

H. R. 7751

IN THE HOUSE OF REPRESENTATIVES

MAY 10, 1973

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

A BILL

To amend the Internal Revenue Code of 1954 to raise the limitations on contributions by self-employed individuals to certain retirement plans and to permit certain employees to establish qualified pension plans for themselves in the same manner as if they were self-employed.

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. (a) The following provisions of the Internal
4 Revenue Code of 1954 are each amended by striking out
5 "\$2,500" and inserting in lieu thereof "\$7,500":

6 (1) clauses (iii) and (iv) of section 401 (e) (1)

7 (B) (defining excess contribution);

8 (2) the second sentence of section 401 (e) (3) (re-

1 lating to contributions for premiums on annuity etc.
2 contracts) ;

3 (3) paragraphs (1) and (2) (A) of section 404
4 (e) (relating to special limitations for self-employed
5 individuals), and

6 (4) paragraph (1) (B) of section 1379 (b) (re-
7 lating to taxability of shareholder-employee benefi-
8 ciaries).

9 (b) The following provisions of such Code are amended
10 by striking out "10 percent" and inserting in lieu thereof
11 "20 percent":

12 (1) clause (iii) of section 401 (e) (1) (B) ;

13 (2) paragraphs (1) and (2) (A) of section
14 404 (e) ; and

15 (3) paragraph (1) (A) of section 1379 (b).

16 SEC. 2. (a) Section 401 of the Internal Revenue Code
17 of 1954 (relating to qualified pension, profit sharing, and
18 stock bonus plans) is amended by redesignating subsection
19 (j) as (k), and by inserting after subsection (i) the fol-
20 lowing new subsection:

21 " (j) CERTAIN EMPLOYEES.—

22 " (1) GENERAL RULE.—An individual who is not
23 covered under a plan of any employer which meets the
24 requirements of subsection (a) and, if applicable, sub-
25 section (d), may elect (at such time, in such manner,

1 and subject to such conditions as the Secretary or his
2 delegate shall prescribe by regulations) to become en-
3 titled to the benefits provided by this part to the same
4 extent as if he were a self-employed individual.

5 “(2) EFFECT OF ELECTION.—For purposes of ap-
6 plying the provisions of this part to an individual who
7 makes an election under paragraph (1), such individual
8 shall be treated—

9 “(A) as an employee within the meaning of
10 subsection (c) (1), as owning the entire interest in
11 an unincorporated trade or business, and as his own
12 employer, and

13 “(B) as receiving earned income in an amount
14 equal to the compensation paid to him by the em-
15 ployer described in paragraph (1) (A).

16 “(3) REGULATIONS.—The Secretary or his dele-
17 gate shall prescribe such regulations as may be necessary
18 to carry out the purposes of this subsection.”

19 SEC. 3. (a) The amendments made by section 1 of this
20 Act shall apply to taxable years ending after the date of the
21 enactment of this Act.

22 (b) The amendments made by section 2 of this Act
23 shall apply to taxable years beginning after the date of the
24 enactment of this Act.

93d CONGRESS
1st Session

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By Mr. DANIELSON

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