



(Original Signature of Member)

110TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to repeal the authority of the Internal Revenue Service to use private debt collection companies, to delay implementation of withholding taxes on government contractors, to revise the tax rules on expatriation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. RANGEL (for himself and [see ATTACHED LIST of cosponsors]) introduced the following bill; which was referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to repeal the authority of the Internal Revenue Service to use private debt collection companies, to delay implementation of withholding taxes on government contractors, to revise the tax rules on expatriation, and for other purposes.

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

1 come tax return filed with the United States for
2 such taxable year. The preceding sentence shall not
3 apply where such return is false or fraudulent with
4 the intent to avoid tax or otherwise is a willful at-
5 tempt in any manner to defeat or evade tax.”.

6 (b) **EFFECTIVE DATE.**—The amendment made by
7 this section shall apply to taxable years beginning after
8 1986.

9 **SEC. 5. REVISION OF TAX RULES ON EXPATRIATION.**

10 (a) **IN GENERAL.**—Subpart A of part II of sub-
11 chapter N of chapter 1 is amended by inserting after sec-
12 tion 877 the following new section:

13 **“SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

14 “(a) **GENERAL RULES.**—For purposes of this sub-
15 title—

16 “(1) **MARK TO MARKET.**—All property of a cov-
17 ered expatriate shall be treated as sold on the day
18 before the expatriation date for its fair market
19 value.

20 “(2) **RECOGNITION OF GAIN OR LOSS.**—In the
21 case of any sale under paragraph (1)—

22 “(A) notwithstanding any other provision
23 of this title, any gain arising from such sale
24 shall be taken into account for the taxable year
25 of the sale, and

1 “(B) any loss arising from such sale shall
2 be taken into account for the taxable year of
3 the sale to the extent otherwise provided by this
4 title, except that section 1091 shall not apply to
5 any such loss.

6 Proper adjustment shall be made in the amount of
7 any gain or loss subsequently realized for gain or
8 loss taken into account under the preceding sen-
9 tence, determined without regard to paragraph (3).

10 “(3) EXCLUSION FOR CERTAIN GAIN.—

11 “(A) IN GENERAL.—The amount which
12 would (but for this paragraph) be includible in
13 the gross income of any individual by reason of
14 paragraph (1) shall be reduced (but not below
15 zero) by \$600,000.

16 “(B) ADJUSTMENT FOR INFLATION.—

17 “(i) IN GENERAL.—In the case of any
18 taxable year beginning in a calendar year
19 after 2008, the dollar amount in subpara-
20 graph (A) shall be increased by an amount
21 equal to—

22 “(I) such dollar amount, multi-
23 plied by

24 “(II) the cost-of-living adjust-
25 ment determined under section 1(f)(3)

1 for the calendar year in which the tax-
2 able year begins, by substituting ‘cal-
3 endar year 2007’ for ‘calendar year
4 1992’ in subparagraph (B) thereof.

5 “(ii) ROUNDING.—If any amount as
6 adjusted under clause (i) is not a multiple
7 of \$1,000, such amount shall be rounded
8 to the nearest multiple of \$1,000.

9 “(b) ELECTION TO DEFER TAX.—

10 “(1) IN GENERAL.—If the taxpayer elects the
11 application of this subsection with respect to any
12 property treated as sold by reason of subsection (a),
13 the time for payment of the additional tax attrib-
14 utable to such property shall be extended until the
15 due date of the return for the taxable year in which
16 such property is disposed of (or, in the case of prop-
17 erty disposed of in a transaction in which gain is not
18 recognized in whole or in part, until such other date
19 as the Secretary may prescribe).

20 “(2) DETERMINATION OF TAX WITH RESPECT
21 TO PROPERTY.—For purposes of paragraph (1), the
22 additional tax attributable to any property is an
23 amount which bears the same ratio to the additional
24 tax imposed by this chapter for the taxable year
25 solely by reason of subsection (a) as the gain taken

1 into account under subsection (a) with respect to
2 such property bears to the total gain taken into ac-
3 count under subsection (a) with respect to all prop-
4 erty to which subsection (a) applies.

5 “(3) TERMINATION OF EXTENSION.—The due
6 date for payment of tax may not be extended under
7 this subsection later than the due date for the re-
8 turn of tax imposed by this chapter for the taxable
9 year which includes the date of death of the expa-
10 triate (or, if earlier, the time that the security pro-
11 vided with respect to the property fails to meet the
12 requirements of paragraph (4), unless the taxpayer
13 corrects such failure within the time specified by the
14 Secretary).

