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[Report No. 114-_____]]

Expressing the sense of the Committee on Small Business and Entrepreneurship of the Senate relating to easing the burden of Federal tax compliance on small businesses.

IN THE SENATE OF THE UNITED STATES

Mr. VITTER, from the Committee on Small Business and Entrepreneurship of the Senate, reported the following original resolution; which was placed on the calendar

RESOLUTION

Expressing the sense of the Committee on Small Business and Entrepreneurship of the Senate relating to easing the burden of Federal tax compliance on small businesses.

Whereas American small businesses face major obstacles complying with their Federal tax obligations;

Whereas the complexity of the Federal tax code unfairly penalizes small businesses;

Whereas such complexity requires small business owners to spend significant amounts of time, money, and resources

complying with their tax obligations and less time operating their business;

Whereas Congress has exacerbated these challenges for America's small businesses by failing to update the tax code in a manner that properly reflects current circumstances;

Whereas tax policy should also promote increased savings by American citizens to be able to afford the costs of living deeper into old age;

Whereas employee stock ownership plans help small businesses offer economic incentives to employees and help employees save more for their retirements via investments in their employing companies;

Whereas tax policy should support small businesses in providing benefit packages to their employees to be competitive with larger employers for the best talent;

Whereas the successful research and development tax credit has been used to incentivize private firms to invest in research and development, and private investment leads to spillover effects that can have a broad public good through the creation of new products, the development of new processes, and the launching of new industries;

Whereas while the research and development tax credit is essential for our innovators, it is not accessible to many small businesses and startups—per the Government Accountability Office, over half of the credit goes to firms with \$1,000,000,000 or more in receipts;

Whereas, according to the Congressional Research Service, numerous commercially successful innovations originated in small, fledgling firms that could not access the research and development credit;

1 “(4) INFLATION ADJUSTMENT.—In the case of
2 any taxable year beginning in a calendar year after
3 2015, the dollar amount contained in subsection
4 (b)(3) and paragraph (1) of this subsection shall be
5 increased by an amount equal to—

6 “(A) such dollar amount, multiplied by

7 “(B) the cost-of-living adjustment deter-
8 mined under section 1(f)(3) for the calendar
9 year in which the taxable year begins, by sub-
10 stituting ‘calendar year 2014’ for ‘calendar year
11 1992’ in subparagraph (B) thereof.

12 If any amount as adjusted under this subparagraph
13 is not a multiple of \$100,000, such amount shall be
14 rounded to the nearest multiple of \$100,000.”.

15 (b) EXEMPTION FROM INVENTORY REQUIREMENT.—

16 Section 471 of the Internal Revenue Code of 1986 is
17 amended by redesignating subsection (c) as subsection (d)
18 and by inserting after subsection (b) the following new
19 subsection:

20 “(c) SECTION NOT TO APPLY TO CERTAIN CASH
21 METHOD TAXPAYERS.—If a taxpayer—

22 “(1) would otherwise be required to use inven-
23 tories under this section for any taxable year, but

24 “(2) the taxpayer meets the gross receipts test
25 of section 448(b) for the taxable year and is eligible

1 and elects to use the cash receipts and disburse-
2 ments method of accounting for the taxable year,
3 then the requirement to use inventories shall not apply
4 to the taxpayer for the taxable year.”.

5 (c) EFFECTIVE DATE AND SPECIAL RULE.—

6 (1) IN GENERAL.—The amendments made by
7 this section shall apply to taxable years beginning
8 after December 31, 2014.

9 (2) CHANGE IN METHOD OF ACCOUNTING.—In
10 the case of any taxpayer changing the taxpayer’s
11 method of accounting for any taxable year under the
12 amendments made by this section—

13 (A) such change shall be treated as initi-
14 ated by the taxpayer; and

15 (B) such change shall be treated as made
16 with the consent of the Secretary of the Treas-
17 ury.

