

89TH CONGRESS
1ST SESSION

H. R. 9453

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1965

Mr. FOGARTY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1954 to permit pension and profit-sharing plans to provide contributions or benefits on a nondiscriminatory basis for certain self-employed individuals without special limitations on the amount of contributions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) paragraph (10) of section 404 (a) of the Internal
4 Revenue Code of 1954 (relating to special limitation on
5 amount allowed as deduction for self-employed individuals for
6 contributions to certain pension, etc., plans) is repealed.

7 (b) (1) Each of the following provisions of section 401
8 of such Code is amended by striking out “(determined

1 without regard to section 404 (a) (10))” each place it
2 appears:

3 (A) Subsection (a) (10) (A) (ii).

4 (B) Subparagraphs (A) and (B) of subsection
5 (d) (5).

6 (C) Subparagraph (A) of subsection (d) (6).

7 (D) Subparagraphs (A) and (B) (i) of subsec-
8 tion (e) (1).

9 (E) Subparagraphs (B) and (C) and the last
10 sentence of subsection (e) (3).

11 (2) Subparagraph (A) of section 404 (e) (2) of such
12 Code is amended by striking out “(determined without re-
13 gard to subsection (a) (10))”.

14 (3) Subparagraph (B) of section 404 (e) (2) of such
15 Code is amended by striking out “(determined without re-
16 gard to paragraph (10) thereof)”.

17 SEC. 2. (a) So much of subsection (e) of section 404
18 of the Internal Revenue Code of 1954 (relating to special
19 limitations for self-employed individuals) as precedes para-
20 graph (2) is amended to read as follows:

21 “(e) SPECIAL LIMITATIONS FOR PROPRIETOR WHO
22 DOES NOT HAVE EMPLOYEES.—

23 “(1) IN GENERAL.—In the case of a plan included
24 in subsection (a), (1), (2), or (3), which provides
25 contributions or benefits only for an individual who is

1 ~~an owner-employee within the meaning of section~~
2 ~~401 (c) (3) (A), the amounts deductible under sub-~~
3 ~~section (a) in any taxable year with respect to con-~~
4 ~~tributions on behalf of such owner-employee shall, sub-~~
5 ~~ject to the provisions of paragraph (2), not exceed~~
6 ~~\$2,500, or 10 percent of the earned income derived by~~
7 ~~him from the trade or business with respect to which the~~
8 ~~plan is established, whichever is the lesser.”~~

9 (b) Subparagraph (A) of section 404 (e) (2) of such
10 Code (relating to overall limitation in case of contributions
11 made under more than one plan) is amended by inserting
12 “referred to in paragraph (1)” after “individual”.

13 (c) Section 401 (e) of such Code (relating to excess
14 contributions on behalf of owner-employees) is amended—

15 (1) by inserting “and” at the end of clause (i) and
16 at the end of clause (ii) of paragraph (1) (B), and by
17 striking out clauses (iii) and (iv) of such subparagraph,
18 and

19 (2) by striking out “subparagraphs (B) (ii),
20 (iii), and (iv)” in the last sentence of paragraph (3)
21 and inserting in lieu thereof “subparagraph (B) (ii)”,
22 and by striking out “such subparagraphs” in such last
23 sentence and inserting in lieu thereof “such sub-
24 paragraph”.

1 SEC. 3. The amendments made by this Act shall apply
2 to taxable years beginning after December 31, 1963.

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