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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

To amend the Internal Revenue Code of 1986 to establish a wealth tax,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. LEE of California introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to establish
a wealth tax, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Oligarch Act of 2023”.

5 **SEC. 1. IMPOSITION OF WEALTH TAX.**

6 (a) IN GENERAL.—The Internal Revenue Code of
7 1986 is amended by inserting after subtitle B the fol-
8 lowing new subtitle:

1 **“Subtitle B–1—Wealth Tax**

 “CHAPTER 18—DETERMINATION OF WEALTH TAX

2 **“CHAPTER 18—DETERMINATION OF**
3 **WEALTH TAX**

 “Sec. 2901. Imposition of tax.

 “Sec. 2902. Net value of taxable assets.

 “Sec. 2903. Special rules.

 “Sec. 2904. Information reporting.

 “Sec. 2905. Enforcement.

4 **“SEC. 2901. IMPOSITION OF TAX.**

5 “(a) IN GENERAL.—In the case of any applicable tax-
6 payer, a tax is hereby imposed on the net value of all tax-
7 able assets of the taxpayer on the last day of any calendar
8 year.

9 “(b) COMPUTATION OF TAX.—

10 “(1) INDIVIDUALS.—In the case of an indi-
11 vidual, the tax imposed by this section shall be equal
12 to the sum of—

13 “(A) 2 percent of so much of the net value
14 of all taxable assets of the taxpayer as exceed
15 the threshold amount but do not exceed the
16 product of 10 multiplied by threshold amount,

17 “(B) 4 percent of so much of the net value
18 of all taxable assets of the taxpayer as exceed the
19 product of 10 multiplied by the threshold amount
20 but do not exceed the product of 100 multiplied by
21 the threshold amount,

1 “(C) 6 percent of so much of the net value
2 of all taxable assets of the taxpayer as exceed
3 the product of 100 multiplied by the threshold
4 amount but do not exceed the product of
5 1,000 multiplied by the threshold amount,
6 plus

7 “(D) 8 percent of so much of the net value
8 of all taxable assets of the taxpayer as exceed
9 the product of 1,000 multiplied by the thresh-
10 old amount.

11 “(2) TRUSTS.—In the case of a trust, the tax
12 imposed by this section shall be equal to 8 percent
13 of so much of the net value of all taxable assets of
14 the taxpayer as exceed the threshold amount.

15 “(c) APPLICABLE TAXPAYER.—

16 “(1) IN GENERAL.—The term ‘applicable tax-
17 payer’ means any individual or any trust (other than
18 a trust described in section 401(a) and exempt from
19 tax under section 501(a)).

20 “(2) TREATMENT OF MARRIED INDIVIDUALS.—
21 For purposes of this section, individuals who are
22 married (as defined in section 7703) shall be treated
23 as one applicable taxpayer.

1 “(d) THRESHOLD AMOUNT.—For purposes of this
2 section, the term ‘threshold amount’ means the amount
3 that is the product of 1000 multiplied by the greater of—

4 “(1) \$50,000, or

5 “(2) the applicable median house hold wealth.

6 “(e) APPLICABLE MEDIAN HOUSEHOLD WEALTH.—

7 The Secretary shall annually determine the median house-
8 hold wealth with respect to the United States for purposes
9 of this section.

10 “(f) APPLICATION TO TRUSTS.—

11 “(1) CONTRIBUTION OF ASSETS IN TRUST.—In
12 determining the assets of a taxpayer for purposes of
13 subsection (a):

14 “(A) GRANTOR TRUST.—In the case of a
15 grantor trust, the grantor shall be treated as
16 holding all the assets of the trust.

17 “(B) BENEFICIARY TRUST.—In the case of
18 a beneficiary trust, each beneficiary of the trust
19 shall be treated as holding a fraction of the as-
20 sets of the trust in proportion to such bene-
21 ficiary’s interest in such trust.

22 “(2) PROPERTY OF TRUSTS.—Any asset treated
23 as held by a grantor or beneficiary under paragraph
24 (1) shall not be treated as held by the trust for pur-
25 poses of this section.

1 “(3) TRUSTS RELATING TO COMMON BENE-
2 FICIARIES.—Trusts benefitting substantially the
3 same beneficiaries shall be treated as a single appli-
4 cable taxpayer for purposes of this section.

5 “(4) DEFINITIONS.—For purposes of this sec-
6 tion:

7 “(A) GRANTOR TRUST.—The term ‘grantor
8 trust’ means a trust in which a taxpayer is
9 treated as owning an asset of the trust under
10 subpart E of part I of subchapter J of chapter
11 1.

12 “(B) BENEFICIARY TRUST.—The term
13 ‘beneficiary trust’ means any trust that is not
14 a grantor trust.

15 “(g) REGULATIONS.—The Secretary shall issue such
16 regulations or other guidance as may be necessary or ap-
17 propriate to carry out the purposes of this section, includ-
18 ing—

19 “(1) regulations establishing a process by which
20 a beneficiary may demonstrate the portion of such
21 beneficiary’s interest in a trust, and

22 “(2) regulations for determining the appro-
23 priate attribution of assets in a trust for purposes
24 of subsection (e)(1) in the case of a trust with mul-
25 tiple grantors.

