

113TH CONGRESS
2D SESSION

H. R. 647

AN ACT

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, 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,*

1 SECTION 1. SHORT TITLE; ETC.

2 (a) SHORT TITLE.—This Act may be cited as the
 3 “Achieving a Better Life Experience Act of 2014” or the
 4 “ABLE Act of 2014”.

5 (b) AMENDMENT OF 1986 CODE.—Except as other-
 6 wise expressly provided, whenever in this Act an amend-
 7 ment or repeal is expressed in terms of an amendment
 8 to, or repeal of, a section or other provision, the reference
 9 shall be considered to be made to a section or other provi-
 10 sion of the Internal Revenue Code of 1986.

11 (c) TABLE OF CONTENTS.—The table of contents of
 12 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—QUALIFIED ABLE PROGRAMS

Sec. 101. Purposes.
 Sec. 102. Qualified ABLE programs.
 Sec. 103. Treatment of ABLE accounts under certain Federal programs.
 Sec. 104. Treatment of able accounts in bankruptcy.
 Sec. 105. Investment direction rule for 529 plans.

TITLE II—OFFSETS

Sec. 201. Correction to workers compensation offset age.
 Sec. 202. Accelerated application of relative value targets for misvalued services
 in the Medicare physician fee schedule.
 Sec. 203. Consistent treatment of vacuum erection systems in Medicare Parts
 B and D.
 Sec. 204. One-year delay of implementation of oral-only policy under Medicare
 ESRD prospective payment system.
 Sec. 205. Modification relating to Inland Waterways Trust Fund financing
 rate.
 Sec. 206. Certified professional employer organizations.
 Sec. 207. Exclusion of dividends from controlled foreign corporations from the
 definition of personal holding company income for purposes of
 the personal holding company rules.
 Sec. 208. Inflation adjustment for certain civil penalties under the Internal
 Revenue Code of 1986.
 Sec. 209. Increase in continuous levy.

1 **TITLE I—QUALIFIED ABLE 2 PROGRAMS**

3 **SEC. 101. PURPOSES.**

4 The purposes of this title are as follows:

5 (1) To encourage and assist individuals and
6 families in saving private funds for the purpose of
7 supporting individuals with disabilities to maintain
8 health, independence, and quality of life.

9 (2) To provide secure funding for disability-re-
10 lated expenses on behalf of designated beneficiaries
11 with disabilities that will supplement, but not sup-
12 plant, benefits provided through private insurance,
13 the Medicaid program under title XIX of the Social
14 Security Act, the supplemental security income pro-
15 gram under title XVI of such Act, the beneficiary's
16 employment, and other sources.

17 **SEC. 102. QUALIFIED ABLE PROGRAMS.**

18 (a) IN GENERAL.—Subchapter F of chapter 1 is
19 amended by inserting after section 529 the following new
20 section:

21 **“SEC. 529A. QUALIFIED ABLE PROGRAMS.**

22 “(a) GENERAL RULE.—A qualified ABLE program
23 shall be exempt from taxation under this subtitle. Not-
24 withstanding the preceding sentence, such program shall
25 be subject to the taxes imposed by section 511 (relating

1 to imposition of tax on unrelated business income of chari-
2 table organizations).

3 “(b) QUALIFIED ABLE PROGRAM.—For purposes of
4 this section—

5 “(1) IN GENERAL.—The term ‘qualified ABLE
6 program’ means a program established and main-
7 tained by a State, or agency or instrumentality
8 thereof—

9 “(A) under which a person may make con-
10 tributions for a taxable year, for the benefit of
11 an individual who is an eligible individual for
12 such taxable year, to an ABLE account which
13 is established for the purpose of meeting the
14 qualified disability expenses of the designated
15 beneficiary of the account,

16 “(B) which limits a designated beneficiary
17 to 1 ABLE account for purposes of this section,

18 “(C) which allows for the establishment of
19 an ABLE account only for a designated bene-
20 ficiary who is a resident of such State or a resi-
21 dent of a contracting State, and

22 “(D) which meets the other requirements
23 of this section.

1 “(2) CASH CONTRIBUTIONS.—A program shall
2 not be treated as a qualified ABLE program unless
3 it provides that no contribution will be accepted—

4 “(A) unless it is in cash, or
5 “(B) except in the case of contributions
6 under subsection (c)(1)(C), if such contribution
7 to an ABLE account would result in aggregate
8 contributions from all contributors to the
9 ABLE account for the taxable year exceeding
10 the amount in effect under section 2503(b) for
11 the calendar year in which the taxable year be-
12 gins.

13 For purposes of this paragraph, rules similar to the
14 rules of section 408(d)(4) (determined without re-
15 gard to subparagraph (B) thereof) shall apply.

16 “(3) SEPARATE ACCOUNTING.—A program shall
17 not be treated as a qualified ABLE program unless
18 it provides separate accounting for each designated
19 beneficiary.

20 “(4) LIMITED INVESTMENT DIRECTION.—A
21 program shall not be treated as a qualified ABLE
22 program unless it provides that any designated bene-
23 ficiary under such program may, directly or indi-
24 rectly, direct the investment of any contributions to

1 the program (or any earnings thereon) no more than
2 2 times in any calendar year.

3 “(5) NO PLEDGING OF INTEREST AS SECU-
4 RITY.—A program shall not be treated as a qualified
5 ABLE program if it allows any interest in the pro-
6 gram or any portion thereof to be used as security
7 for a loan.

8 “(6) PROHIBITION ON EXCESS CONTRIBUTU-
9 TIONS.—A program shall not be treated as a quali-
10 fied ABLE program unless it provides adequate
11 safeguards to prevent aggregate contributions on be-
12 half of a designated beneficiary in excess of the limit
13 established by the State under section 529(b)(6).
14 For purposes of the preceding sentence, aggregate
15 contributions include contributions under any prior
16 qualified ABLE program of any State or agency or
17 instrumentality thereof.

18 “(c) TAX TREATMENT.—

19 “(1) DISTRIBUTIONS.—

20 “(A) IN GENERAL.—Any distribution
21 under a qualified ABLE program shall be in-
22 cludible in the gross income of the distributee
23 in the manner as provided under section 72 to
24 the extent not excluded from gross income
25 under any other provision of this chapter.

1 “(B) DISTRIBUTIONS FOR QUALIFIED DIS-
2 ABILITY EXPENSES.—For purposes of this
3 paragraph, if distributions from a qualified
4 ABLE program—

5 “(i) do not exceed the qualified dis-
6 ability expenses of the designated bene-
7 ficiary, no amount shall be includible in
8 gross income, and

9 “(ii) in any other case, the amount
10 otherwise includible in gross income shall
11 be reduced by an amount which bears the
12 same ratio to such amount as such ex-
13 penses bear to such distributions.

