

104TH CONGRESS
2D SESSION

H. R. 3126

To amend the Internal Revenue Code of 1986 to place the burden of proof on the Secretary to prove that the cash method of accounting does not clearly reflect income.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 1996

Mr. ENGLISH of Pennsylvania 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 place the burden of proof on the Secretary to prove that the cash method of accounting does not clearly reflect income.

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. BURDEN OF PROOF ON SECRETARY TO PROVE**
4 **CASH METHOD OF ACCOUNTING DOES NOT**
5 **CLEARLY REFLECT INCOME.**

6 (a) IN GENERAL.—Subsection (b) of section 446 of
7 the Internal Revenue Code of 1986 (relating to general
8 rule for methods of accounting) is amended by adding at
9 the end the following new sentence: “In the case of a tax-

1 payer not otherwise precluded under section 447 or 448
2 from using the cash receipts and disbursements method
3 of accounting, in any proceeding involving the issue of
4 whether such method clearly reflects income, the burden
5 of proof in respect of such issue shall be upon the Sec-
6 retary.”

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall apply to proceedings commenced after
9 the date of the enactment of this Act.

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