAYER.—For purposes of this  
 6 section—

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

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

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

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

20 “(A) the estimated value of all assets of  
 21 the taxpayer and all trust attributed assets of  
 22 the taxpayer, as determined under regulations  
 23 provided by the Secretary, over

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

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

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

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

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

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

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

7           “(5) GRATUITOUS TRANSFERS.—

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

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

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

22               “(iii) in the case of any decrease  
23               under clause (ii), increased to the extent of  
24               any liability of the transferee to the trans-  
25               feror or related party (as defined under

1 section 267(b)) of the transferor, incurred  
2 in connection with the transfer of such  
3 asset, to the extent that the right to collect  
4 such liability is not already reflected in the  
5 net wealth of the transferor, and

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

12 “(B) EXCEPTIONS.—Subparagraph (A)  
13 shall not apply with respect to any transfer of  
14 an asset to—

15 “(i) an organization described in sec-  
16 tion 170(c),

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

19 “(iii) a spouse if both spouses are ap-  
20 plicable taxpayers at the time of such  
21 transfer.

22 “(C) SPECIAL RULE REGARDING TRANS-  
23 FER TO AVOID TAX.—For purposes of subpara-  
24 graph (A)(iv), if one or more transfers of assets  
25 would (but for this sentence) reduce the tax im-

1           posed under this section and the taxpayer re-  
2           tains a substantial degree of control over such  
3           assets, the purpose of such transfers shall be  
4           treated as avoidance of tax unless the taxpayer  
5           shows otherwise by clear and convincing evi-  
6           dence.

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

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

14           “(2) the sum of—

15           “(A) the aggregate credits allowed under  
16          sections 25E and 36C with respect to the tax-  
17          payer for all prior taxable years, and

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

21          “(e) NET UNREALIZED GAIN.—

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

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

6           “(B) the aggregate losses which would be  
 7           so recognized.

8           “(2) ESTIMATED VALUE.—For purposes of this  
 9           section—

10           “(A) IN GENERAL.—Except as otherwise  
 11           provided in this subsection, the term ‘estimated  
 12           value’ means fair market value determined in  
 13           such manner as the Secretary may provide.

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

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

22                   “(I) the original basis amount,

23                   “(II) the adjusted cost basis  
 24                   amount, or



1                   “(III) the most recent fair mar-  
2                   ket valuation amount.

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

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

19                  “(II) 2 percentage points,  
20                  for the period beginning on the date with  
21                  respect to which such amount relates and  
22                  ending on the date with respect to which  
23                  the estimated value is determined.

24                  “(iii) REGULATIONS.—In the case of  
25                  any non-readily tradable asset, the esti-

1 mated value of such asset shall be deter-  
2 mined by such method as the Secretary  
3 may prescribe in regulations or other guid-  
4 ance. Such method may require a single  
5 valuation method with respect to any such  
6 asset or may provide one or more options  
7 for valuing any such asset and may (but is  
8 not required to) include one or more of the  
9 following:

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

20 “(II) Any valuation method uti-  
21 lized with respect to illiquid taxpayers  
22 under subsection (f), including any  
23 method under the special valuation re-  
24 gime and the rule that a valuation  
25 may be challenged by the taxpayer

1                   only upon a showing of clear and con-  
2                   vincing error.

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

21                  “(v) RECAPTURE OF DEPRECIATION  
22                  AND AMORTIZATION PERMITTED.—Nothing  
23                  in this subsection shall be construed to  
24                  prevent the determination of gains and  
25                  losses for purposes of this subsection with

1           respect to any asset on the basis of the ad-  
2           justed basis of such asset (after taking into  
3           account any reductions in such basis for  
4           depreciation or amortization).

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

11          “(4) ILLIQUID TAXPAYERS.—

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

15                         “(i) the net unrealized gain of such  
16           taxpayer shall be determined by only tak-  
17           ing into account the unrealized gains (and  
18           losses) on assets other than non-readily  
19           tradable assets, and

20                         “(ii) such taxpayer shall be subject to  
21           the requirements of subsection (f) with re-  
22           spect to all non-readily tradable assets held  
23           by the taxpayer.