14 “(C) CHANGE IN DESIGNATED BENE-
15 FICIARIES OR PROGRAMS.—

16 “(i) ROLLOVERS FROM ABLE AC-
17 COUNTS.—Subparagraph (A) shall not
18 apply to any amount paid or distributed
19 from an ABLE account to the extent that
20 the amount received is paid, not later than
21 the 60th day after the date of such pay-
22 ment or distribution, into another ABLE
23 account for the benefit of the same des-
24 ignated beneficiary or an eligible individual

1 who is a family member of the designated
2 beneficiary.

3 “(ii) CHANGE IN DESIGNATED BENE-
4 FICIARIES.—Any change in the designated
5 beneficiary of an interest in a qualified
6 ABLE program during a taxable year shall
7 not be treated as a distribution for pur-
8 poses of subparagraph (A) if the new bene-
9 ficiary is an eligible individual for such
10 taxable year and a member of the family of
11 the former beneficiary.

12 “(iii) LIMITATION ON CERTAIN ROLL-
13 OVERS.—Clause (i) shall not apply to any
14 transfer if such transfer occurs within 12
15 months from the date of a previous trans-
16 fer to any qualified ABLE program for the
17 benefit of the designated beneficiary.

18 “(D) OPERATING RULES.—For purposes of
19 applying section 72—

20 “(i) except to the extent provided by
21 the Secretary, all distributions during a
22 taxable year shall be treated as one dis-
23 tribution, and

24 “(ii) except to the extent provided by
25 the Secretary, the value of the contract, in-

1 come on the contract, and investment in
2 the contract shall be computed as of the
3 close of the calendar year in which the tax-
4 able year begins.

5 “(2) GIFT TAX RULES.—For purposes of chap-
6 ters 12 and 13—

7 “(A) CONTRIBUTIONS.—Any contribution
8 to a qualified ABLE program on behalf of any
9 designated beneficiary—

10 “(i) shall be treated as a completed
11 gift to such designated beneficiary which is
12 not a future interest in property, and

13 “(ii) shall not be treated as a qualified
14 transfer under section 2503(e).

15 “(B) TREATMENT OF DISTRIBUTIONS.—In
16 no event shall a distribution from an ABLE ac-
17 count to such account’s designated beneficiary
18 be treated as a taxable gift.

19 “(C) TREATMENT OF TRANSFER TO NEW
20 DESIGNATED BENEFICIARY.—The taxes im-
21 posed by chapters 12 and 13 shall not apply to
22 a transfer by reason of a change in the des-
23 ignated beneficiary under subsection (c)(1)(C).

24 “(3) ADDITIONAL TAX FOR DISTRIBUTIONS NOT
25 USED FOR DISABILITY EXPENSES.—

1 “(A) IN GENERAL.—The tax imposed by
2 this chapter for any taxable year on any tax-
3 payer who receives a distribution from a qual-
4 fied ABLE program which is includible in gross
5 income shall be increased by 10 percent of the
6 amount which is so includible.

7 “(B) EXCEPTION.—Subparagraph (A)
8 shall not apply if the payment or distribution is
9 made to a beneficiary (or to the estate of the
10 designated beneficiary) on or after the death of
11 the designated beneficiary.

12 “(C) CONTRIBUTIONS RETURNED BEFORE
13 CERTAIN DATE.—Subparagraph (A) shall not
14 apply to the distribution of any contribution
15 made during a taxable year on behalf of the
16 designated beneficiary if—

17 “(i) such distribution is received on or
18 before the day prescribed by law (including
19 extensions of time) for filing such des-
20 ignated beneficiary’s return for such tax-
21 able year, and

22 “(ii) such distribution is accompanied
23 by the amount of net income attributable
24 to such excess contribution.

1 Any net income described in clause (ii) shall be
2 included in gross income for the taxable year in
3 which such excess contribution was made.

4 “(4) LOSS OF ABLE ACCOUNT TREATMENT.—If
5 an ABLE account is established for a designated
6 beneficiary, no account subsequently established for
7 such beneficiary shall be treated as an ABLE ac-
8 count. The preceding sentence shall not apply in the
9 case of an account established for purposes of a roll-
10 over described in paragraph (1)(C)(i) of this section
11 if the transferor account is closed as of the end of
12 the 60th day referred to in paragraph (1)(C)(i).

13 “(d) REPORTS.—

14 “(1) IN GENERAL.—Each officer or employee
15 having control of the qualified ABLE program or
16 their designee shall make such reports regarding
17 such program to the Secretary and to designated
18 beneficiaries with respect to contributions, distribu-
19 tions, the return of excess contributions, and such
20 other matters as the Secretary may require.

21 “(2) CERTAIN AGGREGATED INFORMATION.—
22 For research purposes, the Secretary shall make
23 available to the public reports containing aggregate
24 information, by diagnosis and other relevant charac-
25 teristics, on contributions and distributions from the

1 qualified ABLE program. In carrying out the pre-
2 ceding sentence an item may not be made available
3 to the public if such item can be associated with, or
4 otherwise identify, directly or indirectly, a particular
5 individual.

6 “(3) NOTICE OF ESTABLISHMENT OF ABLE AC-
7 COUNT.—A qualified ABLE program shall submit a
8 notice to the Secretary upon the establishment of an
9 ABLE account. Such notice shall contain the name
10 and State of residence of the designated beneficiary
11 and such other information as the Secretary may re-
12 quire.

13 “(4) ELECTRONIC DISTRIBUTION STATE-
14 MENTS.—For purposes of section 4 of the Achieving
15 a Better Life Experience Act of 2014, States shall
16 submit electronically on a monthly basis to the Com-
17 missioner of Social Security, in the manner specified
18 by the Commissioner, statements on relevant dis-
19 tributions and account balances from all ABLE ac-
20 counts.

21 “(5) REQUIREMENTS.—The reports and notices
22 required by paragraphs (1), (2), and (3) shall be
23 filed at such time and in such manner and furnished
24 to such individuals at such time and in such manner
25 as may be required by the Secretary.

1 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) ELIGIBLE INDIVIDUAL.—An individual is
4 an eligible individual for a taxable year if during
5 such taxable year—6 “(A) the individual is entitled to benefits
7 based on blindness or disability under title II or
8 XVI of the Social Security Act, and such blind-
9 ness or disability occurred before the date on
10 which the individual attained age 26, or11 “(B) a disability certification with respect
12 to such individual is filed with the Secretary for
13 such taxable year.

14 “(2) DISABILITY CERTIFICATION.—

15 “(A) IN GENERAL.—The term ‘disability
16 certification’ means, with respect to an indi-
17 vidual, a certification to the satisfaction of the
18 Secretary by the individual or the parent or
19 guardian of the individual that—

20 “(i) certifies that—

21 “(I) the individual has a medi-
22 cally determinable physical or mental
23 impairment, which results in marked
24 and severe functional limitations, and
25 which can be expected to result in

1 death or which has lasted or can be
2 expected to last for a continuous pe-
3 riod of not less than 12 months, or is
4 blind (within the meaning of section
5 1614(a)(2) of the Social Security
6 Act), and

7 “(II) such blindness or disability
8 occurred before the date on which the
9 individual attained age 26, and

10 “(ii) includes a copy of the individ-
11 ual’s diagnosis relating to the individual’s
12 relevant impairment or impairments,
13 signed by a physician meeting the criteria
14 of section 1861(r)(1) of the Social Security
15 Act.

