

HOUSE-PASSED TAX EXTENSION PROVISIONS AND
NONCONTROVERSIAL SIMPLIFICATION AMENDMENTS
WHICH HAVE BEEN THE SUBJECT OF SENATE HEARINGS

I. Tax extension provisions

A. H.R. 5224--Extensions

- (a) Fringe benefit freeze extended until June 1, 1981.
- (b) IRS commuting expenses freeze extended until June 1, 1981.
- (c) Tax treatment of State legislator's travel expenses extended through 1980.

B. H.R. 5505 (section 12)--Extensions

- (a) Uniform Services Health Professions Scholarship exclusion extended for one year.
- (b) National Research Service Award exclusion extended for one year.
- (c) Deductibility of architectural barrier removal expenditures extended for three years, through 1982.
- (d) Interim relief relating to independent contractor status controversies extended for one year, through 1980.
- (e) Effective date for special limitation on net operating loss carryovers postponed for two years.

II. Noncontroversial simplification amendments which have been the subject of a Senate Finance Subcommittee hearing (secs. 2-6 of H.R. 5505)

- (a) Payment of interest on wrongful levies.
- (b) Repeal of information return requirement for transfers to exempt organizations
- (c) Repeal of jeopardy assessment penalty.
- (d) Repeal of stock option reporting to IRS.
- (e) Change in time for filing gift tax returns.

Summary of
House-Passed Extension Provisions and Simplification Amendments
Pending in Senate Finance Committee

I. Tax Extension Provisions

A. H.R. 5224

This bill includes:

(1) Extension of the prohibition on the issuance of final regulations on the taxation of employee fringe benefits until June 1, 1981.

(2) Extension of the prohibition on the issuance of rulings or final regulations with respect to the deductibility of certain commuting expenses until June 1, 1981.

(3) Extension of the provisions relating to the tax treatment of travel expenses incurred by State legislators while away from home for three additional years, through 1980.

B. H.R. 5505

(1) Section 12(a). Uniformed Services Health Professions Scholarships

This section extends for one year the exclusion from gross income for amounts received by participants in the Uniformed Services Health Professions Scholarship program. As extended, the exclusion will be available to students entering the program in 1980 and to amounts received by them through 1984.

(2) Section 12(b). National Research Service Awards

This section extends the scholarship exclusion for National Research Service Awards for one year to apply to awards first made in 1980.

(3) Section 12(c). Expenditures to remove architectural and transportation barriers to the handicapped and elderly

This section extends for 3 years, through December 31, 1982, the election to deduct annually up to \$25,000 in capital costs incurred during the taxable year for the removal of architectural and transportation barriers to the handicapped and elderly.

- (4) Section 12(d). Interim relief for independent contractor status controversies

This section extends for one year, through December 31, 1980, the interim relief provided by the Revenue Act of 1978 with respect to independent contractor status controversies.

- (5) Section 12(e). Postponement of effective date for special limitations on net operating loss carryovers

This section defers for 2 years the effective date for provisions under the Tax Reform Act of 1976 relating to special limitations on net operating loss carryovers. These provisions would be deferred until January 1, 1982, with respect to tax-free reorganizations and until June 30, 1982, with respect to taxable acquisitions.

II. Noncontroversial simplification amendments which have been the subject of a Senate Finance Subcommittee hearing (Secs. 2-6 of H.R. 5505)

- (1) Section 2. Payment of interest on wrongful levies

This section provides for the payment of interest when the Internal Revenue Service administratively determines that a wrongful levy of property has been made and money is returned to the owner of the property.

- (2) Section 3. Repeal of requirement that transferors of certain property to exempt organizations must file returns

This section repeals the requirement that a person, who transfers income-producing property valued at more than \$50,000 to an exempt organization, must file an information return if the organization is known to be subject to tax on unrelated business income.

- (3) Section 4. Repeal of addition to tax in the case of certain jeopardy assessments

This section repeals the 25-percent penalty imposed when a taxpayer violates or attempts to violate the special termination of taxable year jeopardy assessment provisions under present law.

- (4) Section 5. Repeal of requirement that information be furnished to the IRS in connection with certain stock options

This section repeals the requirement that information relating to certain qualified and restricted stock options be furnished to the Internal Revenue Service.

(5) Section 6. Time for filing certain gift tax returns

This section provides that the due date for filing a gift tax return for the fourth calendar quarter or the calendar year is April 15 of the following year. Thus, the gift tax return due date would be consistent with the income tax due date for calendar year taxpayers. This section also provides that an extension for filing an income tax return will automatically extend the time for filing the fourth quarter or annual gift tax return.