18 **SEC. 102. MODIFICATION OF SAFE HARBOR FOR EXPENS-**
19 **ING OF ACQUISITION OR PRODUCTION COSTS**
20 **OF TANGIBLE PROPERTY.**

21 (a) REQUIREMENT TO MODIFY SAFE HARBOR.—The
22 Secretary of the Treasury or his delegate shall, within 180
23 days after the date of enactment of this Act, modify
24 Treasury Regulations section 1.263(a)–1(f) by—

1 (1) increasing the amount of the de minimis
2 safe harbor for taxpayers without applicable finan-
3 cial statements from \$500 to \$2,500,

4 (2) requiring adequate records showing the dol-
5 lar amount being expensed in lieu of accounting pro-
6 cedures in place at the beginning of the taxable year,
7 and

8 (3) modifying the definition of applicable finan-
9 cial statement to include reviewed financial state-
10 ments.

11 (b) **EFFECTIVE DATE.**—The modifications required
12 by subsection (a) shall apply to taxable years beginning
13 after December 31, 2014.

14 **SEC. 103. REMOVAL OF COMPUTER EQUIPMENT FROM**
15 **LISTED PROPERTY.**

16 (a) **IN GENERAL.**—Section 280F(d)(4)(A) of the In-
17 ternal Revenue Code of 1986 is amended by inserting
18 “and” at the end of clause (iii) and by striking clause (iv).

19 (b) **CONFORMING AMENDMENT.**—Section 280F(d)(4)
20 of the Internal Revenue Code of 1986 is amended by strik-
21 ing subparagraph (B) and by redesignating subparagraph
22 (C) as subparagraph (B).

23 (c) **EFFECTIVE DATE.**—The amendments made by
24 this section shall apply to taxable years beginning after
25 the date of the enactment of this Act.

1 **SEC. 104. DEDUCTION FOR HEALTH INSURANCE COSTS IN**
2 **COMPUTING SELF-EMPLOYMENT TAXES.**

3 (a) IN GENERAL.—Paragraph (4) of section 162(l)
4 of the Internal Revenue Code of 1986 is amended by strik-
5 ing “for taxable years beginning before January 1, 2010,
6 or after December 31, 2010” and inserting “for taxable
7 years beginning before January 1, 2015.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 December 31, 2014.

11 **SEC. 105. MODIFICATION OF RULES RELATING TO THE TER-**
12 **MINATION OF PARTNERSHIPS AND S COR-**
13 **PORATIONS.**

14 (a) NO TERMINATION OF PARTNERSHIP ON SALE OR
15 EXCHANGE OF ASSETS.—

16 (1) IN GENERAL.—Section 708(b)(1) of the In-
17 ternal Revenue Code of 1986 is amended by striking
18 “only if” and all that follows and inserting “only if
19 no part of any business, financial operation, or ven-
20 ture of the partnership continues to be carried on by
21 any of its partners in a partnership.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 168(i)(7)(B) of such Code is
24 amended by striking the last sentence.

25 (B) Section 743(e) of such Code is amend-
26 ed by striking paragraph (4).

1 (C) Section 774 of such Code is amended
2 by striking subsection (c).

3 (b) NO TERMINATION OF S CORPORATION STATUS
4 DUE TO EXCESSIVE PASSIVE INVESTMENT INCOME.—
5 Paragraph (3) of section 1362(d) of the Internal Revenue
6 Code of 1986 is amended by adding at the end the fol-
7 lowing new subparagraph:

8 “(D) TERMINATION.—This paragraph
9 shall not apply to taxable years ending after the
10 date of the enactment of this subparagraph.”.

11 **TITLE II—PROVISIONS RELATED**
12 **TO THE INTERNAL REVENUE**
13 **SERVICE**

14 **SEC. 201. INFLATION ADJUSTMENTS FOR CERTAIN PROVI-**
15 **SIONS.**

16 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
17 enue Code of 1986 is amended by adding at the end the
18 following new section:

19 **“SEC. 7529. INFLATION ADJUSTMENTS.**

20 “(a) IN GENERAL.—In the case of any taxable year
21 beginning in a calendar year after 2015, each of the speci-
22 fied dollar amounts shall be increased by an amount equal
23 to—

24 “(1) such dollar amount, multiplied by

1 “(2) the cost-of-living adjustment determined
2 under section 1(f)(3) for the calendar year in which
3 the taxable year begins, determined by substituting
4 ‘calendar year 2014’ for ‘calendar year 1992’ in sub-
5 paragraph (B) thereof.

