

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1060

To amend the Internal Revenue Code of 1986 to extend the period for the rollover of gain on the sale of a principal residence for the period the taxpayer has substantial frozen deposits in a financial institution.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 1993

Mr. REED 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 extend the period for the rollover of gain on the sale of a principal residence for the period the taxpayer has substantial frozen deposits in a financial institution.

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. EXTENSION OF TIME FOR PURCHASE OF NEW**  
4       **RESIDENCE UNDER SECTION 1034.**

5       (a) GENERAL RULE.—Section 1034 of the Internal  
6 Revenue Code of 1986 (relating to rollover of gain on sale  
7 of principal residence) is amended by redesignating sub-

1 section (l) as subsection (m) and by inserting after sub-  
2 section (k) the following new subsection:

3 “(l) EXTENSION WHERE TAXPAYER HAS SUBSTAN-  
4 TIAL FROZEN DEPOSITS.—

5 “(1) IN GENERAL.—The running of any period  
6 of time specified in subsection (a) or (c) (other than  
7 the 2 years referred to in subsection (c)(4)) shall be  
8 suspended during any time that the taxpayer has  
9 substantial frozen deposits after the date of the sale  
10 of the old residence; except that any such period of  
11 time as so suspended shall not extend beyond the  
12 date 5 years after the date of the sale of the old res-  
13 idence.

14 “(2) SUBSTANTIAL FROZEN DEPOSITS.—For  
15 purposes of this subsection—

16 “(A) IN GENERAL.—A taxpayer shall be  
17 treated as having substantial frozen deposits for  
18 any period during which the aggregate frozen  
19 deposits of the taxpayer exceed 50 percent of  
20 the net amount realized from the sale of the old  
21 residence.

22 “(B) FROZEN DEPOSIT.—The term ‘frozen  
23 deposit’ means deposit in a financial institution  
24 if such deposit may not be withdrawn (during  
25 a period of at least 5 days) because of—

1           “(i) the bankruptcy or insolvency of a  
2           financial institution, or

3           “(ii) any requirement imposed by the  
4           State in which such institution is located  
5           by reason of the bankruptcy or insolvency  
6           (or threat thereof) of 1 or more financial  
7           institutions in such State.

8           “(C) NET AMOUNT REALIZED.—The net  
9           amount realized from the sale of the old resi-  
10          dence is the amount realized from the sale of  
11          the old residence reduced—

12                 “(i) as provided in subsection (b)(1),  
13                 and

14                 “(ii) by the amount of any indebted-  
15                 ness of the taxpayer which was secured by  
16                 the old residence.

17          “(3) TREATMENT OF MARRIED INDIVIDUALS.—  
18          If the old residence and the new residence are each  
19          used by the taxpayer and the spouse of the taxpayer  
20          as their principal residence, such individuals shall be  
21          treated as one taxpayer for purposes of this sub-  
22          section.”

23          (b) EFFECTIVE DATE.—The amendment made by  
24          subsection (a) shall apply to—

1           (1) any residence sold or exchanged after De-  
2           cember 31, 1990, and

3           (2) any residence sold or exchanged on or be-  
4           fore such date if the period specified in section  
5           1034(a) of the Internal Revenue Code of 1986  
6           (without regard to the amendment made by sub-  
7           section (a)) has not expired before January 1, 1991.

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