

113TH CONGRESS  
2D SESSION

# H. R. 1

To amend the Internal Revenue Code of 1986 to provide for comprehensive tax reform.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 10, 2014

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

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for comprehensive tax reform.

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; ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Tax Reform Act of 2014”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment  
9 to, or repeal of, a section or other provision, the reference

1 (c) EFFECTIVE DATE.—

2 (1) IN GENERAL.—Except as otherwise pro-  
3 vided in this subsection, the amendments made by  
4 this section shall apply to taxable years beginning  
5 after December 31, 2014.

6 (2) BASIS ADJUSTMENTS.—The amendment  
7 made by subsection (b)(9)(B) shall apply to deduc-  
8 tions determined for taxable years beginning after  
9 December 31, 2014.

10 **SEC. 3133. REPEAL OF LIKE-KIND EXCHANGES.**

11 (a) IN GENERAL.—Part III of subchapter O of chap-  
12 ter 1 is amended by striking section 1031 (and by striking  
13 the item relating to such section in the table of sections  
14 for such part).

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 121(d)(10) is amended by inserting  
17 “(as in effect before its repeal by the Tax Reform  
18 Act of 2014)” after “section 1031”.

19 (2) Section 197(f)(2)(B)(i) is amended by in-  
20 serting “(as in effect before its repeal by the Tax  
21 Reform Act of 2014)” after “1031”.

22 (3) Section 453(f) is amended by striking para-  
23 graph (6).

24 (4) Section 470(e)(4) is amended—

1 (A) by striking “Sections 1031(a) and” in  
2 subparagraph (A) and inserting “Section”,

3 (i) by striking “1031 or” in subparagraph  
4 (B), and

5 (ii) by striking “SECTIONS 1031 AND” in  
6 the heading thereof and inserting “SECTION”.

7 (5)(A) Section 501(c)(12)(C)(v) is amended by  
8 striking “asset exchange or conversion transaction”  
9 and inserting “specified involuntary conversion”.

10 (B) Section 501(c)(12)(G) is amended—

11 (i) by striking “asset exchange or conver-  
12 sion transaction” and inserting “specified invol-  
13 untary conversion”,

14 (ii) by striking “voluntary exchange or”,  
15 and

16 (iii) by striking “1031 or”.

17 (6)(A) Section 704(c) is amended by striking  
18 paragraph (2) and by redesignating paragraph (3)  
19 as paragraph (2).

20 (B) Section 704(c)(2), as so redesignated, is  
21 amended by striking “or (2)”.

22 (7) Section 857(e)(2) is amended by striking  
23 subparagraph (B) and by redesignating subpara-  
24 graphs (C) and (D) as subparagraphs (B) and (C),  
25 respectively.

1           (8)(A) Section 1035 is amended by striking  
2           subsection (d) and inserting the following new sub-  
3           sections:

4           “(d) GAIN FROM EXCHANGES NOT SOLELY IN  
5 KIND.—If an exchange would be within the provisions of  
6 subsection (a), of section 1036(a), or of section 1037(a),  
7 if it were not for the fact that the property received in  
8 exchange consists not only of property permitted by such  
9 provisions to be received without the recognition of gain,  
10 but also of other property or money, then the gain, if any,  
11 to the recipient shall be recognized, but in an amount not  
12 in excess of the sum of such money and the fair market  
13 value of such other property.

14          “(e) LOSS FROM EXCHANGES NOT SOLELY IN  
15 KIND.—If an exchange would be within the provisions of  
16 subsection (a), of section 1036(a), or of section 1037(a),  
17 if it were not for the fact that the property received in  
18 exchange consists not only of property permitted by such  
19 provisions to be received without the recognition of gain  
20 or loss, but also of other property or money, then no loss  
21 from the exchange shall be recognized.

22          “(f) BASIS.—If property was acquired on an ex-  
23 change described in this section, section 1036(a), or sec-  
24 tion 1037(a), then the basis shall be the same as that of  
25 the property exchanged, decreased in the amount of any

1 money received by the taxpayer and increased in the  
2 amount of gain or decreased in the amount of loss to the  
3 taxpayer that was recognized on such exchange. If the  
4 property so acquired consisted in part of the type of prop-  
5 erty permitted by this section, section 1036(a), or section  
6 1037(a), to be received without the recognition of gain or  
7 loss, and in part of other property, the basis provided in  
8 this subsection shall be allocated between the properties  
9 (other than money) received, and for the purpose of the  
10 allocation there shall be assigned to such other property  
11 an amount equivalent to its fair market value at the date  
12 of the exchange. For purposes of this section and section  
13 1036(a), where as part of the consideration to the tax-  
14 payer another party to the exchange assumed (as deter-  
15 mined under section 357(d)) a liability of the taxpayer,  
16 such assumption shall be considered as money received by  
17 the taxpayer on the exchange.”.