6 “(b) SPECIFIED DOLLAR AMOUNTS.—For purposes
7 of subsection (a), the specified dollar amounts are—

8 “(1) the \$50,000 amount in section 79(a)(1),

9 “(2) each of the \$5,250 amounts in section
10 127(a)(2),

11 “(3) each of the \$500 amounts in paragraphs
12 (11)(A), (11)(B), and (12) of section 170(f),

13 “(4) the \$5,000 amount in section
14 170(f)(11)(C),

15 “(5) the \$10,000,000 amount in section
16 263A(b)(2),

17 “(6) each of the dollar amounts in section
18 274(b)(1),

19 “(7) each of the \$400 amounts in section
20 274(j),

21 “(8) the \$1,600 amount in section
22 274(j)(2)(B),

23 “(9) the \$10,000,000 amount in section
24 1202(b)(1),

1 “(10) each of the \$50,000,000 amounts in sec-
2 tion 1202(d)(1),

3 “(11) the \$50,000 amount in section
4 1244(b)(1), and

5 “(12) the \$1,000,000 in section 1244(c)(3)(A).

6 “(c) ROUNDING.—

7 “(1) Any increase determined under paragraph
8 (5), (9), or (10) of subsection (b) shall be rounded
9 to the nearest multiple of \$100,000.

10 “(2) Any increase determined under paragraph
11 (1), (4), (11), or (12) of subsection (b) shall be
12 rounded to the nearest multiple of \$1,000.

13 “(3) Any increase determined under paragraph
14 (2) of subsection (b) shall be rounded to the nearest
15 multiple of \$500.

16 “(4) Any increase determined under paragraph
17 (3), (7), or (8) of subsection (b) shall be rounded to
18 the nearest multiple of \$100.

19 “(5) Any increase determined under paragraph
20 (6) of subsection (b) shall be rounded to the nearest
21 multiple of \$5.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 1202(b)(3) of such Code is amend-
24 ed by striking “paragraph (1)(A) shall be applied by
25 substituting ‘\$5,000,000’ for ‘\$10,000,000’” and in-

1 serting “the amount under paragraph (1)(A) shall
2 be 50 percent of such dollar amount (determined
3 without regard to this paragraph)”.

4 (2) Section 1244(b)(2) of such Code is amend-
5 ed by striking “\$100,000” and inserting “200 per-
6 cent of the amount under paragraph (1)”.

7 (c) CLERICAL AMENDMENT.—The table of sections
8 for chapter 77 of such Code is amended by adding at the
9 end the following new item:

 “Sec. 7529. Inflation adjustments.”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 the date of the enactment of this Act.

13 **SEC. 202. REPORT ON IMPROVEMENTS TO CUSTOMER**
14 **SERVICE.**

15 Not later than June 30, 2016, the Commissioner of
16 Internal Revenue shall submit to the Committee on Small
17 Business and Entrepreneurship of the Senate, the Com-
18 mittee on Finance of the Senate, and the Committee on
19 Ways and Means of the House of Representatives a report
20 detailing specific ways to improve customer service to
21 small businesses, including objectively measurable goals
22 for how to reduce response times.

1 **SEC. 203. RETURN DUE DATE MODIFICATIONS.**

2 (a) NEW DUE DATE FOR PARTNERSHIP FORM 1065,
3 S CORPORATION FORM 1120S, AND C CORPORATION
4 FORM 1120.—

5 (1) PARTNERSHIPS.—

6 (A) IN GENERAL.—Section 6072 of the In-
7 ternal Revenue Code of 1986 is amended by
8 adding at the end the following new subsection:

9 “(f) RETURNS OF PARTNERSHIPS.—Returns of part-
10 nerships under section 6031 made on the basis of the cal-
11 endar year shall be filed on or before the 15th day of
12 March following the close of the calendar year, and such
13 returns made on the basis of a fiscal year shall be filed
14 on or before the 15th day of the third month following
15 the close of the fiscal year.”.

16 (B) CONFORMING AMENDMENT.—Section
17 6072(a) of such Code is amended by striking
18 “6017, or 6031” and inserting “or 6017”.