16 “(B) RESTRICTION ON USE OF CERTIFI-
17 CATION.—No inference may be drawn from a
18 disability certification for purposes of estab-
19 lishing eligibility for benefits under title II,
20 XVI, or XIX of the Social Security Act.

21 “(3) DESIGNATED BENEFICIARY.—The term
22 ‘designated beneficiary’ in connection with an ABLE
23 account established under a qualified ABLE pro-
24 gram means the eligible individual who established
25 an ABLE account and is the owner of such account.

1 “(4) MEMBER OF FAMILY.—The term ‘member
2 of the family’ means, with respect to any designated
3 beneficiary, an individual who bears a relationship to
4 such beneficiary which is described in subparagraph
5 section 152(d)(2)(B). For purposes of the preceding
6 sentence, a rule similar to the rule of section
7 152(f)(1)(B) shall apply.

8 “(5) QUALIFIED DISABILITY EXPENSES.—The
9 term ‘qualified disability expenses’ means any ex-
10 penses related to the eligible individual’s blindness
11 or disability which are made for the benefit of an eli-
12 gible individual who is the designated beneficiary, in-
13 cluding the following expenses: education, housing,
14 transportation, employment training and support,
15 assistive technology and personal support services,
16 health, prevention and wellness, financial manage-
17 ment and administrative services, legal fees, ex-
18 penses for oversight and monitoring, funeral and
19 burial expenses, and other expenses, which are ap-
20 proved by the Secretary under regulations and con-
21 sistent with the purposes of this section.

22 “(6) ABLE ACCOUNT.—The term ‘ABLE ac-
23 count’ means an account established by an eligible
24 individual, owned by such eligible individual, and
25 maintained under a qualified ABLE program.

1 “(7) CONTRACTING STATE.—The term ‘con-
2 tracting State’ means a State without a qualified
3 ABLE program which has entered into a contract
4 with a State with a qualified ABLE program to pro-
5 vide residents of the contracting State access to a
6 qualified ABLE program.

7 “(f) TRANSFER TO STATE.—Subject to any out-
8 standing payments due for qualified disability expenses,
9 upon the death of the designated beneficiary, all amounts
10 remaining in the qualified ABLE account not in excess
11 of the amount equal to the total medical assistance paid
12 for the designated beneficiary after the establishment of
13 the account, net of any premiums paid from the account
14 or paid by or on behalf of the beneficiary to a Medicaid
15 Buy-In program under any State Medicaid plan estab-
16 lished under title XIX of the Social Security Act, shall
17 be distributed to such State upon filing of a claim for pay-
18 ment by such State. For purposes of this paragraph, the
19 State shall be a creditor of an ABLE account and not
20 a beneficiary. Subsection (e)(3) shall not apply to a dis-
21 tribution under the preceding sentence.

22 “(g) REGULATIONS.—The Secretary shall prescribe
23 such regulations or other guidance as the Secretary deter-
24 mines necessary or appropriate to carry out the purposes
25 of this section, including regulations—

1 “(1) to enforce the 1 ABLE account per eligible
2 individual limit,

3 “(2) providing for the information required to
4 be presented to open an ABLE account,

5 “(3) to generally define qualified disability ex-
6 penses,

7 “(4) developed in consultation with the Com-
8 missioner of Social Security, relating to disability
9 certifications and determinations of disability, in-
10 cluding those conditions deemed to meet the require-
11 ments of subsection (e)(1)(B),

12 “(5) to prevent fraud and abuse with respect to
13 amounts claimed as qualified disability expenses,

14 “(6) under chapters 11, 12, and 13 of this title,
15 and

16 “(7) to allow for transfers from one ABLE ac-
17 count to another ABLE account.”.

18 (b) TAX ON EXCESS CONTRIBUTIONS.—

19 (1) IN GENERAL.—Subsection (a) of section
20 4973 (relating to tax on excess contributions to cer-
21 tain tax-favored accounts and annuities) is amended
22 by striking “or” at the end of paragraph (4), by in-
23 serting “or” at the end of paragraph (5), and by in-
24 serting after paragraph (5) the following new para-
25 graph:

1 “(6) an ABLE account (within the meaning of
2 section 529A),”.

3 (2) EXCESS CONTRIBUTION.—Section 4973 is
4 amended by adding at the end the following new
5 subsection:

6 “(h) EXCESS CONTRIBUTIONS TO ABLE AC-
7 COUNT.—For purposes of this section—

8 “(1) IN GENERAL.—In the case of an ABLE
9 account (within the meaning of section 529A), the
10 term ‘excess contributions’ means the amount by
11 which the amount contributed for the taxable year to
12 such account (other than contributions under section
13 529A(c)(1)(C)) exceeds the contribution limit under
14 section 529A(b)(2)(B).

15 “(2) SPECIAL RULE.—For purposes of this sub-
16 section, any contribution which is distributed out of
17 the ABLE account in a distribution to which the
18 last sentence of section 529A(b)(2) applies shall be
19 treated as an amount not contributed.”.

20 (c) PENALTY FOR FAILURE TO FILE REPORTS.—
21 Section 6693(a)(2) is amended by striking “and” at the
22 end of subparagraph (D), by redesignating subparagraph
23 (E) as subparagraph (F), and by inserting after subpara-
24 graph (D) the following:

1 “(E) section 529A(d) (relating to qualified
2 ABLE programs), and”.

3 (d) RECORDS.—Section 552a(a)(8)(B) of title 5,
4 United States Code, is amended—

5 (1) in clause (viii), by striking “or” at the end;
6 (2) in clause (ix), by adding “or” at the end;

7 and

8 (3) by adding at the end the following new
9 clause:

10 “(x) matches performed pursuant to
11 section 3(d)(4) of the Achieving a Better
12 Life Experience Act of 2014;”.

13 (e) OTHER CONFORMING AMENDMENTS.—

14 (1) Section 26(b)(2) is amended by striking
15 “and” at the end of subparagraph (W), by striking
16 the period at the end of subparagraph (X) and in-
17 serting “, and”, and by inserting after subparagraph
18 (X) the following:

19 “(Y) section 529A(c)(3)(A) (relating to ad-
20 ditional tax on ABLE account distributions not
21 used for qualified disability expenses).”.

22 (2) Section 877A is amended—

23 (A) in subsection (e)(2) by inserting “a
24 qualified ABLE program (as defined in section
25 529A),” after “529),”, and

(B) in subsection (g)(6) by inserting
“529A(c)(3),” after “529(c)(6),”.

8 “(8) a program described in section 529A.”.