15 “(4) SECURITY.—

16 “(A) IN GENERAL.—No election may be
17 made under paragraph (1) with respect to any
18 property unless adequate security is provided
19 with respect to such property.

20 “(B) ADEQUATE SECURITY.—For purposes
21 of subparagraph (A), security with respect to
22 any property shall be treated as adequate secu-
23 rity if—

24 “(i) it is a bond which is furnished to,
25 and accepted by, the Secretary, which is

1 conditioned on the payment of tax (and in-
2 terest thereon), and which meets the re-
3 quirements of section 6325, or

4 “(ii) it is another form of security for
5 such payment (including letters of credit)
6 that meets such requirements as the Sec-
7 retary may prescribe.

8 “(5) WAIVER OF CERTAIN RIGHTS.—No elec-
9 tion may be made under paragraph (1) unless the
10 taxpayer makes an irrevocable waiver of any right
11 under any treaty of the United States which would
12 preclude assessment or collection of any tax imposed
13 by reason of this section.

14 “(6) ELECTIONS.—An election under paragraph
15 (1) shall only apply to property described in the elec-
16 tion and, once made, is irrevocable.

17 “(7) INTEREST.—For purposes of section 6601,
18 the last date for the payment of tax shall be deter-
19 mined without regard to the election under this sub-
20 section.

21 “(c) EXCEPTION FOR CERTAIN PROPERTY.—Sub-
22 section (a) shall not apply to—

23 “(1) any deferred compensation item (as de-
24 fined in subsection (d)(4)),

1 “(2) any specified tax deferred account (as de-
2 fined in subsection (e)(2)), and

3 “(3) any interest in a nongrantor trust (as de-
4 fined in subsection (f)(3)).

5 “(d) TREATMENT OF DEFERRED COMPENSATION
6 ITEMS.—

7 “(1) WITHHOLDING ON ELIGIBLE DEFERRED
8 COMPENSATION ITEMS.—

9 “(A) IN GENERAL.—In the case of any eli-
10 gible deferred compensation item, the payor
11 shall deduct and withhold from any taxable
12 payment to a covered expatriate with respect to
13 such item a tax equal to 30 percent thereof.

14 “(B) TAXABLE PAYMENT.—For purposes
15 of subparagraph (A), the term ‘taxable pay-
16 ment’ means with respect to a covered expa-
17 triate any payment to the extent it would be in-
18 cludible in the gross income of the covered ex-
19 patriate if such expatriate were subject to the
20 tax imposed by this chapter. A deferred com-
21 pensation item referred to in paragraph (4)(D)
22 shall be taken into account as a payment under
23 the preceding sentence when such item would
24 be so includible.

1 “(2) OTHER DEFERRED COMPENSATION
2 ITEMS.—In the case of any deferred compensation
3 item which is not an eligible deferred compensation
4 item—

5 “(A) an amount equal to the present value
6 of the expatriate’s accrued benefit shall be
7 treated as having been received by such indi-
8 vidual on the day before the expatriation date
9 as a distribution under the plan,

10 “(B) no early distribution tax shall apply
11 by reason of such treatment, and

12 “(C) appropriate adjustments shall be
13 made to subsequent distributions from the plan
14 to reflect such treatment.

15 “(3) ELIGIBLE DEFERRED COMPENSATION
16 ITEMS.—For purposes of this subsection, the term
17 ‘eligible deferred compensation item’ means any de-
18 ferred compensation item with respect to which—

19 “(A) the payor of such item is—

20 “(i) a United States person, or

21 “(ii) a person who is not a United
22 States person but who elects to be treated
23 as a United States person for purposes of
24 paragraph (1) and meets such require-
25 ments as the Secretary may provide to en-

1 sure that the payor will meet the require-
2 ments of paragraph (1), and

3 “(B) the covered expatriate—

4 “(i) notifies the payor of his status as
5 a covered expatriate, and

6 “(ii) makes an irrevocable waiver of
7 any right to claim any reduction under any
8 treaty with the United States in with-
9 holding on such item.