19 (2) S CORPORATIONS.—

20 (A) IN GENERAL.—So much of subsection
21 (b) of 6072 of such Code as precedes the sec-
22 ond sentence thereof is amended to read as fol-
23 lows:

24 “(b) RETURNS OF CERTAIN CORPORATIONS.—Re-
25 turns of S corporations under sections 6012 and 6037
26 made on the basis of the calendar year shall be filed on

1 or before the 31st day of March following the close of the
2 calendar year, and such returns made on the basis of a
3 fiscal year shall be filed on or before the last day of the
4 third month following the close of the fiscal year.”.

5 (B) CONFORMING AMENDMENTS.—

6 (i) Section 1362(b) of such Code is
7 amended—

8 (I) by striking “15th” each place
9 it appears and inserting “last”,

10 (II) by striking “2½” each place
11 it appears and inserting “3”, and

12 (III) by striking “2 months and
13 15 days” in paragraph (4) and insert-
14 ing “3 months”.

15 (ii) Section 1362(d)(1)(C)(i) of such
16 Code is amended by striking “15th” and
17 inserting “last”.

18 (iii) Section 1362(d)(1)(C)(ii) of such
19 Code is amended by striking “such 15th
20 day” and inserting “the last day of the 3d
21 month thereof”.

22 (3) CONFORMING AMENDMENTS RELATING TO C
23 CORPORATIONS.—

1 (A) Section 170(a)(2)(B) of such Code is
2 amended by striking “third month” and insert-
3 ing “4th month”.

4 (B) Section 563 of such Code is amended
5 by striking “third month” each place it appears
6 and inserting “4th month”.

7 (C) Section 1354(d)(1)(B)(i) of such Code
8 is amended by striking “3d month” and insert-
9 ing “4th month”.

10 (D) Subsection (a) and (e) of section 6167
11 of such Code are each amended by striking
12 “third month” and inserting “4th month”.

13 (E) Section 6425(a)(1) of such Code is
14 amended by striking “third month” and insert-
15 ing “4th month”.

16 (F) Subsections (b)(2)(A), (g)(3), and
17 (h)(1) of section 6655 of such Code are each
18 amended by striking “3rd month” and inserting
19 “4th month”.

20 (4) EFFECTIVE DATE.—The amendments made
21 by this subsection shall apply to returns for taxable
22 years beginning after December 31, 2015.

23 (b) MODIFICATION OF DUE DATES BY REGULA-
24 TION.—In the case of returns for taxable years beginning
25 after December 31, 2013, the Secretary of the Treasury

1 or the Secretary's delegate shall modify appropriate regu-
2 lations to provide as follows:

3 (1) The maximum extension for the returns of
4 partnerships filing Form 1065 shall be a 6-month
5 period beginning on the due date for filing the re-
6 turn (without regard to any extensions).

7 (2) The maximum extension for the returns of
8 trusts and estates filing Form 1041 shall be a 5½-
9 month period beginning on the due date for filing
10 the return (without regard to any extensions).

11 (3) The maximum extension for the returns of
12 employee benefit plans filing Form 5500 shall be an
13 automatic 3½-month period beginning on the due
14 date for filing the return (without regard to any ex-
15 tensions).

16 (4) The maximum extension for the Forms 990
17 (series) returns of organizations exempt from income
18 tax shall be an automatic 6-month period beginning
19 on the due date for filing the return (without regard
20 to any extensions).

21 (5) The maximum extension for the returns of
22 organizations exempt from income tax that are re-
23 quired to file Form 4720 returns of excise taxes
24 shall be an automatic 6-month period beginning on

1 the due date for filing the return (without regard to
2 any extensions).

3 (6) The maximum extension for the returns of
4 trusts required to file Form 5227 shall be an auto-
5 matic 6-month period beginning on the due date for
6 filing the return (without regard to any extensions).

7 (7) The maximum extension for the returns of
8 Black Lung Benefit Trusts required to file Form
9 6069 returns of excise taxes shall be an automatic
10 6-month period beginning on the due date for filing
11 the return (without regard to any extensions).

12 (8) The maximum extension for a taxpayer re-
13 quired to file Form 8870 shall be an automatic 6-
14 month period beginning on the due date for filing
15 the return (without regard to any extensions).