1 **“SEC. 2902. NET VALUE OF TAXABLE ASSETS.**

2 “(a) IN GENERAL.—For purposes of this subtitle, the
3 term ‘net value of all taxable assets’ means, as of any date,
4 the excess of—

5 “(1) the value of all property of the taxpayer
6 (other than property excluded under subsection (b)),
7 real or personal, tangible or intangible, wherever sit-
8 uated, over

9 “(2) any debts (including any debts secured by
10 property excluded under subsection (b)) owed by the
11 taxpayer.

12 “(b) EXCLUSION FOR CERTAIN ASSETS UNDER
13 \$50,000.—Property of the taxpayer shall not be taken
14 into account under subsection (a) if such property—

15 “(1) has a value of \$50,000 or less (determined
16 without regard to any debt owed by the taxpayer
17 with respect to such property),

18 “(2) is tangible personal property, and

19 “(3) is not property—

20 “(A) which is used in a trade or business
21 of the taxpayer,

22 “(B) in connection with which a deduction
23 is allowable under section 212, or

24 “(C) which is a collectible as defined in
25 section 408(m), a boat, an aircraft, a mobile
26 home, a trailer, a vehicle, or an antique or other

1 asset that maintains or increases its value over
2 time (within the meaning of section 5.02(2) of
3 Revenue Procedure 2018–08).

4 “(c) RULES FOR DETERMINING PROPERTY OF THE
5 TAXPAYER.—For purposes of this subtitle:

6 “(1) PROPERTY INCLUDED IN ESTATE.—Any
7 property that would be included in the estate of the
8 taxpayer if the taxpayer died shall be treated as
9 property of the taxpayer.

10 “(2) INCLUSION OF CERTAIN GIFTS.—Any
11 property transferred by the taxpayer after the date
12 of the enactment of this chapter, to an individual
13 who is a member of the family of the taxpayer (as
14 determined under section 267(c)(4)) and has not at-
15 tained the age of 18 shall be treated as property of
16 the taxpayer for any calendar year before the year
17 in which such individual attains the age of 18.

18 “(d) ESTABLISHMENT OF VALUATION RULES.—Not
19 later than 12 months after the date of the enactment of
20 this section, the Secretary shall establish rules and meth-
21 ods for determining the value of any asset for purposes
22 of this subtitle, including rules for the valuation of assets
23 that are not publicly traded or that do not have a readily
24 ascertainable value. Such rules and methods—

1 “(1) may utilize retrospective and prospective
2 formulaic valuation methods not currently in use by
3 the Secretary,

4 “(2) may require the use of formulaic valuation
5 approaches for designated assets, including
6 formulaic approaches based on proxies for deter-
7 mining presumptive valuations, formulaic approaches
8 based on prospective adjustments from purchase
9 prices or other prior events, or formulaic approaches
10 based on retrospectively adding deferral charges
11 based on eventual sale prices or other specified later
12 events indicative of valuation, and

13 “(3) may address the use of valuation dis-
14 counts.

15 **“SEC. 2903. SPECIAL RULES.**

16 “(a) DECEASED INDIVIDUALS.—

17 “(1) IN GENERAL.—In the case of any indi-
18 vidual who dies during a calendar year and who is
19 not married on the date of such individual’s death—

20 “(A) section 2901 shall be applied by sub-
21 stituting ‘the date of the applicable taxpayer’s
22 death’ for ‘the last day of any calendar year’,
23 and

24 “(B) the amount of the tax imposed under
25 such section shall be reduced by an amount

1 which bears the same ratio to such amount (de-
2 termined without regard to this subsection)
3 as—

4 “(i) the number of days in the cal-
5 endar year after the date of the individ-
6 ual’s death, bears to

7 “(ii) 365.

8 “(2) COORDINATION WITH ESTATE TAX.—For
9 purposes of section 2053, the tax imposed by this
10 section for the year of the decedent’s death shall be
11 considered to have been imposed before such death.

12 “(b) APPLICATION TO NON-RESIDENTS.—In the case
13 of any nonresident alien individual, this subtitle shall
14 apply only to the property of such individual which is situ-
15 ated in the United States (determined under rules similar
16 to the rules under subchapter B of chapter 11).

17 “(c) APPLICATION TO COVERED EXPATRIATES.—In
18 the case of an individual who is a covered expatriate (as
19 defined in section 877A), section 2901(a) shall be applied
20 as if the calendar year ended on the day before the expa-
21 triation.

22 **“SEC. 2904. INFORMATION REPORTING.**

23 “(a) IN GENERAL.—Not later than 12 months after
24 the date of the enactment of this section, the Secretary
25 shall by regulation require the reporting of any informa-

1 tion concerning the net value of assets appropriate to en-
2 force the tax imposed by this chapter.