24           “(B) ILLIQUID TAXPAYER.—For purposes  
25          of this subsection, the term ‘illiquid taxpayer’

1 means any taxpayer for any taxable year if the  
2 estimated value of all assets other than non-  
3 readily tradable assets of the taxpayer as of the  
4 close of such taxable year does not exceed 20  
5 percent of the taxpayer's net worth for such  
6 taxable year.

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

22 “(f) UNLIQUIDATED TAX RESERVE ACCOUNTS.—

23 “(1) IN GENERAL.—The Secretary shall issue  
24 regulations or other guidance under which, in the  
25 case of any taxpayer subject to the requirements of

1 this subsection (including by reason of subsection  
2 (e)(2)(B)(iv) or (e)(4) or paragraph (2)(K) of this  
3 subsection), the taxpayer's tax liability under this  
4 section, and the timing of any such liability, with re-  
5 spect to any non-readily tradable assets held by such  
6 taxpayer are determined on the basis of the Unliqui-  
7 dated Tax Reserve Account rules prescribed by the  
8 Secretary under this subsection.

9 “(2) UNLIQUIDATED TAX RESERVE ACCOUNT  
10 RULES.—The Unliquidated Tax Reserve Account  
11 rules prescribed by the Secretary under this sub-  
12 section shall, except as otherwise provided by the  
13 Secretary, be consistent with the following:

14 “(A) Any taxpayer subject to this sub-  
15 section shall be treated as having an Unliqui-  
16 dated Tax Reserve Account (hereafter in this  
17 subsection referred to as an ‘ULTRA’) which  
18 consists of the non-readily tradable assets held  
19 by such taxpayer (or, as the case may be, to the  
20 portion of such assets described in subsection  
21 (e)(2)(B)(iv) or (e)(4)(C)) (hereafter in this  
22 subsection referred to as the ‘ULTRA assets’).

23 “(B) Except as provided in subparagraph  
24 (K)—

1 “(i) in the case of the first year in  
2 which a taxpayer becomes subject to this  
3 subsection and so has assets in the  
4 ULTRA, the notional interest percentage  
5 of the ULTRA shall be 20 percent (0 per-  
6 cent in the case of a taxpayer which elects  
7 to recognize all unrealized gains of all as-  
8 sets in the ULTRA upon initiation of the  
9 ULTRA), and

10 “(ii) at the end of the first year in  
11 which a taxpayer becomes subject to this  
12 subsection and so has assets in the  
13 ULTRA and at the end of each subsequent  
14 year during which the taxpayer continues  
15 to be subject to this subsection and have  
16 assets in the ULTRA, the notional interest  
17 percentage of the ULTRA shall be in-  
18 creased annually by an amount equal to  
19 the product of—

20 “(I) the deemed rate of return  
21 multiplied by 20 percent, multiplied  
22 by

23 “(II) 1 minus the notional inter-  
24 est percentage immediately prior to  
25 the increase.

1           “(C) The deemed rate of return for pur-  
2           poses of subparagraph (B)(ii)(I) shall be the es-  
3           timated investment rate of return for the entire  
4           economy as determined by the Secretary, or if  
5           the Secretary provides that the notional interest  
6           percentage should be determined separately  
7           with respect to any class of assets, such other  
8           rate of return as the Secretary determines ap-  
9           propriate for such asset class.

10           “(D) Any sale, or other transfer, of any  
11           ULTRA asset shall be treated as a distribution  
12           from the ULTRA, except that the Secretary  
13           shall provide rules for treating transfers made  
14           in the ordinary course of a trade or business  
15           and exchanges of non-readily tradable assets as  
16           other than distributions.

17           “(E) Except as otherwise provided by the  
18           Secretary, an increase in debt shall be treated  
19           as a distribution from the ULTRA and any  
20           subsequent decrease in debt shall be taken into  
21           account as a reduction in distributions from the  
22           ULTRA or as a credit against tax (as the Sec-  
23           retary determines appropriate).