10 “(4) DEFERRED COMPENSATION ITEM.—For
11 purposes of this subsection, the term ‘deferred com-
12 pensation item’ means—

13 “(A) any interest in a plan or arrangement
14 described in section 219(g)(5),

15 “(B) any interest in a foreign pension plan
16 or similar retirement arrangement or program,

17 “(C) any item of deferred compensation,
18 and

19 “(D) any property, or right to property,
20 which the individual is entitled to receive in
21 connection with the performance of services to
22 the extent not previously taken into account
23 under section 83.

24 “(5) EXCEPTION.—Paragraphs (1) and (2)
25 shall not apply to any deferred compensation item

1 which is attributable to services performed outside
2 the United States while the covered expatriate was
3 not a citizen or resident of the United States.

4 “(6) SPECIAL RULES.—For purposes of this
5 subsection—

6 “(A) APPLICATION OF WITHHOLDING
7 RULES.—Rules similar to the rules of sub-
8 chapter B of chapter 3 shall apply.

9 “(B) COORDINATION WITH OTHER WITH-
10 HOLDING REQUIREMENTS.—Any item subject to
11 withholding under paragraph (1) shall not be
12 subject to withholding under section 1441 or
13 chapter 24.

14 “(e) TREATMENT OF SPECIFIED TAX DEFERRED AC-
15 COUNTS.—

16 “(1) ACCOUNT TREATED AS DISTRIBUTED.—In
17 the case of any interest in a specified tax deferred
18 account held by a covered expatriate on the day be-
19 fore the expatriation date—

20 “(A) the covered expatriate shall be treat-
21 ed as receiving a distribution of his entire inter-
22 est in such account on such date,

23 “(B) no early distribution tax shall apply
24 by reason of such treatment, and

1 “(C) appropriate adjustments shall be
2 made to subsequent distributions from the ac-
3 count to reflect such treatment.

4 “(2) SPECIFIED TAX DEFERRED ACCOUNT.—
5 For purposes of paragraph (1), the term ‘specified
6 tax deferred account’ means an individual retirement
7 plan (as defined in section 7701(a)(37)) other than
8 any arrangement described in subsection (k) or (p)
9 of section 408, a qualified tuition program (as de-
10 fined in section 529), a Coverdell education savings
11 account (as defined in section 530), a health savings
12 account (as defined in section 223), and an Archer
13 MSA (as defined in section 220).

14 “(f) SPECIAL RULES FOR NONGRANTOR TRUSTS.—

15 “(1) IN GENERAL.—In the case of a distribu-
16 tion (directly or indirectly) of any property from a
17 nongrantor trust to a covered expatriate—

18 “(A) the trustee shall deduct and withhold
19 from such distribution an amount equal to 30
20 percent of the taxable portion of the distribu-
21 tion, and

22 “(B) if the fair market value of such prop-
23 erty exceeds its adjusted basis in the hands of
24 the trust, gain shall be recognized to the trust

1 as if such property were sold to the expatriate
2 at its fair market value.

3 “(2) TAXABLE PORTION.—For purposes of this
4 subsection, the term ‘taxable portion’ means, with
5 respect to any distribution, that portion of the dis-
6 tribution which would be includible in the gross in-
7 come of the covered expatriate if such expatriate
8 were subject to the tax imposed by this chapter.

9 “(3) NONGRANTOR TRUST.—For purposes of
10 this subsection, the term ‘nongrantor trust’ means
11 the portion of any trust that the individual is not
12 considered the owner of under subpart E of part I
13 of subchapter J. The determination under the pre-
14 ceding sentence shall be made immediately before
15 the expatriation date.

16 “(4) SPECIAL RULES RELATING TO WITH-
17 HOLDING.—For purposes of this subsection—

18 “(A) rules similar to the rules of sub-
19 section (d)(6) shall apply, and

20 “(B) the covered expatriate shall be treat-
21 ed as having waived any right to claim any re-
22 duction under any treaty with the United
23 States in withholding on any distribution to
24 which paragraph (1)(A) applies.

1 “(g) DEFINITIONS AND SPECIAL RULES RELATING
2 TO EXPATRIATION.—For purposes of this section—

3 “(1) COVERED EXPATRIATE.—

4 “(A) IN GENERAL.—The term ‘covered ex-
5 patriate’ means an expatriate who meets the re-
6 quirements of subparagraph (A), (B), or (C) of
7 section 877(a)(2).

