

104TH CONGRESS
1ST SESSION

H. R. 693

Relating to the valuation of stock received by certain employees in connection with the performance of services as employees.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1995

Mr. HALL of Texas introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

Relating to the valuation of stock received by certain employees in connection with the performance of services as employees.

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. VALUATION OF CERTAIN STOCK.**

4 (a) GENERAL RULE.—If—

5 (1) stock in a corporation was on March 24,
6 1981, transferred by such corporation to an em-
7 ployee of such corporation,

8 (2) such transfer was in connection with an ini-
9 tial public offering of stock in such corporation,

1 (3) the employee receiving such stock was sub-
2 ject to restrictions as to its transferability which
3 were imposed in connection with such public offer-
4 ing, and

5 (4) on April 15, 1982, the fair market value of
6 such stock was less than 50 percent of its fair mar-
7 ket value on March 24, 1981,
8 the amount includable in the gross income of the employee
9 under section 83 of the Internal Revenue Code of 1986
10 by reason of the receipt of such stock shall be determined
11 by using its fair market value on April 15, 1982 (or, if
12 earlier, the date on which the employee disposed of such
13 stock).

14 (b) STATUTE OF LIMITATIONS.—

15 (1) OVERPAYMENTS.—If refund or credit of any
16 overpayment of tax resulting from the application of
17 subsection (a) is prevented at any time before the
18 close of the 1-year period beginning on the date of
19 the enactment of this Act by the operation of any
20 law or rule of law (including res judicata), refund or
21 credit of such overpayment (to the extent attrib-
22 utable to the application of subsection (a)) shall,
23 nevertheless, be made or allowed if claim therefor is
24 filed before the close of such 1-year period.

1 (2) DEFICIENCIES.—If the assessment of any
2 deficiency of tax resulting from the application of
3 subsection (a) is prevented at any time before the
4 close of the 1-year period referred to in paragraph
5 (1) by the operation of any law or rule of law (in-
6 cluding *res judicata*), assessment of such deficiency
7 (to the extent attributable to the application of sub-
8 section (a)) may, nevertheless, be made within such
9 1-year period.

10 (c) OTHER SPECIAL RULES.—

11 (1) WAIVER OF PENALTIES WHERE STOCK
12 SOLD.—If any stock to which subsection (a) applies
13 was sold by the employee before the date of the en-
14 actment of this Act, no penalty shall be imposed
15 under subchapter A of chapter 68 of such Code by
16 reason of any underpayment of tax to the extent at-
17 tributable to the application of subsection (a).

18 (2) SECRETARY TO OPEN CLOSING AGREE-
19 MENTS.—Notwithstanding section 7121(b) of such
20 Code, the Secretary of the Treasury or his delegate
21 shall, at the request of any individual to whom sub-
22 section (a) applies, reopen any agreement referred to
23 in section 7121(a) of such Code entered into by such
24 individual for purposes of giving effect to this sec-
25 tion.

1 (d) EFFECTIVE DATE.—This section shall apply to
2 taxable years ending after March 24, 1981.

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