H. R. 6275

[Report No. 110–728]

To amend the Internal Revenue Code of 1986 to provide individuals temporary relief from the alternative minimum tax, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 2008

Mr. Rangel (for himself, Mr. McDermott, Mr. Lewis of Georgia, Mr. Neal of Massachusetts, Mr. Pomroy, Mrs. Jones of Ohio, Mr. Blumenauer, Ms. Berkley, Mr. Crowley, Mr. Van Hollen, Mr. Meek of Florida, Mr. Levin, and Mr. Larson of Connecticut) introduced the following bill; which was referred to the Committee on Ways and Means

JUNE 20, 2008

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 17, 2008]

A BILL

To amend the Internal Revenue Code of 1986 to provide individuals temporary relief from the alternative minimum tax, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the “Alternative Minimum Tax Relief Act of 2008”.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—INDIVIDUAL TAX RELIEF

Sec. 101. Extension of increased alternative minimum tax exemption amount.
Sec. 102. Extension of alternative minimum tax relief for nonrefundable personal credits.

TITLE II—REVENUE PROVISIONS

Sec. 201. Income of partners for performing investment management services treated as ordinary income received for performance of services.
Sec. 202. Limitation of deduction for income attributable to domestic production of oil, gas, or primary products thereof.
Sec. 203. Limitation on treaty benefits for certain deductible payments.
Sec. 204. Returns relating to payments made in settlement of payment card and third party network transactions.
Sec. 205. Application of continuous levy to property sold or leased to the Federal Government.
Sec. 206. Time for payment of corporate estimated taxes.
TITLE I—INDIVIDUAL TAX RELIEF

SEC. 101. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) In General.—Paragraph (1) of section 55(d) is amended—

(1) by striking “($66,250 in the case of taxable years beginning in 2007)” in subparagraph (A) and inserting “($69,950 in the case of taxable years beginning in 2008)”, and

(2) by striking “($44,350 in the case of taxable years beginning in 2007)” in subparagraph (B) and inserting “($46,200 in the case of taxable years beginning in 2008)”.

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 102. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) In General.—Paragraph (2) of section 26(a) is amended—

(1) by striking “or 2007” and inserting “2007, or 2008”, and
(2) by striking “2007” in the heading thereof and inserting “2008”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

TITLE II—REVENUE PROVISIONS

SEC. 201. INCOME OF PARTNERS FOR PERFORMING INVESTMENT MANAGEMENT SERVICES TREATED AS ORDINARY INCOME RECEIVED FOR PERFORMANCE OF SERVICES.

(a) IN GENERAL.—Part I of subchapter K of chapter 1 is amended by adding at the end the following new section:

“SEC. 710. SPECIAL RULES FOR PARTNERS PROVIDING INVESTMENT MANAGEMENT SERVICES TO PARTNERSHIP.

“(a) TREATMENT OF DISTRIBUTIVE SHARE OF PARTNERSHIP ITEMS.—For purposes of this title, in the case of an investment services partnership interest—

“(1) IN GENERAL.—Notwithstanding section 702(b)—

“(A) any net income with respect to such interest for any partnership taxable year shall be treated as ordinary income for the performance of services, and
“(B) any net loss with respect to such interest for such year, to the extent not disallowed under paragraph (2) for such year, shall be treated as an ordinary loss.

All items of income, gain, deduction, and loss which are taken into account in computing net income or net loss shall be treated as ordinary income or ordinary loss (as the case may be).

“(2) TREATMENT OF LOSSES.—

“(A) LIMITATION.—Any net loss with respect to such interest shall be allowed for any partnership taxable year only to the extent that such loss does not exceed the excess (if any) of—

“(i) the aggregate net income with respect to such interest for all prior partnership taxable years, over

“(ii) the aggregate net loss with respect to such interest not disallowed under this subparagraph for all prior partnership taxable years.