24           “(F) Any distribution from the ULTRA  
25           shall result in an increase in the taxable income



1 of the taxpayer equal to the product of the esti-  
2 mated value of the distribution multiplied by  
3 the notional interest percentage at the time of  
4 the distribution.

5 “(G) A taxpayer may elect to pay liabilities  
6 under this subsection in advance and proper  
7 credit shall be provided for any such liabilities  
8 so paid in advance upon resolution of the  
9 ULTRA.

10 “(H) The Secretary shall establish a spe-  
11 cial valuation regime for purposes of deter-  
12 mining the estimated value of any distribution  
13 of a non-tradable asset from an ULTRA. Such  
14 special valuation regime shall ensure valuation  
15 accuracy, minimize the potential for under-valu-  
16 ation, and minimize the potential for taxpayer  
17 gaming. Such regime may include the use of  
18 appraisers employed by the Secretary, formulaic  
19 valuations, or any other method designed to en-  
20 sure valuation accuracy and minimize the po-  
21 tential for gaming. Any estimated value deter-  
22 mined under such special valuation regime may  
23 be challenged by the taxpayer only upon a  
24 showing of clear and convincing error. In place  
25 of the standard due process safeguards, a tax-

1           payer may opt to reject such special valuations  
2           (under rules and procedures to be determined  
3           by the Secretary) and instead maintain the non-  
4           tradable asset within an ULTRA.

5           “(I) If a taxpayer is subject to the require-  
6           ments of this subsection with respect to any as-  
7           sets, such taxpayer shall remain subject to the  
8           requirements of this subsection (without regard  
9           to whether or not such taxpayer ceases to be an  
10          applicable taxpayer) until the ULTRA is re-  
11          solved and all liabilities with respect to such  
12          ULTRA have been paid. For purposes of this  
13          subsection, an ULTRA shall be treated as re-  
14          solved upon the death of the taxpayer, the dis-  
15          tribution of all assets of the ULTRA, a deter-  
16          mination by the Secretary that further treat-  
17          ment as an ULTRA is inconsistent with the  
18          purposes of this section, or a determination by  
19          the Secretary described in subparagraph (J).

20          “(J) If the Secretary determines, upon ap-  
21          plication by the taxpayer, that the resolution of  
22          an ULTRA is not inconsistent with the pur-  
23          poses of this section—

1                   “(i) all remaining assets of such  
2                   ULTRA shall be treated as distributed,  
3                   and

4                   “(ii) such ULTRA shall be treated as  
5                   resolved.

6                   “(K) Upon the resolution of the ULTRA,  
7                   there shall be imposed on the taxpayer a tax (or  
8                   a refund of taxes previously paid may be award-  
9                   ed) as determined by the Secretary by applying  
10                  a retrospective formula determined by the Sec-  
11                  retary to eliminate the entire tax advantage of  
12                  deferral. Such tax shall be determined in a  
13                  manner to take into account prior distributions  
14                  from the ULTRA and any tax previously im-  
15                  posed thereon and any liability under this sub-  
16                  section which is paid in advance under subpara-  
17                  graph (G).

18                  “(L) If, upon the death of a taxpayer, an  
19                  heir of ULTRA assets elects to initiate a carry-  
20                  over ULTRA for such inherited assets—

21                         “(i) such assets shall not be taken  
22                         into account under subparagraph (J) upon  
23                         the resolution of the decedent’s ULTRA,

24                         “(ii) such heir’s carry-over ULTRA  
25                         shall begin with a notional interest per-

1                   centage equal to that of the decedent's  
2                   ULTRA at the time of death, and

3                   “(iii) such carry-over ULTRA shall be  
4                   maintained separately from any ULTRA  
5                   otherwise maintained by such heir.

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

8               “(1) IN GENERAL.—Any trust (other than a  
9               trust the assets of which are treated as owned by  
10              another taxpayer under subpart E of part I of sub-  
11              chapter J of chapter 1) or applicable estate shall be  
12              treated as an applicable taxpayer for purposes of  
13              this chapter if any assets of the trust are trust at-  
14              tributed assets with respect to any applicable tax-  
15              payer.

