

114TH CONGRESS
2D SESSION

H. R. 4831

To amend the Internal Revenue Code of 1986 to make an exception to the 100 shareholder S corporation limitation in the case of shareholders whose shares were acquired through certain crowd-funding or small public offerings.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 2016

Mr. HILL (for himself and Mr. NEUGEBAUER) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to make an exception to the 100 shareholder S corporation limitation in the case of shareholders whose shares were acquired through certain crowd-funding or small public offerings.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. EXCEPTION TO S CORPORATION SHARE-**
2 **HOLDER LIMITATION IN CASE OF CROWD-**
3 **FUNDING AND SMALL PUBLIC OFFERINGS.**

4 (a) **IN GENERAL.**—Section 1361(c) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new paragraph:

7 “(7) **TREATMENT OF SHARES ACQUIRED**
8 **THROUGH CROWD-FUNDING AND SMALL PUBLIC OF-**
9 **FERINGS.**—The number of shareholders of the cor-
10 poration shall be determined under subsection
11 (b)(1)(A) without regard to any individual who has
12 only acquired shares in the corporation through—

13 “(A) a public offering that meets the terms
14 and conditions set forth in Regulation A pro-
15 mulgated by the Securities and Exchange Com-
16 mission (17 C.F.R. 230.251 et seq.), or

17 “(B) one or more transactions described in
18 section 4(a)(6) of the Securities Act of 1933
19 (15 U.S.C. 77d(a)(6)).”.

20 (b) **EFFECTIVE DATE.**—The amendment made by
21 this section shall apply to taxable years beginning after
22 the date of the enactment of this Act.

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