“(B) CARRYFORWARD.—Any net loss for any partnership taxable year which is not allowed by reason of subparagraph (A) shall be treated as an item of loss with respect to such
partnership interest for the succeeding partner-
ship taxable year.

“(C) BASIS ADJUSTMENT.—No adjustment
to the basis of a partnership interest shall be
made on account of any net loss which is not al-
lowed by reason of subparagraph (A).

“(D) EXCEPTION FOR BASIS ATTRIBUTABLE
to PURCHASE OF A PARTNERSHIP INTEREST.—
In the case of an investment services partnership
interest acquired by purchase, paragraph (1)(B)
shall not apply to so much of any net loss with
respect to such interest for any taxable year as
does not exceed the excess of—

“(i) the basis of such interest imme-
diately after such purchase, over

“(ii) the aggregate net loss with respect
to such interest to which paragraph (1)(B)
did not apply by reason of this subpara-
graph for all prior taxable years.

Any net loss to which paragraph (1)(B) does not
apply by reason of this subparagraph shall not
be taken into account under subparagraph (A).

“(E) PRIOR PARTNERSHIP YEARS.—Any
reference in this paragraph to prior partnership
taxable years shall only include prior partnership taxable years to which this section applies.

“(3) NET INCOME AND LOSS.—For purposes of this section—

“(A) NET INCOME.—The term ‘net income’ means, with respect to any investment services partnership interest, for any partnership taxable year, the excess (if any) of—

“(i) all items of income and gain taken into account by the holder of such interest under section 702 with respect to such interest for such year, over

“(ii) all items of deduction and loss so taken into account.

“(B) NET LOSS.—The term ‘net loss’ means with respect to such interest for such year, the excess (if any) of the amount described in subparagraph (A)(ii) over the amount described in subparagraph (A)(i).

“(b) DISPOSITIONS OF PARTNERSHIP INTERESTS.—

“(1) GAIN.—Any gain on the disposition of an investment services partnership interest shall be treated as ordinary income for the performance of services.

“(2) LOSS.—Any loss on the disposition of an investment services partnership interest shall be treat-
ed as an ordinary loss to the extent of the excess (if any) of—

“(A) the aggregate net income with respect to such interest for all partnership taxable years, over

“(B) the aggregate net loss with respect to such interest allowed under subsection (a)(2) for all partnership taxable years.

“(3) Disposition of Portion of Interest.— In the case of any disposition of an investment services partnership interest, the amount of net loss which otherwise would have (but for subsection (a)(2)(C)) applied to reduce the basis of such interest shall be disregarded for purposes of this section for all succeeding partnership taxable years.

“(4) Distributions of Partnership Property.— In the case of any distribution of property by a partnership with respect to any investment services partnership interest held by a partner—

“(A) the excess (if any) of—

“(i) the fair market value of such property at the time of such distribution, over

“(ii) the adjusted basis of such property in the hands of the partnership,
shall be taken into account as an increase in such partner’s distributive share of the taxable income of the partnership (except to the extent such excess is otherwise taken into account in determining the taxable income of the partnership),

“(B) such property shall be treated for purposes of subpart B of part II as money distributed to such partner in an amount equal to such fair market value, and

“(C) the basis of such property in the hands of such partner shall be such fair market value.

Subsection (b) of section 734 shall be applied without regard to the preceding sentence.

“(5) APPLICATION OF SECTION 751.—In applying section 751(a), an investment services partnership interest shall be treated as an inventory item.

“(c) INVESTMENT SERVICES PARTNERSHIP INTEREST.—For purposes of this section—

“(1) IN GENERAL.—The term ‘investment services partnership interest’ means any interest in a partnership which is held by any person if such person provides (directly or indirectly) a substantial quantity of any of the following services with respect to the assets of the partnership in the conduct of the trade or business of providing such services:
“(A) Advising as to the advisability of investing in, purchasing, or selling any specified asset.

“(B) Managing, acquiring, or disposing of any specified asset.

