S Corporation Modernization Introduced in House & Senate


Sponsored by Senators Thune (R-SD) and Cardin (D-MD) and Representatives Reichert (R-WA) and Kind (D-WI), the companion bills are the latest in a long series of legislation designed to improve the rules that govern companies organized as S corporations.

“S corporations and other pass through businesses employ the majority of workers, so it is essential to job growth and investment that we make their rules as efficient as possible,” noted Brian Reardon, President of the S Corporation Association. “Our sponsors really understand the challenges facing business owners and are committed to ensuring these Main Street businesses have the tools necessary to succeed.”

Key provisions in the bill would enable S corporations to attract foreign investment, reduce the bite of the so-called “Sting Tax” on excessive passive income, and ensure that S corporation assets passed on from one generation to the next receive similar basis adjustments as partnerships. Several provisions from the previous iteration of the S Corporation Modernization Act – including the shorter 5-year recognition period for built-in gains – were made permanent at the end of last year.

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About S-CORP
The S Corporation Association (S-CORP) is the only organization in Washington D.C. exclusively devoted to promoting and protecting the interests of America’s 4.6 million S corporations. S-CORP was founded in 1996.