8 “(B) EXCEPTIONS.—An individual shall
9 not be treated as meeting the requirements of
10 subparagraph (A) or (B) of section 877(a)(2)
11 if—

12 “(i) the individual—

13 “(I) became at birth a citizen of
14 the United States and a citizen of an-
15 other country and, as of the expatria-
16 tion date, continues to be a citizen of,
17 and is taxed as a resident of, such
18 other country, and

19 “(II) has been a resident of the
20 United States (as defined in section
21 7701(b)(1)(A)(ii)) for not more than
22 10 taxable years during the 15-tax-
23 able year period ending with the tax-
24 able year during which the expatria-
25 tion date occurs, or

1 “(ii)(I) the individual’s relinquishment
2 of United States citizenship occurs before
3 such individual attains age 18½, and

4 “(II) the individual has been a resi-
5 dent of the United States (as so defined)
6 for not more than 10 taxable years before
7 the date of relinquishment.

8 “(2) EXPATRIATE.—The term ‘expatriate’
9 means—

10 “(A) any United States citizen who relin-
11 quishes his citizenship, and

12 “(B) any long-term resident of the United
13 States who ceases to be a lawful permanent
14 resident of the United States (within the mean-
15 ing of section 7701(b)(6)).

16 “(3) EXPATRIATION DATE.—The term ‘expa-
17 triation date’ means—

18 “(A) the date an individual relinquishes
19 United States citizenship, or

20 “(B) in the case of a long-term resident of
21 the United States, the date on which the indi-
22 vidual ceases to be a lawful permanent resident
23 of the United States (within the meaning of
24 section 7701(b)(6)).

1 “(4) RELINQUISHMENT OF CITIZENSHIP.—A
2 citizen shall be treated as relinquishing his United
3 States citizenship on the earliest of—

4 “(A) the date the individual renounces his
5 United States nationality before a diplomatic or
6 consular officer of the United States pursuant
7 to paragraph (5) of section 349(a) of the Immi-
8 gration and Nationality Act (8 U.S.C.
9 1481(a)(5)),

10 “(B) the date the individual furnishes to
11 the United States Department of State a signed
12 statement of voluntary relinquishment of
13 United States nationality confirming the per-
14 formance of an act of expatriation specified in
15 paragraph (1), (2), (3), or (4) of section 349(a)
16 of the Immigration and Nationality Act (8
17 U.S.C. 1481(a)(1)–(4)),

18 “(C) the date the United States Depart-
19 ment of State issues to the individual a certifi-
20 cate of loss of nationality, or

21 “(D) the date a court of the United States
22 cancels a naturalized citizen’s certificate of nat-
23 uralization.

24 Subparagraph (A) or (B) shall not apply to any indi-
25 vidual unless the renunciation or voluntary relin-

1 quishment is subsequently approved by the issuance
2 to the individual of a certificate of loss of nationality
3 by the United States Department of State.

4 “(5) LONG-TERM RESIDENT.—The term ‘long-
5 term resident’ has the meaning given to such term
6 by section 877(e)(2).

7 “(6) EARLY DISTRIBUTION TAX.—The term
8 ‘early distribution tax’ means any increase in tax im-
9 posed under section 72(t), 220(e)(4), 223(f)(4),
10 409A(a)(1)(B), 529(c)(6), or 530(d)(4).

11 “(h) OTHER RULES.—

12 “(1) TERMINATION OF DEFERRALS, ETC.—In
13 the case of any covered expatriate, notwithstanding
14 any other provision of this title—

15 “(A) any time period for acquiring prop-
16 erty which would result in the reduction in the
17 amount of gain recognized with respect to prop-
18 erty disposed of by the taxpayer shall terminate
19 on the day before the expatriation date, and

20 “(B) any extension of time for payment of
21 tax shall cease to apply on the day before the
22 expatriation date and the unpaid portion of
23 such tax shall be due and payable at the time
24 and in the manner prescribed by the Secretary.

1 “(2) STEP-UP IN BASIS.—Solely for purposes of
2 determining any tax imposed by reason of subsection
3 (a), property which was held by an individual on the
4 date the individual first became a resident of the
5 United States (within the meaning of section
6 7701(b)) shall be treated as having a basis on such
7 date of not less than the fair market value of such
8 property on such date. The preceding sentence shall
9 not apply if the individual elects not to have such
10 sentence apply. Such an election, once made, shall
11 be irrevocable.

12 “(3) COORDINATION WITH SECTION 684.—If
13 the expatriation of any individual would result in the
14 recognition of gain under section 684, this section
15 shall be applied after the application of section 684.