“(C) Arranging financing with respect to acquiring specified assets.

“(D) Any activity in support of any service described in subparagraphs (A) through (C).

For purposes of this paragraph, the term ‘specified asset’ means securities (as defined in section 475(c)(2) without regard to the last sentence thereof), real estate, commodities (as defined in section 475(e)(2)), or options or derivative contracts with respect to securities (as so defined), real estate, or commodities (as so defined).

“(2) EXCEPTION FOR CERTAIN CAPITAL INTERESTS.—

“(A) IN GENERAL.—If—

“(i) a portion of an investment services partnership interest is acquired on account of a contribution of invested capital, and

“(ii) the partnership makes a reasonable allocation of partnership items between the portion of the distributive share that is
with respect to invested capital and the portion of such distributive share that is not with respect to invested capital, then subsection (a) shall not apply to the portion of the distributive share that is with respect to invested capital. An allocation will not be treated as reasonable for purposes of this subparagraph if such allocation would result in the partnership allocating a greater portion of income to invested capital than any other partner not providing services would have been allocated with respect to the same amount of invested capital.

“(B) SPECIAL RULE FOR DISPOSITIONS.—In any case to which subparagraph (A) applies, subsection (b) shall not apply to any gain or loss allocable to invested capital. The portion of any gain or loss attributable to invested capital is the proportion of such gain or loss which is based on the distributive share of gain or loss that would have been allocable to invested capital under subparagraph (A) if the partnership sold all of its assets immediately before the disposition.

“(C) INVESTED CAPITAL.—For purposes of this paragraph, the term ‘invested capital’ means, the fair market value at the time of con-
tribution of any money or other property contributed to the partnership.

“(D) TREATMENT OF CERTAIN LOANS.—

“(i) PROCEEDS OF PARTNERSHIP LOANS NOT TREATED AS INVESTED CAPITAL OF SERVICE PROVIDING PARTNERS.—For purposes of this paragraph, an investment services partnership interest shall not be treated as acquired on account of a contribution of invested capital to the extent that such capital is attributable to the proceeds of any loan or other advance made or guaranteed, directly or indirectly, by any partner or the partnership.

“(ii) LOANS FROM NONSERVICE PROVIDING PARTNERS TO THE PARTNERSHIP TREATED AS INVESTED CAPITAL.—For purposes of this paragraph, any loan or other advance to the partnership made or guaranteed, directly or indirectly, by a partner not providing services to the partnership shall be treated as invested capital of such partner and amounts of income and loss treated as allocable to invested capital shall be adjusted accordingly.
“(d) OTHER INCOME AND GAIN IN CONNECTION WITH INVESTMENT MANAGEMENT SERVICES.—

“(1) IN GENERAL.—If—

“(A) a person performs (directly or indirectly) investment management services for any entity,

“(B) such person holds a disqualified interest with respect to such entity, and

“(C) the value of such interest (or payments thereunder) is substantially related to the amount of income or gain (whether or not realized) from the assets with respect to which the investment management services are performed,

any income or gain with respect to such interest shall be treated as ordinary income for the performance of services. Rules similar to the rules of subsection (c)(2) shall apply where such interest was acquired on account of invested capital in such entity.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) DISQUALIFIED INTEREST.—The term ‘disqualified interest’ means, with respect to any entity—

“(i) any interest in such entity other than indebtedness,
“(ii) convertible or contingent debt of such entity,

“(iii) any option or other right to acquire property described in clause (i) or (ii), and

“(iv) any derivative instrument entered into (directly or indirectly) with such entity or any investor in such entity.

Such term shall not include a partnership interest and shall not include stock in a taxable corporation.

“(B) TAXABLE CORPORATION.—The term ‘taxable corporation’ means—

“(i) a domestic C corporation, or

“(ii) a foreign corporation subject to a comprehensive foreign income tax.