16 (9) The due date of Form 3520-A, Annual In-
17 formation Return of a Foreign Trust with a United
18 States Owner, shall be the 15th day of the 4th
19 month after the close of the trust's taxable year, and
20 the maximum extension shall be a 6-month period
21 beginning on such day.

22 (10) The due date of FinCEN Form 114 (relat-
23 ing to Report of Foreign Bank and Financial Ac-
24 counts) shall be April 15 with a maximum extension
25 for a 6-month period ending on October 15, and

1 with provision for an extension under rules similar
2 to the rules of 26 C.F.R. 1.6081–5. For any tax-
3 payer required to file such form for the first time,
4 the Secretary of the Treasury may waive any penalty
5 for failure to timely request or file an extension.

6 (11) Taxpayers filing Form 3520, Annual Re-
7 turn to Report Transactions with Foreign Trusts
8 and Receipt of Certain Foreign Gifts, shall be al-
9 lowed to extend the time for filing such form sepa-
10 rately from the income tax return of the taxpayer,
11 for an automatic 6-month period beginning on the
12 due date for filing the return (without regard to any
13 extensions).

14 (c) CORPORATIONS PERMITTED STATUTORY AUTO-
15 MATIC 6-MONTH EXTENSION OF INCOME TAX RE-
16 TURNS.—

17 (1) IN GENERAL.—Section 6081(b) of the In-
18 ternal Revenue Code of 1986 is amended by striking
19 “3 months” and inserting “6 months”.

20 (2) EFFECTIVE DATE.—The amendment made
21 by this section shall apply to returns for taxable
22 years beginning after December 31, 2015.

1 **TITLE III—PROVISIONS RE-**
2 **LATED TO START-UP BUSI-**
3 **NESSES**

4 **SEC. 301. REDUCTION IN HOLDING PERIOD FOR QUALIFIED**
5 **SMALL BUSINESS STOCK.**

6 (a) IN GENERAL.—Paragraph (1) of section 1202(a)
7 of the Internal Revenue Code of 1986 is amended by strik-
8 ing “5 years” and inserting “3 years”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Paragraph (2) of section 1202(b) of such
11 Code is amended by striking “5 years” and inserting
12 “3 years”

13 (2) Subparagraph (A) of section 1202(g)(2) of
14 such Code is amended by striking “5 years” and in-
15 serting “3 years”,

16 (3) Subparagraph (C) of section 1202(h)(2) of
17 such Code is amended by striking “5-year” and in-
18 serting “3-year”, and

19 (4) Subparagraph (A) of section 1202(j)(1) of
20 such Code is amended by striking “5 years” and in-
21 serting “3 years”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to stock issued after the date of
24 the enactment of this Act.

1 **SEC. 302. EXTENSION OF ROLLOVER PERIOD FOR QUALI-**
2 **FIED SMALL BUSINESS STOCK.**

3 (a) IN GENERAL.—Paragraph (1) of section 1045(a)
4 of the Internal Revenue Code of 1986 is amended by strik-
5 ing “60-day period” and inserting “1-year period”.

6 (b) CONFORMING AMENDMENT.—Paragraph (3) of
7 section 1045(b) of such Code is amended by striking “60-
8 day period” and inserting “1-year period”.

9 (c) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to sales after the date of the enact-
11 ment of this Act.

12 **TITLE IV—PROMOTION AND EX-**
13 **PANSION OF PRIVATE EM-**
14 **PLOYEE OWNERSHIP**

15 **SEC. 401. SHORT TITLE.**

16 This title may be cited as the “Promotion and Expan-
17 sion of Private Employee Ownership Act of 2015”.

18 **SEC. 402. FINDINGS.**

19 Congress finds that—

20 (1) on January 1, 1998—nearly 25 years after
21 the Employee Retirement Income Security Act of
22 1974 was enacted and the employee stock ownership
23 plan (hereafter in this section referred to as an
24 “ESOP”) was created—employees were first per-
25 mitted to be owners of subchapter S corporations

1 pursuant to the Small Business Job Protection Act
2 of 1996 (Public Law 104–188);

3 (2) with the passage of the Taxpayer Relief Act
4 of 1997 (Public Law 105–34), Congress designed in-
5 centives to encourage businesses to become ESOP-
6 owned S corporations;