16 “(i) REGULATIONS.—The Secretary shall prescribe
17 such regulations as may be necessary or appropriate to
18 carry out the purposes of this section.”.

19 (b) TAX ON GIFTS AND BEQUESTS RECEIVED BY
20 UNITED STATES CITIZENS AND RESIDENTS FROM EXPA-
21 TRIATES.—

22 (1) IN GENERAL.—Subtitle B (relating to estate
23 and gift taxes) is amended by inserting after chapter
24 14 the following new chapter:

1 **“CHAPTER 15—GIFTS AND BEQUESTS**
2 **FROM EXPATRIATES**

“Sec. 2801. Imposition of tax

3 **“SEC. 2801. IMPOSITION OF TAX.**

4 “(a) IN GENERAL.—If, during any calendar year, any
5 United States citizen or resident receives any covered gift
6 or bequest, there is hereby imposed a tax equal to the
7 product of—

8 “(1) the highest rate of tax specified in the
9 table contained in section 2001(c) as in effect on the
10 date of such receipt (or, if greater, the highest rate
11 of tax specified in the table applicable under section
12 2502(a) as in effect on the date), and

13 “(2) the value of such covered gift or bequest.

14 “(b) TAX TO BE PAID BY RECIPIENT.—The tax im-
15 posed by subsection (a) on any covered gift or bequest
16 shall be paid by the person receiving such gift or bequest.

17 “(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection
18 (a) shall apply only to the extent that the value of covered
19 gifts and bequests received by any person during the cal-
20 endar year exceeds \$10,000.

21 “(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE
22 TAX.—The tax imposed by subsection (a) on any covered
23 gift or bequest shall be reduced by the amount of any gift

1 or estate tax paid to a foreign country with respect to such
2 covered gift or bequest.

3 “(e) COVERED GIFT OR BEQUEST.—

4 “(1) IN GENERAL.—For purposes of this chap-
5 ter, the term ‘covered gift or bequest’ means—

6 “(A) any property acquired by gift directly
7 or indirectly from an individual who, at the
8 time of such acquisition, was a covered expa-
9 triate, and

10 “(B) any property acquired directly or in-
11 directly by reason of the death of an individual
12 who was a covered expatriate.

13 “(2) EXCEPTIONS FOR TRANSFERS OTHERWISE
14 SUBJECT TO ESTATE OR GIFT TAX.—Such term shall
15 not include—

16 “(A) any property shown on a timely filed
17 return of tax imposed by chapter 12 which is a
18 taxable gift by the covered expatriate, and

19 “(B) any property included in the gross es-
20 tate of the covered expatriate for purposes of
21 chapter 11 and shown on a timely filed return
22 of tax imposed by chapter 11 of the estate of
23 the covered expatriate.

24 “(3) TRANSFERS IN TRUST.—

1 “(A) DOMESTIC TRUSTS.—In the case of a
2 covered gift or bequest made to a domestic
3 trust—

4 “(i) subsection (a) shall apply in the
5 same manner as if such trust were a
6 United States citizen, and

7 “(ii) the tax imposed by subsection (a)
8 on such gift or bequest shall be paid by
9 such trust.

10 “(B) FOREIGN TRUSTS.—

11 “(i) IN GENERAL.—In the case of a
12 covered gift or bequest made to a foreign
13 trust, subsection (a) shall apply to any dis-
14 tribution attributable to such gift or be-
15 quest from such trust (whether from in-
16 come or corpus) to a United States citizen
17 or resident in the same manner as if such
18 distribution were a covered gift or bequest.

19 “(ii) DEDUCTION FOR TAX PAID BY
20 RECIPIENT.—There shall be allowed as a
21 deduction under section 164 the amount of
22 tax imposed by this section which is paid
23 or accrued by a United States citizen or
24 resident by reason of a distribution from a
25 foreign trust, but only to the extent such

1 tax is imposed on the portion of such dis-
2 tribution which is included in the gross in-
3 come of such citizen or resident.

4 “(iii) ELECTION TO BE TREATED AS
5 DOMESTIC TRUST.—Solely for purposes of
6 this section, a foreign trust may elect to be
7 treated as a domestic trust. Such an elec-
8 tion may be revoked with the consent of
9 the Secretary.

10 “(f) COVERED EXPATRIATE.—For purposes of this
11 section, the term ‘covered expatriate’ has the meaning
12 given to such term by section 877A(g)(1).”.