12 (5) The item in the table of parts for sub-
13 chapter F of chapter 1 relating to part VIII is
14 amended to read as follows:

"PART VIII. CERTAIN SAVINGS ENTITIES."

“Sec. 529A. Qualified ABLE programs.”.

23 (f) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
2 this section shall apply to taxable years beginning
3 after December 31, 2014.

4 (2) REGULATIONS.—The Secretary of the
5 Treasury (or the Secretary's designee) shall promul-
6 gate the regulations or other guidance required
7 under section 529A(g) of the Internal Revenue Code
8 of 1986, as added by subsection (a), not later than
9 6 months after the date of the enactment of this
10 Act.

11 **SEC. 103. TREATMENT OF ABLE ACCOUNTS UNDER CER-
12 TAIN FEDERAL PROGRAMS.**

13 (a) ACCOUNT FUNDS DISREGARDED FOR PURPOSES
14 OF CERTAIN OTHER MEANS-TESTED FEDERAL PRO-
15 GRAMS.—Notwithstanding any other provision of Federal
16 law that requires consideration of 1 or more financial cir-
17 cumstances of an individual, for the purpose of deter-
18 mining eligibility to receive, or the amount of, any assist-
19 ance or benefit authorized by such provision to be provided
20 to or for the benefit of such individual, any amount (in-
21 cluding earnings thereon) in the ABLE account (within
22 the meaning of section 529A of the Internal Revenue Code
23 of 1986) of such individual, any contributions to the
24 ABLE account of the individual, and any distribution for
25 qualified disability expenses (as defined in subsection

1 (e)(5) of such section) shall be disregarded for such pur-
2 pose with respect to any period during which such indi-
3 vidual maintains, makes contributions to, or receives dis-
4 tributions from such ABLE account, except that, in the
5 case of the supplemental security income program under
6 title XVI of the Social Security Act—

7 (1) a distribution for housing expenses (within
8 the meaning of such subsection) shall not be so dis-
9 regarded, and

10 (2) in the case of such program, any amount
11 (including such earnings) in such ABLE account
12 shall be considered a resource of the designated ben-
13 eficiary to the extent that such amount exceeds
14 \$100,000.

15 (b) SUSPENSION OF SSI BENEFITS DURING PERI-
16 ODS OF EXCESSIVE ACCOUNT FUNDS.—

17 (1) IN GENERAL.—The benefits of an individual
18 under the supplemental security income program
19 under title XVI of the Social Security Act shall not
20 be terminated, but shall be suspended, by reason of
21 excess resources of the individual attributable to an
22 amount in the ABLE account (within the meaning
23 of section 529A of the Internal Revenue Code of
24 1986) of the individual not disregarded under sub-
25 section (a) of this section.

8 (c) EFFECTIVE DATE.—This section shall take effect
9 on the date of the enactment of this Act.

10 SEC. 104. TREATMENT OF ABLE ACCOUNTS IN BANK-
11 RUPTCY.

12 (a) EXCLUSION FROM PROPERTY OF THE ESTATE.—
13 Section 541(b) of the title 11, United States Code, is
14 amended—

21 “(10) funds placed in an account of a qualified
22 ABLE program (as defined in section 529A(b) of
23 the Internal Revenue Code of 1986) not later than
24 365 days before the date of the filing of the petition
25 in a case under this title, but—

1 “(A) only if the designated beneficiary of
2 such account was a child, stepchild, grandchild,
3 or stepgrandchild of the debtor for the taxable
4 year for which funds were placed in such ac-
5 count;

6 “(B) only to the extent that such funds—

7 “(i) are not pledged or promised to
8 any entity in connection with any extension
9 of credit; and

10 “(ii) are not excess contributions (as
11 described in section 4973(h) of the Inter-
12 nal Revenue Code of 1986); and

13 “(C) in the case of funds placed in all such
14 accounts having the same designated bene-
15 iciary not earlier than 720 days nor later than
16 365 days before such date, only so much of
17 such funds as does not exceed \$6,225.”.

18 (b) DEBTOR'S MONTHLY EXPENSES.—Section
19 707(b)(2)(A)(ii)(II) of title 11, United States Code, is
20 amended by adding at the end “Such monthly expenses
21 may include, if applicable, contributions to an account of
22 a qualified ABLE program to the extent such contribu-
23 tions are not excess contributions (as described in section
24 4973(h) of the Internal Revenue Code of 1986) and if the

1 designated beneficiary of such account is a child, stepchild,
2 grandchild, or stepgrandchild of the debtor.”.

3 (c) RECORD OF DEBTOR’S INTEREST.—Section
4 521(c) of title 11, United States Code, is amended by in-
5 serting “, an interest in an account in a qualified ABLE
6 program (as defined in section 529A(b) of such Code,”
7 after “Internal Revenue Code of 1986”).

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply with respect to cases commenced
10 under title 11, United States Code, on or after the date
11 of the enactment of this Act.

12 **SEC. 105. INVESTMENT DIRECTION RULE FOR 529 PLANS.**

13 (a) AMENDMENTS RELATING TO INVESTMENT DI-
14 RECTION RULE FOR 529 PLANS.—

15 (1) Paragraph (4) of section 529(b) is amended
16 by striking “may not directly or indirectly” and all
17 that follows and inserting “may, directly or indi-
18 rectly, direct the investment of any contributions to
19 the program (or any earnings thereon) no more than
20 2 times in any calendar year.”.

21 (2) The heading of paragraph (4) of section
22 529(b) is amended by striking “No” and inserting
23 “LIMITED”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

4 TITLE II—OFFSETS

5 SEC. 201. CORRECTION TO WORKERS COMPENSATION OFF-
6 SET AGE.

7 (a) RETIREMENT AGE.—Section 224(a) of the Social
8 Security Act (42 U.S.C. 424a(a)) is amended, in the mat-
9 ter preceding paragraph (1), by striking “the age of 65”
10 and inserting “retirement age (as defined in section
11 216(l)(1))”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall apply with respect to any individual
14 who attains 65 years of age on or after the date that is
15 12 months after the date of the enactment of this Act.

16 SEC. 202. ACCELERATED APPLICATION OF RELATIVE
17 VALUE TARGETS FOR MISVALUED SERVICES
18 IN THE MEDICARE PHYSICIAN FEE SCHED-
19 ULE.

20 Section 1848(c) of the Social Security Act (42 U.S.C.
21 1395w-4(c)) is amended—

- 1 (A) by striking “2017” and inserting
2 “2016”; and
3 (B) by redesignating such subclause as
4 subclause (IX);
5 (2) in paragraph (2)(O)—
6 (A) in the matter preceding clause (i), by
7 striking “2017 through 2020” and inserting
8 “2016 through 2018”;
9 (B) in clause (iii), by striking “2017” and
10 inserting “2016”; and
11 (C) in clause (v), by inserting “(or, for
12 2016, 1.0 percent)” after “0.5 percent”; and
13 (3) in paragraph (7), by striking “2017” and
14 inserting “2016”.