16              “(2) APPLICABLE ESTATE.—An estate is an ap-  
17              plicable estate beginning with the third taxable year  
18              following the date of death of the decedent if the de-  
19              cedent was an applicable taxpayer for any taxable  
20              year ending during the 5-year period ending on the  
21              date of the decedent's death.

22              “(3) TRUSTS ACQUIRING UNITED STATES  
23              BENEFICIARIES.—

24                   “(A) IN GENERAL.—If paragraph (1) ap-  
25                   plies to a trust for a transferor or beneficiary's

1 taxable year, and paragraph (1) would have ap-  
 2 plied to the trust for any of the preceding 10  
 3 taxable years (other than years prior to the ef-  
 4 fective date of this section) but for the fact that  
 5 in such year or years there was no United  
 6 States beneficiary for any portion of the trust,  
 7 then the transferor shall be treated as having  
 8 income for the taxable year equal to—

9 “(i) the aggregate increases in the tax  
 10 imposed under this title for each such prior  
 11 taxable year (beginning after the date of  
 12 the enactment of this chapter) which would  
 13 have occurred if paragraph (1) had applied  
 14 to such trust for such year, plus

15 “(ii) interest on such increase deter-  
 16 mined with respect to each such taxable  
 17 year determined at the underpayment rate.

18 “(B) NO LIVING TRANSFEROR.—In the  
 19 event that subparagraph (A) would apply, but  
 20 for the fact that there is no living transferor,  
 21 then each beneficiary of such trust, other than  
 22 a contingent beneficiary, shall be treated as  
 23 having income for the taxable year equal to—

24 “(i) the aggregate increases in the tax  
 25 imposed under this title for each such prior

1 taxable year (beginning after the date of  
2 the enactment of this chapter) which would  
3 have occurred if paragraph (1) had applied  
4 to such trust, but only to the extent of  
5 such increases in tax which would have oc-  
6 curred with respect to such portion of trust  
7 assets as are distributable to the bene-  
8 ficiary, or such portion of trust income as  
9 is distributable to the beneficiary (whether  
10 or not such assets or income are so distrib-  
11 uted), plus

12 “(ii) interest on such increase deter-  
13 mined with respect to each such taxable  
14 year determined at the underpayment rate.

15 “(C) CONTINGENT BENEFICIARIES.—In  
16 the event that no tax is imposed on a bene-  
17 ficiary under subparagraph (B) because such  
18 beneficiary is contingent, then in the first tax-  
19 able year in which such beneficiary is no longer  
20 contingent, such beneficiary shall be treated as  
21 having income for the taxable year equal to the  
22 amount that would have been imposed under  
23 subparagraph (B), plus interest on such in-  
24 crease determined with respect to each such  
25 taxable year determined at the underpayment

1 rate, but in no case will such tax and interest  
2 be imposed with respect to any portion of trust  
3 assets or income previously subject to tax under  
4 this section.

5 “(D) CONTINGENT.—For purposes of this  
6 paragraph, a beneficiary’s interest in a trust  
7 shall be treated as contingent if (and only if)  
8 such interest depends on the outcome of uncer-  
9 tain future events (other than the discretion of  
10 the trustee to determine the timing of the dis-  
11 tribution of income).

12 “(h) ELECTION TO PAY LIABILITY IN INSTALL-  
13 MENTS.—

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

19 “(2) DATE FOR PAYMENT OF INSTALLMENTS.—  
20 If an election is made under paragraph (1), the first  
21 installment shall be paid on or before the due date  
22 (determined without regard to any extension of time  
23 for filing the return) for the return of tax for the  
24 taxable year described in subsection (a) and each  
25 succeeding installment shall be paid on or before the

1 due date (as so determined) for the return of tax for  
2 the taxable year following the taxable year with re-  
3 spect to which the preceding installment was made.