13 (2) CLERICAL AMENDMENT.—The table of
14 chapters for subtitle B is amended by inserting after
15 the item relating to chapter 13 the following new
16 item:

“CHAPTER 15. GIFTS AND BEQUESTS FROM EXPATRIATES.”.

17 (c) DEFINITION OF TERMINATION OF UNITED
18 STATES CITIZENSHIP.—

19 (1) IN GENERAL.—Section 7701(a) is amended
20 by adding at the end the following new paragraph:

21 “(50) TERMINATION OF UNITED STATES CITI-
22 ZENSHIP.—

23 “(A) IN GENERAL.—An individual shall
24 not cease to be treated as a United States cit-
25 izen before the date on which the individual’s

1 citizenship is treated as relinquished under sec-
2 tion 877A(g)(4).

3 “(B) DUAL CITIZENS.—Under regulations
4 prescribed by the Secretary, subparagraph (A)
5 shall not apply to an individual who became at
6 birth a citizen of the United States and a cit-
7 izen of another country.”.

8 (2) CONFORMING AMENDMENTS.—

9 (A) Paragraph (1) of section 877(e) is
10 amended to read as follows:

11 “(1) IN GENERAL.—Any long-term resident of
12 the United States who ceases to be a lawful perma-
13 nent resident of the United States (within the mean-
14 ing of section 7701(b)(6)) shall be treated for pur-
15 poses of this section and sections 2107, 2501, and
16 6039G in the same manner as if such resident were
17 a citizen of the United States who lost United States
18 citizenship on the date of such cessation or com-
19 mencement.”.

20 (B) Paragraph (6) of section 7701(b) is
21 amended by adding at the end the following
22 flush sentence:

23 “An individual shall cease to be treated as a lawful
24 permanent resident of the United States if such in-
25 dividual commences to be treated as a resident of a

1 foreign country under the provisions of a tax treaty
2 between the United States and the foreign country,
3 does not waive the benefits of such treaty applicable
4 to residents of the foreign country, and notifies the
5 Secretary of the commencement of such treatment.”.

6 (C) Section 7701 is amended by striking
7 subsection (n) and by redesignating subsections
8 (o) and (p) as subsections (n) and (o), respec-
9 tively.

10 (d) INFORMATION RETURNS.—Section 6039G is
11 amended—

12 (1) by inserting “or 877A” after “section
13 877(b)” in subsection (a), and

14 (2) by inserting “or 877A” after “section
15 877(a)” in subsection (d).

16 (e) CLERICAL AMENDMENT.—The table of sections
17 for subpart A of part II of subchapter N of chapter 1
18 is amended by inserting after the item relating to section
19 877 the following new item:

“Sec. 877A. Tax responsibilities of expatriation.”.

20 (f) EFFECTIVE DATE.—

21 (1) IN GENERAL.—Except as provided in this
22 subsection, the amendments made by this section
23 shall apply to expatriates (as defined in section
24 877A(g) of the Internal Revenue Code of 1986, as
25 added by this section) whose expatriation date (as so

1 defined) is on or after the date of the enactment of
2 this Act.

3 (2) GIFTS AND BEQUESTS.—Chapter 15 of the
4 Internal Revenue Code of 1986 (as added by sub-
5 section (b)) shall apply to covered gifts and bequests
6 (as defined in section 2801 of such Code, as so
7 added) received on or after the date of the enact-
8 ment of this Act, regardless of when the transferor
9 expatriated.

10 **SEC. 6. REPEAL OF SUSPENSION OF CERTAIN PENALTIES**
11 **AND INTEREST.**

12 (a) IN GENERAL.—Section 6404 is amended by strik-
13 ing subsection (g) and by redesignating subsection (h) as
14 subsection (g).

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to notices provided by the Sec-
17 retary of the Treasury, or his delegate, after the date
18 which is 6 months after the date of the enactment of the
19 Small Business and Work Opportunity Tax Act of 2007.

20 **SEC. 7. INCREASE IN INFORMATION RETURN PENALTIES.**

21 (a) FAILURE TO FILE CORRECT INFORMATION RE-
22 TURNS.—

23 (1) IN GENERAL.—Subsections (a)(1),
24 (b)(1)(A), and (b)(2)(A) of section 6721 are each
25 amended by striking “\$50” and inserting “\$100”.