15 **SEC. 203. CONSISTENT TREATMENT OF VACUUM ERECTION**

16 **SYSTEMS IN MEDICARE PARTS B AND D.**

17 Section 1834(a)(1) of the Social Security Act (42
18 U.S.C. 1395m(a)(1)) is amended by adding at the end the
19 following new subparagraph:

20 “(I) TREATMENT OF VACUUM ERECTION
21 SYSTEMS.—Effective for items and services fur-
22 nished on and after July 1, 2015, vacuum erec-
23 tion systems described as prosthetic devices de-
24 scribed in section 1861(s)(8) shall be treated in
25 the same manner as erectile dysfunction drugs

1 are treated for purposes of section 1860D-
2 2(e)(2)(A).”.

3 **SEC. 204. ONE-YEAR DELAY OF IMPLEMENTATION OF ORAL-**
4 **ONLY POLICY UNDER MEDICARE ESRD PRO-**
5 **SPECTIVE PAYMENT SYSTEM.**

6 Section 632(b)(1) of the American Taxpayer Relief
7 Act of 2012 (42 U.S.C. 1395rr note), as amended by sec-
8 tion 217(a)(1) of the Protecting Access to Medicare Act
9 of 2014 (Public Law 113-93), is amended by striking
10 “2024” and inserting “2025”.

11 **SEC. 205. MODIFICATION RELATING TO INLAND WATER-**
12 **WAYS TRUST FUND FINANCING RATE.**

13 (a) IN GENERAL.—Section 4042(b)(2)(A) is amend-
14 ed to read as follows:

15 “(A) The Inland Waterways Trust Fund
16 financing rate is 29 cents per gallon.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to fuel used after March 31, 2015.

19 **SEC. 206. CERTIFIED PROFESSIONAL EMPLOYER ORGANI-**
20 **ZATIONS.**

21 (a) EMPLOYMENT TAXES.—Chapter 25 is amended
22 by adding at the end the following new section:

“(a) GENERAL RULES.—For purposes of the taxes,
and other obligations, imposed by this subtitle—

5 “(1) a certified professional employer organiza-
6 tion shall be treated as the employer (and no other
7 person shall be treated as the employer) of any work
8 site employee performing services for any customer
9 of such organization, but only with respect to remu-
10 neration remitted by such organization to such work
11 site employee, and

12 “(2) the exemptions, exclusions, definitions, and
13 other rules which are based on type of employer and
14 which would (but for paragraph (1)) apply shall
15 apply with respect to such taxes imposed on such re-
16 muneration.

17 "(b) SUCCESSOR EMPLOYER STATUS.—For purposes
18 of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

19 “(1) a certified professional employer organiza-
20 tion entering into a service contract with a customer
21 with respect to a work site employee shall be treated
22 as a successor employer and the customer shall be
23 treated as a predecessor employer during the term
24 of such service contract, and

25 “(2) a customer whose service contract with a
26 certified professional employer organization is termi-

1 nated with respect to a work site employee shall be
2 treated as a successor employer and the certified
3 professional employer organization shall be treated
4 as a predecessor employer.

5 “(c) LIABILITY OF CERTIFIED PROFESSIONAL EM-
6 PLOYER ORGANIZATION.—Solely for purposes of its liabil-
7 ity for the taxes and other obligations imposed by this sub-
8 title—

9 “(1) a certified professional employer organiza-
10 tion shall be treated as the employer of any indi-
11 vidual (other than a work site employee or a person
12 described in subsection (f)) who is performing serv-
13 ices covered by a contract meeting the requirements
14 of section 7705(e)(2), but only with respect to remu-
15 neration remitted by such organization to such indi-
16 vidual, and

17 “(2) the exemptions, exclusions, definitions, and
18 other rules which are based on type of employer and
19 which would (but for paragraph (1)) apply shall
20 apply with respect to such taxes imposed on such re-
21 muneration.

22 “(d) TREATMENT OF CREDITS.—

23 “(1) IN GENERAL.—For purposes of any credit
24 specified in paragraph (2)—

1 “(A) such credit with respect to a work
2 site employee performing services for the cus-
3 tomer applies to the customer, not the certified
4 professional employer organization,

5 “(B) the customer, and not the certified
6 professional employer organization, shall take
7 into account wages and employment taxes—

8 “(i) paid by the certified professional
9 employer organization with respect to the
10 work site employee, and

11 “(ii) for which the certified profes-
12 sional employer organization receives pay-
13 ment from the customer, and

14 “(C) the certified professional employer or-
15 ganization shall furnish the customer and the
16 Secretary with any information necessary for
17 the customer to claim such credit.

18 “(2) CREDITS SPECIFIED.—A credit is specified
19 in this paragraph if such credit is allowed under—

20 “(A) section 41 (credit for increasing re-
21 search activity),

22 “(B) section 45A (Indian employment
23 credit),

1 “(C) section 45B (credit for portion of em-
2 ployer social security taxes paid with respect to
3 employee cash tips),

4 “(D) section 45C (clinical testing expenses
5 for certain drugs for rare diseases or condi-
6 tions),

7 “(E) section 45R (employee health insur-
8 ance expenses of small employers),

9 “(F) section 51 (work opportunity credit),

10 “(G) section 1396 (empowerment zone em-
11 ployment credit), and

12 “(H) any other section as provided by the
13 Secretary.

14 “(e) SPECIAL RULE FOR RELATED PARTY.—This
15 section shall not apply in the case of a customer which
16 bears a relationship to a certified professional employer
17 organization described in section 267(b) or 707(b). For
18 purposes of the preceding sentence, such sections shall be
19 applied by substituting ‘10 percent’ for ‘50 percent’.

20 “(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—
21 For purposes of the taxes imposed under this subtitle, an
22 individual with net earnings from self-employment derived
23 from the customer’s trade or business (including a partner
24 in a partnership that is a customer) is not a work site

1 employee with respect to remuneration paid by a certified
2 professional employer organization.

3 “(g) REPORTING REQUIREMENTS AND OBLIGA-
4 TIONS.—The Secretary shall develop such reporting and
5 recordkeeping rules, regulations, and procedures as the
6 Secretary determines necessary or appropriate to ensure
7 compliance with this title by certified professional em-
8 ployer organizations or persons that have been so certified.

9 Such rules shall include—

10 “(1) notification of the Secretary in such man-
11 ner as the Secretary shall prescribe in the case of
12 the commencement or termination of a service con-
13 tract described in section 7705(e)(2) between such a
14 person and a customer, and the employer identifica-
15 tion number of such customer,

16 “(2) such information as the Secretary deter-
17 mines necessary for the customer to claim the cred-
18 its identified in subsection (d) and the manner in
19 which such information is to be provided, as pre-
20 scribed by the Secretary, and

21 “(3) such other information as the Secretary
22 determines is essential to promote compliance with
23 respect to the credits identified in subsection (d) and
24 section 3302, and

1 shall be designed in a manner which streamlines, to the
2 extent possible, the application of requirements of this sec-
3 tion and section 7705, the exchange of information be-
4 tween a certified professional employer organization and
5 its customers, and the reporting and recordkeeping obliga-
6 tions of the certified professional employer organization.

