

109TH CONGRESS  
1ST SESSION

# H. R. 365

To amend the Internal Revenue Code of 1986 to exclude working capital  
in applying the accumulated earnings tax.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 2005

Mr. WILSON of South Carolina 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 exclude  
working capital in applying the accumulated earnings tax.

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 “Accumulated Earnings  
5 Tax Modification Act of 2005”.

6 **SEC. 2. WORKING CAPITAL EXCLUDED FROM ACCUMU-**  
7 **LATED EARNINGS TAX.**

8 (a) IN GENERAL.—Subsection (b) of section 537 of  
9 the Internal Revenue Code of 1986 is amended by adding  
10 at the end the following new paragraph:

1           “(6) WORKING CAPITAL.—The reasonably an-  
2           ticipated needs of a business shall include working  
3           capital for the business in an amount that is not less  
4           than the sum of the cost of goods, operating ex-  
5           penses, taxes, and interest expense that the business  
6           incurred during the prior taxable year.”.

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

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