“(C) INVESTMENT MANAGEMENT SERVICES.—The term ‘investment management services’ means a substantial quantity of any of the services described in subsection (c)(1) which are provided in the conduct of the trade or business of providing such services.

“(D) COMPREHENSIVE FOREIGN INCOME TAX.—The term ‘comprehensive foreign income
tax’ means, with respect to any foreign corpora-
tion, the income tax of a foreign country if—

“(i) such corporation is eligible for the
benefits of a comprehensive income tax trea-
ty between such foreign country and the
United States, or

“(ii) such corporation demonstrates to
the satisfaction of the Secretary that such
foreign country has a comprehensive income
tax.

“(e) REGULATIONS.—The Secretary shall prescribe
such regulations as are necessary or appropriate to carry
out the purposes of this section, including regulations to—

“(1) prevent the avoidance of the purposes of this
section, and

“(2) coordinate this section with the other provi-
sions of this subchapter.

“(f) CROSS REFERENCE.—For 40 percent no fault
penalty on certain underpayments due to the avoidance of
this section, see section 6662.”.

(b) APPLICATION TO REAL ESTATE INVESTMENT
TRUSTS.—

(1) IN GENERAL.—Subsection (c) of section 856
is amended by adding at the end the following new
paragraph:
“(9) Exception from recharacterization of income from investment services partnership interests.—

“(A) In general.—Paragraphs (2), (3), and (4) shall be applied without regard to section 710 (relating to special rules for partners providing investment management services to partnership).

“(B) Special rule for partnerships owned by REITs.—Section 7704 shall be applied without regard to section 710 in the case of a partnership which meets each of the following requirements:

“(i) Such partnership is treated as publicly traded under section 7704 solely by reason of interests in such partnership being convertible into interests in a real estate investment trust which is publicly traded.

“(ii) 50 percent or more of the capital and profits interests of such partnership are owned, directly or indirectly, at all times during the taxable year by such real estate investment trust (determined with the application of section 267(c)).
“(iii) Such partnership meets the require-
ments of paragraphs (2), (3), and (4)
(applied without regard to section 710).”.

(2) Conforming Amendment.—Paragraph (4)
of section 7704(d) is amended by inserting “(deter-
mined without regard to section 856(c)(8))” after
“856(c)(2)”.

(c) Imposition of Penalty on Underpayments.—

(1) In General.—Subsection (b) of section 6662
is amended by inserting after paragraph (5) the fol-
lowing new paragraph:

“(6) The application of subsection (d) of section
710 or the regulations prescribed under section 710(e)
to prevent the avoidance of the purposes of section
710.”.

(2) Amount of Penalty.—

(A) In General.—Section 6662 is amended
by adding at the end the following new sub-
section:

“(i) Increase in Penalty in Case of Property
Transfered for Investment Management Ser-
vices.—In the case of any portion of an underpayment to
which this section applies by reason of subsection (b)(6),
subsection (a) shall be applied with respect to such portion
by substituting ‘40 percent’ for ‘20 percent’.”.
(B) CONFORMING AMENDMENTS.—Subparagraph (B) of section 6662A(e)(2) is amended—

(i) by striking “section 6662(h)” and inserting “subsection (h) or (i) of section 6662”, and

(ii) by striking “GROSS VALUATION MISSTATEMENT PENALTY” in the heading and inserting “CERTAIN INCREASED UNDERPAYMENT PENALTIES”.

(3) REASONABLE CAUSE EXCEPTION NOT APPLICABLE.—Subsection (c) of section 6664 is amended—

(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively,

(B) by striking “paragraph (2)” in paragraph (4), as so redesignated, and inserting “paragraph (3)”, and

(C) by inserting after paragraph (1) the following new paragraph:

“(2) EXCEPTION.—Paragraph (1) shall not apply to any portion of an underpayment to which this section applies by reason of subsection (b)(6).”.

(d) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 731 is amended by inserting “section 710(b)(4) (relating to distributions of partnership property),” before “section 736”.