7 “(h) REGULATIONS.—The Secretary shall prescribe
8 such regulations as may be necessary or appropriate to
9 carry out the purposes of this section.”.

10 (b) CERTIFIED PROFESSIONAL EMPLOYER ORGANI-
11 ZATION DEFINED.—Chapter 79 is amended by adding at
12 the end the following new section:

13 **“SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANI-**
14 **ZATIONS.**

15 “(a) IN GENERAL.—For purposes of this title, the
16 term ‘certified professional employer organization’ means
17 a person who applies to be treated as a certified profes-
18 sional employer organization for purposes of section 3511
19 and has been certified by the Secretary as meeting the
20 requirements of subsection (b).

21 “(b) CERTIFICATION REQUIREMENTS.—A person
22 meets the requirements of this subsection if such person—

23 “(1) demonstrates that such person (and any
24 owner, officer, and other persons as may be specified
25 in regulations) meets such requirements as the Sec-

1 retary shall establish, including requirements with
2 respect to tax status, background, experience, busi-
3 ness location, and annual financial audits,

4 “(2) agrees that it will satisfy the bond and
5 independent financial review requirements of sub-
6 section (c) on an ongoing basis,

7 “(3) agrees that it will satisfy such reporting
8 obligations as may be imposed by the Secretary,

9 “(4) computes its taxable income using an ac-
10 crual method of accounting unless the Secretary ap-
11 proves another method,

12 “(5) agrees to verify on such periodic basis as
13 the Secretary may prescribe that it continues to
14 meet the requirements of this subsection, and

15 “(6) agrees to notify the Secretary in writing
16 within such time as the Secretary may prescribe of
17 any change that materially affects the continuing ac-
18 curacy of any agreement or information that was
19 previously made or provided under this subsection.

20 “(c) BOND AND INDEPENDENT FINANCIAL RE-
21 VIEW.—

22 “(1) IN GENERAL.—An organization meets the
23 requirements of this paragraph if such organiza-
24 tion—

1 “(A) meets the bond requirements of para-
2 graph (2), and

3 “(B) meets the independent financial re-
4 view requirements of paragraph (3).

5 “(2) BOND.—

6 “(A) IN GENERAL.—A certified profes-
7 sional employer organization meets the require-
8 ments of this paragraph if the organization has
9 posted a bond for the payment of taxes under
10 subtitle C (in a form acceptable to the Sec-
11 retary) that is in an amount at least equal to
12 the amount specified in subparagraph (B).

13 “(B) AMOUNT OF BOND.—For the period
14 April 1 of any calendar year through March 31
15 of the following calendar year, the amount of
16 the bond required is equal to the greater of—

17 “(i) 5 percent of the organization’s li-
18 ability under section 3511 for taxes im-
19 posed by subtitle C during the preceding
20 calendar year (but not to exceed
21 \$1,000,000), or

22 “(ii) \$50,000.

23 “(3) INDEPENDENT FINANCIAL REVIEW RE-
24 QUIREMENTS.—A certified professional employer or-

1 ganization meets the requirements of this paragraph
2 if such organization—

3 “(A) has, as of the most recent audit date,
4 caused to be prepared and provided to the Sec-
5 retary (in such manner as the Secretary may
6 prescribe) an opinion of an independent cer-
7 tified public accountant as to whether the cer-
8 tified professional employer organization’s fi-
9 nancial statements are presented fairly in ac-
10 cordance with generally accepted accounting
11 principles, and

12 “(B) provides to the Secretary an assertion
13 regarding Federal employment tax payments
14 and an examination level attestation on such
15 assertion from an independent certified public
16 accountant not later than the last day of the
17 second month beginning after the end of each
18 calendar quarter.

19 Such assertion shall state that the organization has
20 withheld and made deposits of all taxes imposed by
21 chapters 21, 22, and 24 in accordance with regula-
22 tions imposed by the Secretary for such calendar
23 quarter and such examination level attestation shall
24 state that such assertion is fairly stated, in all mate-
25 rial respects.

1 “(4) CONTROLLED GROUP RULES.—For pur-
2 poses of the requirements of paragraphs (2) and (3),
3 all certified professional employer organizations that
4 are members of a controlled group within the mean-
5 ing of sections 414(b) and (c) shall be treated as a
6 single organization.

7 “(5) FAILURE TO FILE ASSERTION AND ATTES-
8 TATION.—If the certified professional employer orga-
9 nization fails to file the assertion and attestation re-
10 quired by paragraph (3) with respect to any cal-
11 endar quarter, then the requirements of paragraph
12 (3) with respect to such failure shall be treated as
13 not satisfied for the period beginning on the due
14 date for such attestation.

15 “(6) AUDIT DATE.—For purposes of paragraph
16 (3)(A), the audit date shall be six months after the
17 completion of the organization’s fiscal year.

18 “(d) SUSPENSION AND REVOCATION AUTHORITY.—
19 The Secretary may suspend or revoke a certification of
20 any person under subsection (b) for purposes of section
21 3511 if the Secretary determines that such person is not
22 satisfying the agreements or requirements of subsections
23 (b) or (c), or fails to satisfy applicable accounting, report-
24 ing, payment, or deposit requirements.

1 “(e) WORK SITE EMPLOYEE.—For purposes of this
2 title—

3 “(1) IN GENERAL.—The term ‘work site em-
4 ployee’ means, with respect to a certified profes-
5 sional employer organization, an individual who—

6 “(A) performs services for a customer pur-
7 suant to a contract which is between such cus-
8 tomer and the certified professional employer
9 organization and which meets the requirements
10 of paragraph (2), and

11 “(B) performs services at a work site
12 meeting the requirements of paragraph (3).

13 “(2) SERVICE CONTRACT REQUIREMENTS.—A
14 contract meets the requirements of this paragraph
15 with respect to an individual performing services for
16 a customer if such contract is in writing and pro-
17 vides that the certified professional employer organi-
18 zation shall—

19 “(A) assume responsibility for payment of
20 wages to such individual, without regard to the
21 receipt or adequacy of payment from the cus-
22 tomer for such services,

23 “(B) assume responsibility for reporting,
24 withholding, and paying any applicable taxes
25 under subtitle C, with respect to such individ-

1 ual's wages, without regard to the receipt or
2 adequacy of payment from the customer for
3 such services,

4 “(C) assume responsibility for any em-
5 ployee benefits which the service contract may
6 require the certified professional employer orga-
7 nization to provide, without regard to the re-
8 ceipt or adequacy of payment from the cus-
9 tomer for such benefits,

10 “(D) assume responsibility for recruiting,
11 hiring, and firing workers in addition to the
12 customer's responsibility for recruiting, hiring,
13 and firing workers,

14 “(E) maintain employee records relating to
15 such individual, and

16 “(F) agree to be treated as a certified pro-
17 fessional employer organization for purposes of
18 section 3511 with respect to such individual.

