

106TH CONGRESS
2D SESSION

H. R. 4515

To amend the Internal Revenue Code of 1986 to reduce the interest rate on installment payments of the estate tax on closely held business interests.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2000

Mr. GONZALEZ (for himself, Ms. VELAZQUEZ, Mr. RODRIGUEZ, and Mr. HINOJOSA) 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 reduce the interest rate on installment payments of the estate tax on closely held business interests.

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 “Family Business Pres-
5 ervation Act of 2000”.

1 **SEC. 2. REDUCTION OF RATE OF INTEREST ON PORTION OF**
2 **ESTATE TAX EXTENDED UNDER SECTION**
3 **6166.**

4 (a) IN GENERAL.—Subsection (j) of section 6601 of
5 the Internal Revenue Code of 1986 (relating to 2-percent
6 rate on certain portion of estate tax extended under sec-
7 tion 6166) is amended to read as follows:

8 “(j) REDUCED RATES ON CERTAIN PORTIONS OF ES-
9 TATE TAX EXTENDED UNDER SECTION 6166.—

10 “(1) IN GENERAL.—If the time for payment of
11 an amount of tax imposed by chapter 11 is extended
12 as provided in section 6166, then in lieu of the an-
13 nual rate provided by subsection (a)—

14 “(A) no interest shall be paid on the 0-per-
15 cent portion of such amount,

16 “(B) interest on the 2-percent portion of
17 such amount shall be paid at the rate of 2 per-
18 cent, and

19 “(C) interest on so much of such amount
20 as exceeds the sum of the 0-percent portion and
21 the 2-percent portion shall be paid at a rate
22 equal to 45 percent of the annual rate provided
23 by subsection (a).

24 For purposes of this subsection, the amount of any
25 deficiency which is prorated to installments payable

1 under section 6166 shall be treated as an amount of
2 tax payable in installments under such section.

3 “(2) 0-PERCENT PORTION.—For purposes of
4 this subsection, the term ‘0-percent portion’ means
5 the lesser of—

6 “(A)(i) the amount of the tentative tax
7 which would be determined under the rate
8 schedule set forth in section 2001(c) if the
9 amount with respect to which such tentative tax
10 is to be computed were the sum of \$1,000,000
11 and the applicable exclusion amount in effect
12 under section 2010(c), reduced by

13 “(ii) the applicable credit amount in effect
14 under section 2010(c), or

15 “(B) the amount of the tax imposed by
16 chapter 11 which is extended as provided in
17 section 6166.

18 “(3) 2-PERCENT PORTION.—For purposes of
19 this subsection, the term ‘2-percent portion’ means
20 the excess (if any) of—

21 “(A) the lesser of—

22 “(i)(I) the amount of the tentative tax
23 which would be determined under the rate
24 schedule set forth in section 2001(c) if the
25 amount with respect to which such ten-

1 tative tax is to be computed were the sum
2 of \$10,000,000 and the applicable exclu-
3 sion amount in effect under section
4 2010(c), reduced by

5 “ (II) the applicable credit amount in
6 effect under section 2010(c), or

7 “ (ii) the amount of the tax imposed
8 by chapter 11 which is extended as pro-
9 vided in section 6166, over

10 “ (B) the 0-percent portion.

11 “ (4) INFLATION ADJUSTMENT.—In the case of
12 estates of decedents dying in a calendar year after
13 1998, the \$1,000,000 amount contained in para-
14 graph (2)(A) and the \$10,000,000 amount in para-
15 graph (3)(A)(i) shall each be increased by an
16 amount equal to—

17 “ (A) such dollar amount, multiplied by

18 “ (B) the cost-of-living adjustment deter-
19 mined under section 1(f)(3) for such calendar
20 year by substituting for ‘calendar year 1992’ in
21 subparagraph (B) thereof—

22 “ (i) ‘calendar year 1997’ in the case
23 of the \$1,000,000 amount, and

24 “ (ii) ‘calendar year 2000’ in the case
25 of the \$10,000,000 amount.

1 If any amount as adjusted under the preceding sen-
2 tence is not a multiple of \$10,000, such amount
3 shall be rounded to the next lowest multiple of
4 \$10,000.

5 “(5) TREATMENT OF PAYMENTS.—If the
6 amount of tax imposed by chapter 11 which is ex-
7 tended as provided in section 6166 exceeds the
8 amount described in paragraph (3)(A), any payment
9 of any portion of such amount shall, for purposes of
10 computing interest for periods after such payment,
11 be treated as reducing the 0-percent portion and the
12 2-percent portion, respectively, by an amount which
13 bears the same ratio to the amount of such payment
14 as the amount of the 0-percent portion and 2-per-
15 cent portion (determined without regard to this
16 paragraph), respectively, bears to the amount of the
17 tax which is extended as provided in section 6166.”

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to estates of decedents dying after
20 December 31, 2000.

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