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(2) Section 741 is amended by inserting “or section 710 (relating to special rules for partners providing investment management services to partnership)” before the period at the end.

(3) Paragraph (13) of section 1402(a) is amended—

(A) by striking “other than guaranteed” and inserting “other than—

“(A) guaranteed”,

(B) by striking the semicolon at the end and inserting “, and”, and

(C) by adding at the end the following new subparagraph:

“(B) any income treated as ordinary income under section 710 received by an individual who provides investment management services (as defined in section 710(d)(2));”.

(4) Paragraph (12) of section 211(a) of the Social Security Act is amended—

(A) by striking “other than guaranteed” and inserting “other than—

“(A) guaranteed”,

(B) by striking the semicolon at the end and inserting “, and”, and
(C) by adding at the end the following new subparagraph:

“(B) any income treated as ordinary income under section 710 of the Internal Revenue Code of 1986 received by an individual who provides investment management services (as defined in section 710(d)(2) of such Code);”.

(5) The table of sections for part I of subchapter K of chapter 1 is amended by adding at the end the following new item:

“Sec. 710. Special rules for partners providing investment management services to partnership.”.

(e) Effective Date.—

(1) In General.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending after June 18, 2008.

(2) Partnership Taxable Years Which Include Effective Date.—In applying section 710(a) of the Internal Revenue Code of 1986 (as added by this section) in the case of any partnership taxable year which includes June 18, 2008, the amount of the net income referred to in such section shall be treated as being the lesser of the net income for the entire partnership taxable year or the net income determined by only taking into account items attributable
to the portion of the partnership taxable year which is after such date.

(3) **Dispositions of Partnership Interests.**—Section 710(b) of the Internal Revenue Code of 1986 (as added by this section) shall apply to dispositions and distributions after June 18, 2008.

(4) **Other Income and Gain in Connection with Investment Management Services.**—Section 710(d) of such Code (as added by this section) shall take effect on June 18, 2008.

(5) **Publicly Traded Partnerships.**—For purposes of applying section 7704, the amendments made by this section shall apply to taxable years beginning after December 31, 2010.

**SEC. 202. LIMITATION OF DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION OF OIL, GAS, OR PRIMARY PRODUCTS THEREOF.**

(a) **Denial of Deduction for Major Integrated Oil Companies for Income Attributable to Domestic Production of Oil, Gas, or Primary Products Thereof.**—

(1) **In General.**—Subparagraph (B) of section 199(c)(4) (relating to exceptions) is amended by striking “or” at the end of clause (ii), by striking the period at the end of clause (iii) and inserting “, or”,

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and by inserting after clause (iii) the following new clause:

“(iv) in the case of any major integrated oil company (as defined in section 167(h)(5)(B)), the production, refining, processing, transportation, or distribution of oil, gas, or any primary product thereof during any taxable year described in section 167(h)(5)(B).”.

(2) PRIMARY PRODUCT.—Section 199(c)(4)(B) is amended by adding at the end the following flush sentence:

“For purposes of clause (iv), the term ‘primary product’ has the same meaning as when used in section 927(a)(2)(C), as in effect before its repeal.”.

(b) LIMITATION ON OIL RELATED QUALIFIED PRODUCTION ACTIVITIES INCOME FOR TAXPAYERS OTHER THAN MAJOR INTEGRATED OIL COMPANIES.—

(1) IN GENERAL.—Section 199(d) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following new paragraph:
“(9) Special rule for taxpayers with oil related qualified production activities income.—

“(A) In general.—If a taxpayer (other than a major integrated oil company (as defined in section 167(h)(5)(B))) has oil related qualified production activities income for any taxable year beginning after 2009, the amount of the deduction under subsection (a) shall be reduced by 3 percent of the least of—

“(i) the oil related qualified production activities income of the taxpayer for the taxable year,

“(ii) the qualified production activities income of the taxpayer for the taxable year,

or

“(iii) taxable income (determined without regard to this section).