19 “(3) WORK SITE COVERAGE REQUIREMENT.—
20 The requirements of this paragraph are met with re-
21 spect to an individual if at least 85 percent of the
22 individuals performing services for the customer at
23 the work site where such individual performs serv-
24 ices are subject to 1 or more contracts with the cer-
25 tified professional employer organization which meet

1 the requirements of paragraph (2) (but not taking
2 into account those individuals who are excluded em-
3 ployees within the meaning of section 414(q)(5)).

4 “(f) PUBLIC DISCLOSURE.—The Secretary shall
5 make available to the public the name and address of—

6 “(1) each person certified as a professional em-
7 ployer organization under subsection (a), and

8 “(2) each person whose certification as a pro-
9 fessional employer organization is suspended or re-
10 voked under subsection (d).

11 “(g) DETERMINATION OF EMPLOYMENT STATUS.—
12 Except to the extent necessary for purposes of section
13 3511, nothing in this section shall be construed to affect
14 the determination of who is an employee or employer for
15 purposes of this title.

16 “(h) REGULATIONS.—The Secretary shall prescribe
17 such regulations as may be necessary or appropriate to
18 carry out the purposes of this section.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Section 3302 is amended by adding at the
21 end the following new subsection:

22 “(h) TREATMENT OF CERTIFIED PROFESSIONAL EM-
23 PLOYER ORGANIZATIONS.—If a certified professional em-
24 ployer organization (as defined in section 7705), or a cus-
25 tomer of such organization, makes a contribution to the

1 State's unemployment fund with respect to wages paid to
2 a work site employee, such certified professional employer
3 organization shall be eligible for the credits available
4 under this section with respect to such contribution.”.

5 (2) Section 3303(a) is amended—

6 (A) by striking the period at the end of
7 paragraph (3) and inserting “; and” and by in-
8 serting after paragraph (3) the following new
9 paragraph:

10 “(4) if the taxpayer is a certified professional
11 employer organization (as defined in section 7705)
12 that is treated as the employer under section 3511,
13 such certified professional employer organization is
14 permitted to collect and remit, in accordance with
15 paragraphs (1), (2), and (3), contributions during
16 the taxable year to the State unemployment fund
17 with respect to a work site employee.”, and

18 (B) in the last sentence—

19 (i) by striking “paragraphs (1), (2),
20 and (3)” and inserting “paragraphs (1),
21 (2), (3), and (4)”, and

22 (ii) by striking “paragraph (1), (2), or
23 (3)” and inserting “paragraph (1), (2),
24 (3), or (4)”.

1 (3) Section 6053(c) is amended by adding at
2 the end the following new paragraph:

3 “(8) CERTIFIED PROFESSIONAL EMPLOYER OR-
4 GANIZATIONS.—For purposes of any report required
5 by this subsection, in the case of a certified profes-
6 sional employer organization that is treated under
7 section 3511 as the employer of a work site em-
8 ployee, the customer with respect to whom a work
9 site employee performs services shall be the employer
10 for purposes of reporting under this section and the
11 certified professional employer organization shall
12 furnish to the customer and the Secretary any infor-
13 mation the Secretary prescribes as necessary to com-
14 plete such reporting no later than such time as the
15 Secretary shall prescribe.”.

16 (4) Section 6652 is amended by adding at the
17 end the following new subsection:

18 “(n) FAILURE TO MAKE REPORTS REQUIRED
19 UNDER SECTIONS 3511, 6053(c)(8), AND 7705.—In the
20 case of a failure to make a report required under section
21 3511, 6053(c)(8), or 7705 which contains the information
22 required by such section on the date prescribed therefor
23 (determined with regard to any extension of time for fil-
24 ing), there shall be paid (on notice and demand by the
25 Secretary and in the same manner as tax) by the person

1 failing to make such report, an amount equal to \$50 for
2 each report with respect to which there was such a failure.
3 In the case of any failure due to negligence or intentional
4 disregard the preceding sentence shall be applied by sub-
5 stituting '\$100' for '\$50'.”.

6 (d) CLERICAL AMENDMENTS.—

7 (1) The table of sections for chapter 25 is
8 amended by adding at the end the following new
9 item:

“Sec. 3511. Certified professional employer organizations.”.

10 (2) The table of sections for chapter 79 is
11 amended by inserting after the item relating to sec-
12 tion 7704 the following new item:

“Sec. 7705. Certified professional employer organizations.”.

13 (f) USER FEES.—Section 7528(b) is amended by
14 adding at the end the following new paragraph:

15 “(4) CERTIFIED PROFESSIONAL EMPLOYER OR-
16 GANIZATIONS.—The fee charged under the program
17 in connection with the certification by the Secretary
18 of a professional employer organization under sec-
19 tion 7705 shall be an annual fee not to exceed
20 \$1,000 per year.”.

21 (g) EFFECTIVE DATES.—

22 (1) IN GENERAL.—The amendments made by
23 this section shall apply with respect to wages for
24 services performed on or after January 1 of the first

1 calendar year beginning more than 12 months after
2 the date of the enactment of this Act.

3 (2) CERTIFICATION PROGRAM.—The Secretary
4 of the Treasury shall establish the certification pro-
5 gram described in section 7705(b) of the Internal
6 Revenue Code of 1986, as added by subsection (b),
7 not later than 6 months before the effective date de-
8 termined under paragraph (1).

9 (h) NO INFERENCE.—Nothing contained in this sec-
10 tion or the amendments made by this section shall be con-
11 strued to create any inference with respect to the deter-
12 mination of who is an employee or employer—

13 (1) for Federal tax purposes (other than the
14 purposes set forth in the amendments made by this
15 section), or

16 (2) for purposes of any other provision of law.

17 **SEC. 207. EXCLUSION OF DIVIDENDS FROM CONTROLLED
18 FOREIGN CORPORATIONS FROM THE DEFINI-
19 TION OF PERSONAL HOLDING COMPANY IN-
20 COME FOR PURPOSES OF THE PERSONAL
21 HOLDING COMPANY RULES.**

22 (a) IN GENERAL.—Section 543(a)(1) is amended—
23 (1) by redesignating subparagraphs (C) and
24 (D) as subparagraphs (D) and (E), respectively, and

1 (2) by inserting after subparagraph (B) the fol-
2 lowing:

3 “(C) dividends received by a United States
4 shareholder (as defined in section 951(b)) from
5 a controlled foreign corporation (as defined in
6 section 957(a)),”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this Act shall apply to taxable years ending on or after
9 the date of the enactment of this Act.

