

Fraudulent Tax Relief Act of 2009 (Introduced in House)

HR 1389 IH

111th CONGRESS
1st Session
H. R. 1389

To amend the Internal Revenue Code of 1986 to allow a refundable credit for taxes paid on earnings reinvested and lost in a fraudulent investment scheme.

IN THE HOUSE OF REPRESENTATIVES

March 9, 2009

Mr. ACKERMAN 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 allow a refundable credit for taxes paid on earnings reinvested and lost in a fraudulent investment scheme.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Fraudulent Tax Relief Act of 2009'.

SEC. 2. REFUNDABLE CREDIT FOR INCOME TAXES PAID ON EARNINGS REINVESTED AND LOST IN A FRAUDULENT INVESTMENT SCHEME.

(a) In General- Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by inserting after section 36A the following new section:

' SEC. 36B. CREDIT FOR INCOME TAXES PAID ON EARNINGS REINVESTED AND LOST IN A FRAUDULENT INVESTMENT SCHEME.

` (a) In General- There shall be allowed as a credit against the tax imposed by this subtitle for the taxpayer's 1st taxable year beginning after the date of the enactment of this section an amount equal to the tax imposed by this chapter for all prior taxable years beginning after December 31, 1994, which was paid on earnings--

- ` (1) from an investment which the taxpayer did not know, and reasonably should not have known, was fraudulent,
- ` (2) which were reinvested in such investment, and
- ` (3) which remained so reinvested until the fraud was discovered.

` (b) Credit Limited to Loss Sustained- The credit allowed by subsection (a) shall not exceed the aggregate loss sustained on such investment as of the close of such 1st taxable year.

` (c) Application of Section- This section shall apply to frauds discovered during 2008.'

(b) Conforming Amendments-

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ` 36B,' after ` 36A,'.

(2) The table of sections for such subpart C is amended by adding at the end the following new item:

` Sec. 36B. Credit for income taxes paid on earnings reinvested and lost in a fraudulent investment scheme.'

(c) Effective Date- The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.