“(B) Oil related qualified production activities income.—The term ‘oil related qualified production activities income’ means for any taxable year the qualified production activities income which is attributable to the production, refining, processing, transportation, or dis-

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tribution of oil, gas, or any primary product thereof during such taxable year.”.

(2) Conforming Amendment.—Section 199(d)(2) (relating to application to individuals) is amended by striking “subsection (a)(1)(B)” and inserting “subsections (a)(1)(B) and (d)(9)(A)(iii)”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 203. LIMITATION ON TREATY BENEFITS FOR CERTAIN DEDUCTIBLE PAYMENTS.

(a) In General.—Section 894 (relating to income affected by treaty) is amended by adding at the end the following new subsection:

“(d) Limitation on Treaty Benefits for Certain Deductible Payments.—

“(1) In General.—In the case of any deductible related-party payment, any withholding tax imposed under chapter 3 (and any tax imposed under subpart A or B of this part) with respect to such payment may not be reduced under any treaty of the United States unless any such withholding tax would be reduced under a treaty of the United States if such payment were made directly to the foreign parent corporation.
“(2) **DEDUCTIBLE RELATED-PARTY PAYMENT.**—

For purposes of this subsection, the term ‘deductible related-party payment’ means any payment made, directly or indirectly, by any person to any other person if the payment is allowable as a deduction under this chapter and both persons are members of the same foreign controlled group of entities.

“(3) **FOREIGN CONTROLLED GROUP OF ENTITIES.**—For purposes of this subsection—

“(A) **IN GENERAL.**—The term ‘foreign controlled group of entities’ means a controlled group of entities the common parent of which is a foreign corporation.

“(B) **CONTROLLED GROUP OF ENTITIES.**—

The term ‘controlled group of entities’ means a controlled group of corporations as defined in section 1563(a)(1), except that—

“(i) ‘more than 50 percent’ shall be substituted for ‘at least 80 percent’ each place it appears therein, and

“(ii) the determination shall be made without regard to subsections (a)(4) and (b)(2) of section 1563.

A partnership or any other entity (other than a corporation) shall be treated as a member of a
controlled group of entities if such entity is con-
trolled (within the meaning of section 954(d)(3))
by members of such group (including any entity
treated as a member of such group by reason of
this sentence).

“(4) FOREIGN PARENT CORPORATION.—For pur-
poses of this subsection, the term ‘foreign parent cor-
poration’ means, with respect to any deductible re-
lated-party payment, the common parent of the for-
eign controlled group of entities referred to in para-
graph (3)(A).

“(5) REGULATIONS.—The Secretary may pre-
scribe such regulations or other guidance as are nec-
essary or appropriate to carry out the purposes of
this subsection, including regulations or other guid-
ance which provide for—

“(A) the treatment of two or more persons
as members of a foreign controlled group of enti-
ties if such persons would be the common parent
of such group if treated as one corporation, and

“(B) the treatment of any member of a for-
eign controlled group of entities as the common
parent of such group if such treatment is appro-
priate taking into account the economic relation-
ships among such entities.”.
(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made after the date of the enactment of this Act.

SEC. 204. RETURNS RELATING TO PAYMENTS MADE IN SETTLEMENT OF PAYMENT CARD AND THIRD PARTY NETWORK TRANSACTIONS.

(a) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new section:

"SEC. 6050W. RETURNS RELATING TO PAYMENTS MADE IN SETTLEMENT OF PAYMENT CARD AND THIRD PARTY NETWORK TRANSACTIONS.

"(a) IN GENERAL.—Each payment settlement entity shall make a return for each calendar year setting forth—

"(1) the name, address, and TIN of each participating payee to whom one or more payments in settlement of reportable payment transactions are made, and

"(2) the gross amount of the reportable payment transactions with respect to each such participating payee.

Such return shall be made at such time and in such form and manner as the Secretary may require by regulations.