10 **SEC. 208. INFLATION ADJUSTMENT FOR CERTAIN CIVIL
11 PENALTIES UNDER THE INTERNAL REVENUE
12 CODE OF 1986.**

13 (a) FAILURE TO FILE TAX RETURN OR PAY TAX.—
14 Section 6651 is amended by adding at the end the fol-
15 lowing new subsection:

16 “(i) ADJUSTMENT FOR INFLATION.—

17 “(1) IN GENERAL.—In the case of any return
18 required to be filed in a calendar year beginning
19 after 2014, the \$135 dollar amount under subsection
20 (a) shall be increased by such dollar amount multi-
21 plied by the cost-of-living adjustment determined
22 under section 1(f)(3) determined by substituting
23 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-
24 paragraph (B) thereof.

1 “(2) ROUNDING.—If any amount adjusted
2 under paragraph (1) is not a multiple of \$5, such
3 amount shall be rounded to the next lowest multiple
4 of \$5.”.

5 (b) FAILURE TO FILE CERTAIN INFORMATION RE-
6 TURNS, REGISTRATION STATEMENTS, ETC.—

7 (1) IN GENERAL.—Section 6652(c) is amended
8 by adding at the end the following new paragraph:

9 “(6) ADJUSTMENT FOR INFLATION.—

10 “(A) IN GENERAL.—In the case of any
11 failure relating to a return required to be filed
12 in a calendar year beginning after 2014, each
13 of the dollar amounts under paragraphs (1),
14 (2), and (3) shall be increased by such dollar
15 amount multiplied by the cost-of-living adjust-
16 ment determined under section 1(f)(3) deter-
17 mined by substituting ‘calendar year 2013’ for
18 ‘calendar year 1992’ in subparagraph (B)
19 thereof.

20 “(B) ROUNDING.—If any amount adjusted
21 under subparagraph (A)—

22 “(i) is not less than \$5,000 and is not
23 a multiple of \$500, such amount shall be
24 rounded to the next lowest multiple of
25 \$500, and

1 “(ii) is not described in clause (i) and
2 is not a multiple of \$5, such amount shall
3 be rounded to the next lowest multiple of
4 \$5.”.

5 (2) CONFORMING AMENDMENTS.—

6 (A) The last sentence of section
7 6652(c)(1)(A) is amended by striking “the first
8 sentence of this subparagraph shall be applied
9 by substituting ‘\$100’ for ‘\$20’ and” and in-
10 serting “in applying the first sentence of this
11 subparagraph, the amount of the penalty for
12 each day during which a failure continues shall
13 be \$100 in lieu of the amount otherwise speci-
14 fied, and”.

15 (B) Section 6652(c)(2)(C)(ii) is amended
16 by striking “the first sentence of paragraph
17 (1)(A)” and all that follows and inserting “in
18 applying the first sentence of paragraph (1)(A),
19 the amount of the penalty for each day during
20 which a failure continues shall be \$100 in lieu
21 of the amount otherwise specified, and in lieu of
22 applying the second sentence of paragraph
23 (1)(A), the maximum penalty under paragraph
24 (1)(A) shall not exceed \$50,000, and”.

1 (c) OTHER ASSESSABLE PENALTIES WITH RESPECT
2 TO THE PREPARATION OF TAX RETURNS FOR OTHER
3 PERSONS.—Section 6695 is amended by adding at the end
4 the following new subsection:

5 “(h) ADJUSTMENT FOR INFLATION.—

6 “(1) IN GENERAL.—In the case of any failure
7 relating to a return or claim for refund filed in a
8 calendar year beginning after 2014, each of the dol-
9 lar amounts under subsections (a), (b), (c), (d), (e),
10 (f), and (g) shall be increased by such dollar amount
11 multiplied by the cost-of-living adjustment deter-
12 mined under section 1(f)(3) determined by sub-
13 stituting ‘calendar year 2013’ for ‘calendar year
14 1992’ in subparagraph (B) thereof.

15 “(2) ROUNDING.—If any amount adjusted
16 under subparagraph (A)—

17 “(A) is not less than \$5,000 and is not a
18 multiple of \$500, such amount shall be rounded
19 to the next lowest multiple of \$500, and

20 “(B) is not described in clause (i) and is
21 not a multiple of \$5, such amount shall be
22 rounded to the next lowest multiple of \$5.”.

23 (d) FAILURE TO FILE PARTNERSHIP RETURN.—Sec-
24 tion 6698 is amended by adding at the end the following
25 new subsection:

1 “(e) ADJUSTMENT FOR INFLATION.—

2 “(1) IN GENERAL.—In the case of any return
3 required to be filed in a calendar year beginning
4 after 2014, the \$195 dollar amount under subsection
5 (b)(1) shall be increased by such dollar amount mul-
6 tiplied by the cost-of-living adjustment determined
7 under section 1(f)(3) determined by substituting
8 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-
9 paragraph (B) thereof.

10 “(2) ROUNDING.—If any amount adjusted
11 under paragraph (1) is not a multiple of \$5, such
12 amount shall be rounded to the next lowest multiple
13 of \$5.”.

14 (e) FAILURE TO FILE S CORPORATION RETURN.—

15 Section 6699 is amended by adding at the end the fol-
16 lowing new subsection:

17 “(e) ADJUSTMENT FOR INFLATION.—

18 “(1) IN GENERAL.—In the case of any return
19 required to be filed in a calendar year beginning
20 after 2014, the \$195 dollar amount under subsection
21 (b)(1) shall be increased by such dollar amount mul-
22 tiplied by the cost-of-living adjustment determined
23 under section 1(f)(3) determined by substituting
24 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-
25 paragraph (B) thereof.

1 “(2) ROUNDING.—If any amount adjusted
2 under paragraph (1) is not a multiple of \$5, such
3 amount shall be rounded to the next lowest multiple
4 of \$5.”.

5 (f) FAILURE TO FILE CORRECT INFORMATION RE-
6 TURNS.—Section 6721(f)(1) is amended by striking “For
7 each fifth calendar year beginning after 2012” and insert-
8 ing “In the case of any failure relating to a return re-
9 quired to be filed in a calendar year beginning after
10 2014”.

11 (g) FAILURE TO FURNISH CORRECT PAYEE STATE-
12 MENTS.—Section 6722(f)(1) is amended by striking “For
13 each fifth calendar year beginning after 2012” and insert-
14 ing “In the case of any failure relating to a statement
15 required to be furnished in a calendar year beginning after
16 2014”.

17 (h) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to returns required to be filed after
19 December 31, 2014.

20 **SEC. 209. INCREASE IN CONTINUOUS LEVY.**

21 (a) IN GENERAL.—Paragraph (3) of section 6331(h)
22 is amended by striking the period at the end and inserting
23 “and by substituting ‘30 percent’ for ‘15 percent’ in the
24 case of any specified payment due to a Medicare provider
25 or supplier under title XVIII of the Social Security Act.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to payments made after 180 days
3 after the date of the enactment of this Act.

Passed the House of Representatives December 3,
2014.

Attest:

Clerk.

113TH CONGRESS
2D SESSION

H. R. 647

AN ACT

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, and for other purposes.