3 “(b) METHOD OF REPORTING.—The Secretary shall,
4 where appropriate, require the reporting made under sub-
5 section (a) to be made as a part of existing income report-
6 ing requirements (including requirements under chapter
7 4 (relating to taxes to enforce reporting on certain foreign
8 accounts)).

9 “(c) RESPONSIBILITY FOR REPORTING.—The Sec-
10 retary may impose reporting obligations by reference to
11 the ownership, control, management, claim to income
12 from, or other relationship to assets and liabilities for pur-
13 poses of administering the tax imposed by this section and
14 may impose such obligations on financial institutions,
15 business entities, or other persons, including requiring
16 business entities to provide estimates of the value of the
17 entity itself.

18 **“SEC. 2905. ENFORCEMENT.**

19 “The Secretary shall annually audit not less than 30
20 percent of taxpayers required to pay the tax imposed
21 under this chapter.”.

22 (b) NO DEDUCTION FROM INCOME TAXES.—Section
23 275 of such Code is amended by inserting after paragraph
24 (6) the following new paragraph:

25 “(7) Taxes imposed by chapter 18.”.

1 (c) EXTENSION OF TIME FOR PAYMENT OF TAX.—

2 (1) IN GENERAL.—Section 6161(a) of such
3 Code is amended by adding at the end the following
4 new paragraph:

5 “(3) WEALTH TAX.—

6 “(A) IN GENERAL.—In the case of an ap-
7 plicable taxpayer described in subparagraph
8 (B), the Secretary may extend the time for pay-
9 ment of the tax imposed under chapter 18 for
10 a reasonable period not to exceed 5 years from
11 the date fixed for the payment thereof.

12 “(B) TAXPAYERS DESCRIBED.—An appli-
13 cable taxpayer is described in this subparagraph
14 if such the Secretary determines—

15 “(i) the applicable taxpayer has severe
16 liquidity constraints, or

17 “(ii) immediate payment would cause
18 undue hardship on an ongoing enterprise.

19 “(C) APPLICABLE TAXPAYER.—For pur-
20 poses of this paragraph, the term ‘applicable
21 taxpayer’ has the meaning given such term in
22 section 2901.”.

23 (2) RULES.—Not later than 12 months after
24 the date of the enactment of this Act, the Secretary
25 of the Treasury (or the Secretary’s delegate) shall

1 establish rules for the application of the amend-
2 ments made by paragraph (1).

3 (d) APPLICATION OF ACCURACY RELATED PEN-
4 ALTIES.—

5 (1) IN GENERAL.—Section 6662(b) of such
6 Code is amended by adding at the end the following
7 new paragraph:

8 “(10) Any substantial wealth tax valuation un-
9 derstatement.”.

10 (2) SUBSTANTIAL WEALTH TAX UNDERSTATE-
11 MENT.—Section 6662 of such Code is amended by
12 adding at the end the following new subsection:

13 “(m) APPLICATION TO SUBSTANTIAL WEALTH TAX
14 VALUATION UNDERSTATEMENT.—

15 “(1) SUBSTANTIAL WEALTH TAX VALUATION
16 UNDERSTATEMENT DEFINED.—

17 “(A) IN GENERAL.—For purposes of this
18 section, there is a substantial wealth tax valu-
19 ation understatement if the value of any prop-
20 erty claimed on any return of tax imposed by
21 subtitle B–1 is 65 percent or less of the amount
22 determined to be the correct amount of such
23 valuation.

24 “(B) LIMITATION.—No penalty shall be
25 imposed by reason of subsection (b)(10) unless

1 the portion of the underpayment attributable to
2 substantial wealth tax valuation understatement
3 for the calendar year exceeds \$5,000.

4 “(2) INCREASED PENALTY.—

5 “(A) IN GENERAL.—In the case of any
6 portion of an underpayment which is attrib-
7 utable to one or more substantial wealth tax
8 valuation understatement, subsection (a) shall
9 be applied—

10 “(i) in the case of a substantial wealth
11 tax valuation understatement which is a
12 gross wealth tax valuation misstatement,
13 by substituting ‘50 percent’ for ‘20 per-
14 cent’, and

15 “(ii) in any other case, by substituting
16 ‘30 percent’ for ‘20 percent’.

17 “(B) GROSS WEALTH TAX VALUATION
18 MISSTATEMENT.—For purposes of subpara-
19 graph (A), the term ‘gross wealth tax valuation
20 misstatement’ means a substantial wealth tax
21 valuation understatement, as determined under
22 paragraph (1) by substituting ‘40 percent’ for
23 ‘65 percent’.”.

1 (e) EXEMPTION OF TAX EXEMPT ENTITIES.—Sec-
2 tion 501(a) of such Code is amended by inserting “and
3 subtitle B-1” after “this subtitle”.

4 (f) CLERICAL AMENDMENT.—The table of subtitles
5 of such Code is amended by inserting after the item relat-
6 ing to subtitle B the following new item:

“Subtitle B-1—Wealth Tax”.

7 (g) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to calendar years beginning after
9 the date of the enactment of this Act.