"(b) PAYMENT SETTLEMENT ENTITY.—For purposes of this section—
“(1) In general.—The term ‘payment settlement entity’ means—

“(A) in the case of a payment card transaction, the merchant acquiring bank, and

“(B) in the case of a third party network transaction, the third party settlement organization.

“(2) Merchant acquiring bank.—The term ‘merchant acquiring bank’ means the bank or other organization which has the contractual obligation to make payment to participating payees in settlement of payment card transactions.

“(3) Third party settlement organization.—The term ‘third party settlement organization’ means the central organization which has the contractual obligation to make payment to participating payees of third party network transactions.

“(4) Special rules related to intermediaries.—For purposes of this section—

“(A) Aggregated payees.—In any case where reportable payment transactions of more than one participating payee are settled through an intermediary—

“(i) such intermediary shall be treated as the participating payee for purposes of
determining the reporting obligations of the
payment settlement entity with respect to
such transactions, and

“(ii) such intermediary shall be treated
as the payment settlement entity with re-
spect to the settlement of such transactions
with the participating payees.

“(B) Electronic Payment
Facilitators.—In any case where an electronic
payment facilitator or other third party makes
payments in settlement of reportable payment
transactions on behalf of the payment settlement
entity, the return under subsection (a) shall be
made by such electronic payment facilitator or
other third party in lieu of the payment settle-
ment entity.

“(c) Reportable Payment Transaction.—For pur-
poses of this section—

“(1) In general.—The term ‘reportable pay-
ment transaction’ means any payment card trans-
action and any third party network transaction.

“(2) Payment Card Transaction.—The term
‘payment card transaction’ means any transaction in
which a payment card is accepted as payment.
“(3) **THIRD PARTY NETWORK TRANSACTION**.—

The term ‘third party network transaction’ means any transaction which is settled through a third party payment network.

“(d) **OTHER DEFINITIONS.**—For purposes of this section—

“(1) **PARTICIPATING PAYEE.**—

“(A) **IN GENERAL.**—The term ‘participating payee’ means—

“(i) in the case of a payment card transaction, any person who accepts a payment card as payment, and

“(ii) in the case of a third party network transaction, any person who accepts payment from a third party settlement organization in settlement of such transaction.

“(B) **EXCLUSION OF FOREIGN PERSONS.**—Except as provided by the Secretary in regulations or other guidance, such term shall not include any person with a foreign address.

“(C) **INCLUSION OF GOVERNMENTAL UNITS.**—The term ‘person’ includes any governmental unit (and any agency or instrumentality thereof).
“(2) PAYMENT CARD.—The term ‘payment card’ means any card which is issued pursuant to an agreement or arrangement which provides for—

“(A) one or more issuers of such cards,

“(B) a network of persons unrelated to each other, and to the issuer, who agree to accept such cards as payment, and

“(C) standards and mechanisms for settling the transactions between the merchant acquiring banks and the persons who agree to accept such cards as payment.

The acceptance as payment of any account number or other indicia associated with a payment card shall be treated for purposes of this section in the same manner as accepting such payment card as payment.

“(3) THIRD PARTY PAYMENT NETWORK.—The term ‘third party payment network’ means any agreement or arrangement—

“(A) which involves the establishment of accounts with a central organization for the purpose of settling transactions between persons who establish such accounts,

“(B) which provides for standards and mechanisms for settling such transactions,
“(C) which involves a substantial number of persons unrelated to such central organization who provide goods or services and who have agreed to settle transactions for the provision of such goods or services pursuant to such agreement or arrangement, and

“(D) which guarantees persons providing goods or services pursuant to such agreement or arrangement that such persons will be paid for providing such goods or services.

Such term shall not include any agreement or arrangement which provides for the issuance of payment cards.