4 “(3) ACCELERATION OF PAYMENT.—

5 “(A) IN GENERAL.—If there is an addition  
6 to tax for failure to timely pay any installment  
7 required under this subsection (other than by  
8 reason of a timely election made under para-  
9 graph (5)), a bankruptcy of the taxpayer (in-  
10 cluding in a title 11 or similar case), or any  
11 similar circumstance, then the unpaid portion  
12 of all remaining installments shall be due on  
13 the date of such event (or in the case of a title  
14 11 or similar case, the day before the petition  
15 is filed).

16 “(B) PAYMENT WITHIN 6 MONTHS.—In  
17 the case of the payment of any installment re-  
18 quired under this subsection during the 6-  
19 month period beginning on the due date of such  
20 installment, subparagraph (A) shall not apply  
21 and rules similar to the rules of section  
22 6166(g)(3)(B) shall apply.

23 “(4) PRORATION OF DEFICIENCY TO INSTALL-  
24 MENTS.—If an election is made under paragraph (1)  
25 to pay tax imposed under subsection (a) in install-



1       ments and a deficiency has been assessed with re-  
2       spect to such tax, the deficiency shall be prorated to  
3       the installments payable under paragraph (1). The  
4       part of the deficiency so prorated to any installment  
5       the date for payment of which has not arrived shall  
6       be collected at the same time as, and as a part of,  
7       such installment. The part of the deficiency so pro-  
8       rated to any installment the date for payment of  
9       which has arrived shall be paid upon notice and de-  
10      mand from the Secretary. This subsection shall not  
11      apply if the deficiency is due to negligence, to inten-  
12      tional disregard of rules and regulations, or to fraud  
13      with intent to evade tax.

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

17           “(6) REDUCTION OF INSTALLMENT PAYMENTS  
18      TO EXTENT MINIMUM ACCOUNT BALANCE IS IN EX-  
19      CESS OF EXPECTED RECOGNIZED GAIN.—If the min-  
20      imum account balance of the taxpayer for any tax-  
21      able year (reduced by the amount of any credit al-  
22      lowed under section 25E for such taxable year) ex-  
23      ceeds 20 percent of the taxpayer’s net unrealized  
24      gain for such taxable year, such excess shall be ap-  
25      plied to reduce the amount of any installment pay-

1       ments of the taxpayer the date for payment of which  
2       has not yet arrived (without regard to the taxable  
3       year to which such installment payment relates).  
4       Any reduction under the preceding sentence shall be  
5       applied to installment payments on a last-due, first-  
6       reduced basis.

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

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

18           “(2) requiring persons required to file returns  
19           under paragraph (1) to furnish statements to such  
20           other persons as the Secretary determines appro-  
21           priate which contain all or a portion of the informa-  
22           tion contained in such return.

23       “(j) REGULATIONS.—The Secretary shall issue such  
24       regulations or other guidance as may be necessary or ap-  
25       propriate to carry out the purposes this section and sec-

1 tions 25E and 36C, including regulations or other guid-  
2 ance to—

3 “(1) require reporting of basis and estimated  
4 value of assets, aggregated by asset class or other-  
5 wise, held by the applicable taxpayer, and liabilities  
6 of the applicable taxpayer, as of the close of the tax-  
7 able year, in such manner as the Secretary may pro-  
8 vide,

9 “(2) discourage applicable taxpayers from inap-  
10 propriately converting assets into assets which are  
11 non-readily tradable assets,

12 “(3) treat assets held directly or indirectly by  
13 the applicable taxpayer as held by the applicable tax-  
14 payer,

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

20 “(5) provide for the application of such sections  
21 with respect to married individuals, including rules  
22 with respect to—

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

1           “(B) the transfer of an individual’s min-  
2           imum tax account balance to the individual’s  
3           spouse or otherwise upon the death of such in-  
4           dividual,

5           “(6) provide that the tax imposed under this  
6           section shall not be taken into account in deter-  
7           mining the amount of any required payment of esti-  
8           mated tax or in satisfying the safe harbor to avoid  
9           a penalty for the underpayment of estimated tax,  
10          and

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

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

1 **“SEC. 1482. CERTAIN OTHERWISE EXEMPT TRANSFERS BY**  
2 **CERTAIN WEALTHY TAXPAYERS TREATED AS**  
3 **TAXABLE.**

4 “(a) IN GENERAL.—Notwithstanding any other pro-  
5 vision of this title, in the case of any specified transfer  
6 by a covered taxpayer, gain shall be recognized by such  
7 covered taxpayer in an amount equal to the excess (if any)  
8 of the estimated value (as defined in section 1481(e)(2))  
9 of the property transferred over the adjusted basis of such  
10 property.