18 (B) Section 1036(c) is amended—

19 (i) in paragraph (1), by striking “sub-  
20 sections (b) and (c) of section 1031” and in-  
21 sserting “subsections (d) and (e) of section  
22 1035”, and

23 (ii) in paragraph (2), by striking “sub-  
24 section (d) of section 1031” and inserting “sub-  
25 section (f) of section 1035”.

1 (C) Section 1037(c) is amended—

2 (i) in paragraph (1), by striking “sub-  
3 sections (b) and (c) of section 1031” and in-  
4 serting “subsections (d) and (e) of section  
5 1035”, and

6 (ii) in paragraph (2), by striking “sub-  
7 section (d) of section 1031” and inserting “sub-  
8 section (f) of section 1035”.

9 (D) Section 83(g) is amended by striking “sec-  
10 tion 1031” and inserting “section 1035”.

11 (E) Section 424(b) is amended by striking “sec-  
12 tion 1031” and inserting “section 1035”.

13 (F) Section 424(c)(1)(B) is amended by strik-  
14 ing “section 1031” and inserting “section 1035”.

15 (9) Section 1060(c) is amended by striking the  
16 second sentence thereof.

17 (10) Section 1245(b)(4) is amended—

18 (A) by striking “LIKE KIND EXCHANGES;  
19 INVOLUNTARY” and inserting “INVOLUNTARY”,  
20 and

21 (B) by striking “1031 or”.

22 (11) Section 1250(d)(4) is amended—

23 (A) by striking “LIKE KIND EXCHANGES;  
24 INVOLUNTARY” and inserting “INVOLUNTARY”,

1 (B) by striking “1031 or” in subparagraph  
2 (A), and

3 (C) by striking “1031 or” in subparagraph  
4 (E).

5 (12) Section 2032A(e)(14)(C) is amended—

6 (A) in clause (i)(I), by inserting “(as in ef-  
7 fect before its repeal by the Tax Reform Act of  
8 2014)” after “section 1031”, and

9 (B) in clause (ii)(I), by inserting “(as so in  
10 effect)” after “section 1031”.

11 (13) Section 4940(c)(4) is amended by striking  
12 subparagraph (D).

13 (c) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendments made by  
15 this section shall apply to transfers after December  
16 31, 2014.

17 (2) EXCEPTION FOR TRANSFERS PURSUANT TO  
18 BINDING CONTRACTS.—Notwithstanding paragraph  
19 (1), the amendments made by this section shall not  
20 apply to any transfer if—

21 (A) such transfer is pursuant to a written  
22 binding contract entered into before January 1,  
23 2015, and

24 (B) the exchange of which such transfer is  
25 a part is completed before January 1, 2017.

1 **SEC. 3134. RESTRICTION ON TRADE OR BUSINESS PROP-**  
2 **ERTY TREATED AS SIMILAR OR RELATED IN**  
3 **SERVICE TO INVOLUNTARILY CONVERTED**  
4 **PROPERTY IN DISASTER AREAS.**

5 (a) CLASS LIFE OF REPLACEMENT PROPERTY NOT  
6 TO EXCEED CONVERTED PROPERTY.—Section  
7 1033(h)(2) is amended by inserting “if the class life of  
8 such tangible property does not exceed the class life of  
9 the property so converted” before the period at the end.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to disasters declared after Decem-  
12 ber 31, 2014.

13 **SEC. 3135. REPEAL OF ROLLOVER OF PUBLICLY TRADED**  
14 **SECURITIES GAIN INTO SPECIALIZED SMALL**  
15 **BUSINESS INVESTMENT COMPANIES.**

16 (a) IN GENERAL.—Part III of subchapter O of chap-  
17 ter 1 is amended by striking section 1044 (and by striking  
18 the item relating to such section in the table of sections  
19 of such part).

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 45D(c)(2)(A) is amended to read as  
22 follows:

23 “(A) any partnership or corporation which  
24 is licensed by the Small Business Administra-  
25 tion under section 301(d) of the Small Business