7 (3) since that time, several thousand companies
8 have become ESOP-owned S corporations, creating
9 an ownership interest for several million Americans
10 in companies in every State in the country, in indus-
11 tries ranging from heavy manufacturing to tech-
12 nology development to services;

13 (4) while estimates show that 40 percent of
14 working Americans have no formal retirement ac-
15 count at all, every United States worker who is an
16 employee-owner of an S corporation company
17 through an ESOP has a valuable qualified retire-
18 ment savings account;

19 (5) recent studies have shown that employees of
20 ESOP-owned S corporations enjoy greater job sta-
21 bility than employees of comparable companies;

22 (6) studies also show that employee-owners of S
23 corporation ESOP companies have amassed mean-
24 ingful retirement savings through their S ESOP ac-

1 counts that will give them the means to retire with
2 dignity;

3 (7) under the Small Business Act (15 U.S.C.
4 631 et seq.) and the regulations promulgated by the
5 Administrator of the Small Business Administration,
6 a small business concern that was eligible under the
7 Small Business Act for the numerous preferences of
8 the Act is denied treatment as a small business con-
9 cern after an ESOP acquires more than 49 percent
10 of the business, even if the number of employees, the
11 revenue of the small business concern, and the ra-
12 cial, gender, or other criteria used under the Act to
13 determine whether the small business concern is eli-
14 gible for benefits under the Act remain the same,
15 solely because of the acquisition by the ESOP; and

16 (8) it is the goal of Congress to both preserve
17 and foster employee ownership of S corporations
18 through ESOPs.

19 **SEC. 403. DEFERRAL OF TAX FOR CERTAIN SALES OF EM-**
20 **PLOYER STOCK TO EMPLOYEE STOCK OWN-**
21 **ERSHIP PLAN SPONSORED BY S CORPORA-**
22 **TION.**

23 (a) IN GENERAL.—Subparagraph (A) of section
24 1042(c)(1) of the Internal Revenue Code of 1986 is

1 amended by striking “domestic C corporation” and insert-
2 ing “domestic corporation”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to sales after the date of the
5 enactment of this Act.

6 **SEC. 404. DEPARTMENT OF TREASURY TECHNICAL ASSIST-**
7 **ANCE OFFICE.**

8 (a) ESTABLISHMENT REQUIRED.—Before the end of
9 the 90-day period beginning on the date of enactment of
10 this Act, the Secretary of Treasury shall establish the S
11 Corporation Employee Ownership Assistance Office to fos-
12 ter increased employee ownership of S corporations.

13 (b) DUTIES OF THE OFFICE.—The S Corporation
14 Employee Ownership Assistance Office shall provide—

15 (1) education and outreach to inform companies
16 and individuals about the possibilities and benefits of
17 employee ownership of S corporations; and

18 (2) technical assistance to assist S corporations
19 in sponsoring employee stock ownership plans.

20 **SEC. 405. SMALL BUSINESS AND EMPLOYEE STOCK OWNER-**
21 **SHIP.**

22 (a) IN GENERAL.—The Small Business Act (15
23 U.S.C. 631 et seq.) is amended—

24 (1) by redesignating section 47 as section 48;
25 and

1 (2) by inserting after section 46 the following:

2 **“SEC. 47. EMPLOYEE STOCK OWNERSHIP PLANS.**

3 “(a) DEFINITIONS.—In this section—

4 “(1) the term ‘ESOP’ means an employee stock
5 ownership plan, as defined in section 4975(e)(7) of
6 the Internal Revenue Code of 1986, as amended;
7 and

8 “(2) the term ‘ESOP business concern’ means
9 a business concern that was a small business con-
10 cern eligible for a loan, preference, or other program
11 under this Act before the date on which more than
12 49 percent of the business concern was acquired by
13 an ESOP.

14 “(b) CONTINUED ELIGIBILITY.—In determining
15 whether an ESOP business concern qualifies as a small
16 business concern for purposes of a loan, preference, or
17 other program under this Act, each ESOP participant
18 shall be treated as directly owning his or her proportionate
19 share of the stock in the ESOP business concern owned
20 by the ESOP.”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on January 1 of the first cal-
23 endar year beginning after the date of the enactment of
24 this Act.