“(e) EXCEPTION FOR DE MINIMIS PAYMENTS BY THIRD PARTY SETTLEMENT ORGANIZATIONS.—A third party settlement organization shall be required to report any information under subsection (a) with respect to third party network transactions of any participating payee only if—

“(1) the amount which would otherwise be reported under subsection (a)(2) with respect to such transactions exceeds $10,000, and

“(2) the aggregate number of such transactions exceeds 200.
“(f) Statements To Be Furnished to Persons With Respect to Whom Information Is Required.—

Every person required to make a return under subsection (a) shall furnish to each person with respect to whom such a return is required a written statement showing—

“(1) the name, address, and phone number of the information contact of the person required to make such return, and

“(2) the gross amount of the reportable payment transactions with respect to the person required to be shown on the return.

The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made. Such statement may be furnished electronically.

“(g) Regulations.—The Secretary may prescribe such regulations or other guidance as may be necessary or appropriate to carry out this section, including rules to prevent the reporting of the same transaction more than once.”.

(b) Penalty for Failure To File.—

(1) Return.—Subparagraph (B) of section 6724(d)(1) is amended—

(A) by striking “and” at the end of clause (xx),
(B) by redesignating the clause (xix) that follows clause (xx) as clause (xxi),

(C) by striking “and” at the end of clause (xxi), as redesignated by subparagraph (B) and inserting “or”, and

(D) by adding at the end the following:

“(xxii) section 6050W (relating to returns to payments made in settlement of payment card transactions), and”.

(2) STATEMENT.—Paragraph (2) of section 6724(d) is amended by inserting a comma at the end of subparagraph (BB), by striking the period at the end of the subparagraph (CC) and inserting “, or”, and by inserting after subparagraph (CC) the following:

“(DD) section 6050W(c) (relating to returns relating to payments made in settlement of payment card transactions).”.

(c) APPLICATION OF BACKUP WITHHOLDING.—Paragraph (3) of section 3406(b) is amended by striking “or” at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting “, or”, and by adding at the end the following new subparagraph:
“(F) section 6050W (relating to returns relating to payments made in settlement of payment card transactions).”.

(d) Clerical Amendment.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following:

“Sec. 6050W. Returns relating to payments made in settlement of payment card and third party network transactions.”.

(e) Effective Date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to returns for calendar years beginning after December 31, 2010.

(2) Application of backup withholding.—

(A) In general.—The amendment made by subsection (c) shall apply to amounts paid after December 31, 2011.

(B) Eligibility for TIN matching program.—Solely for purposes of carrying out any TIN matching program established by the Secretary under section 3406(i) of the Internal Revenue Code of 1986—

(i) the amendments made this section shall be treated as taking effect on the date of the enactment of this Act, and
(ii) each person responsible for setting
the standards and mechanisms referred to
in section 6050W(d)(2)(C) of such Code, as
added by this section, for settling trans-
actions involving payment cards shall be
treated in the same manner as a payment
settlement entity.

SEC. 205. APPLICATION OF CONTINUOUS LEVY TO PRO-
ERTY SOLD OR LEASED TO THE FEDERAL
GOVERNMENT.

(a) In General.—Paragraph (3) of section 6331(h)
is amended by striking “goods” and inserting “property”.

(b) Effective Date.—The amendment made by this
section shall apply to levies approved after the date of the
enactment of this Act.

SEC. 206. TIME FOR PAYMENT OF CORPORATE ESTIMATED
TAXES.

(a) Repeal of Adjustment for 2012.—Subpara-
graph (B) of section 401(1) of the Tax Increase Prevention
and Reconciliation Act of 2005 is amended by striking the
percentage contained therein and inserting “100 percent”.

(b) Modification of Adjustment for 2013.—The
percentage under subparagraph (C) of section 401(1) of the
Tax Increase Prevention and Reconciliation Act of 2005 in
effect on the date of the enactment of this Act is increased by 59.5 percentage points.
A BILL

To amend the Internal Revenue Code of 1986 to provide individuals temporary relief from the alternative minimum tax, and for other purposes.

JUNE 20, 2008

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed.