

105TH CONGRESS  
1ST SESSION

# H. R. 1204

To amend the Internal Revenue Code of 1986 to provide that the sale of a life estate or a remainder interest in a principal residence qualifies for the one-time exclusion of gain on sale of a principal residence.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 1997

Mr. THOMAS (for himself, Mr. ENGLISH of Pennsylvania, Mr. STARK, and Mr. WICKER) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that the sale of a life estate or a remainder interest in a principal residence qualifies for the one-time exclusion of gain on sale of a principal residence.

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. SALES OF LIFE ESTATES AND REMAINDER IN-**  
 2 **TERESTS TO QUALIFY FOR ONE-TIME EXCLU-**  
 3 **SION OF GAIN ON SALE OF PRINCIPAL RESI-**  
 4 **DENCE BY INDIVIDUALS WHO HAVE AT-**  
 5 **TAINED AGE 55.**

6 (a) IN GENERAL.—Subsection (d) of section 121 of  
 7 the Internal Revenue Code of 1986 (relating to one-time  
 8 exclusion of gain from sale of principal residence by indi-  
 9 vidual who has attained age 55) is amended by adding  
 10 at the end the following new paragraph:

11 “(10) SALES OF LIFE ESTATES AND REMAIN-  
 12 DER INTERESTS.—For purposes of this section—

13 “(A) IN GENERAL.—In the case of prop-  
 14 erty with respect to which the taxpayer satisfies  
 15 the age, holding, and use requirements of sub-  
 16 section (a), subject to subsection (b)(2), an  
 17 election may be made under subsection (a) with  
 18 respect to the sale or exchange of a life estate  
 19 or a remainder interest in such property.

20 “(B) EXCEPTION FOR SALES TO RELATED  
 21 PARTIES.—Subparagraph (A) shall not apply to  
 22 any sale to, or exchange with, any person who  
 23 bears a relationship to the taxpayer which is de-  
 24 scribed in section 267(b) or 707(b).”

25 (b) EFFECTIVE DATE.—The amendment made by  
 26 this section shall apply to sales and exchanges after the

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- 1 date of the enactment of this Act in taxable years ending
- 2 after such date.

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