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

14 “(c) COVERED TAXPAYER.—For purposes of this sec-  
15 tion, the term ‘covered taxpayer’ means, with respect to  
16 any taxable year, any taxpayer which is an applicable tax-  
17 payer for such taxable year or was an applicable taxpayer  
18 for any of the 10 taxable years immediately preceding such  
19 taxable year.

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

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

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

5 (b) CREDIT AGAINST TAXES ON RECOGNIZED  
 6 GAINS.—Subpart A of part IV of subchapter A of chapter  
 7 1 of the Internal Revenue Code of 1986 is amended by  
 8 inserting after section 25D the following new section:

9 **“SEC. 25E. MINIMUM TAX ON CERTAIN WEALTHY TAX-**  
 10 **PAYERS CREDITED AGAINST RECOGNIZED**  
 11 **GAINS.**

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

16 “(1) the taxpayer’s minimum tax account bal-  
 17 ance (as defined in section 1481) for such taxable  
 18 year determined, in the case of any tax imposed  
 19 under section 1481 with respect to which an election  
 20 is made under such section to pay such tax in in-  
 21 stallments, by only taking into account so much of  
 22 such tax as has been paid as of the close of such  
 23 taxable year, and

24 “(2) the excess (if any) of—

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

3           “(B) the amount which would be deter-  
4           mined under subparagraph (A) if the taxpayer  
5           did not recognize any gain or loss for such tax-  
6           able year.”.

7           (c) REFUND OF EXCESS MINIMUM TAX ON CERTAIN  
8 WEALTHY TAXPAYERS.—Subpart C of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of  
10 1986 is amended by inserting after section 36B the fol-  
11 lowing new section:

12   **“SEC. 36C. CREDIT FOR EXCESS MINIMUM TAX ON CERTAIN**  
13                           **WEALTHY TAXPAYERS.**

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

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

20           “(2) the sum of—

21           “(A) 20 percent of the taxpayer’s net unre-  
22           alized gain (as defined in section 1481) for such  
23           taxable year,

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

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

7           (d) PENALTIES FOR FAILURE TO REPORT.—

8           (1) RETURNS.—Section 6724(d)(1)(D) of the  
9           Internal Revenue Code of 1986 is amended by in-  
10          serting “1481(i)(1) or” before “6055”.

11          (2) STATEMENTS.—Section 6724(d)(2) of such  
12          Code is amended—

13               (A) in subparagraph (II), by striking “or”  
14               at the end,

15               (B) in the first subparagraph (JJ), by  
16               striking the period at the end and inserting a  
17               comma,

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

19                       (i) by redesignating such subpara-  
20                       graph as subparagraph (KK), and

21                       (ii) by striking the period at the end  
22                       and inserting “, or”, and

23               (D) by adding at the end the following new  
24               subparagraph:



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

4 (e) CONFORMING AMENDMENTS.—

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

8 (2) Paragraph (2) of section 1324(b) of title  
 9 31, United States Code, is amended by inserting  
 10 “36C,” after “36B,”.

11 (3) The table of chapters for subtitle A of the  
 12 Internal Revenue Code of 1986 is amended by in-  
 13 serting after the item relating to chapter 4 the fol-  
 14 lowing new item:

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

15 (4) The table of sections for subpart A of part  
 16 IV of subchapter A of chapter 1 of the Internal Rev-  
 17 enue Code of 1986 is amended by inserting after the  
 18 item relating to section 25D the following new item:

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

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

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

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

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

○