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1	(d) Effective Date.—The amendments made by
2	this section shall apply to taxable years beginning after
3	December 31, 2021.
4	(e) Transition Rule.—The regulations or other
5	guidance issued by the Secretary under section 1411(c)(7)
6	of the Internal Revenue Code of 1986 (as added by this
7	section) shall include provisions which provide for the
8	proper coordination and application of clauses (i) and (iv)
9	of section 1411(c)(1)(A) with respect to—
10	(1) taxable years beginning on or before De-
11	cember 31, 2021, and
12	(2) taxable years beginning after such date.
13	SEC. 138202. LIMITATIONS ON EXCESS BUSINESS LOSSES
13 14	SEC. 138202. LIMITATIONS ON EXCESS BUSINESS LOSSES OF NONCORPORATE TAXPAYERS.
14	OF NONCORPORATE TAXPAYERS.
14 15	OF NONCORPORATE TAXPAYERS. (a) Limitation Made Permanent.—
14 15 16	OF NONCORPORATE TAXPAYERS. (a) LIMITATION MADE PERMANENT.— (1) IN GENERAL.—Section 461(l)(1) is amend-
14 15 16 17	OF NONCORPORATE TAXPAYERS. (a) LIMITATION MADE PERMANENT.— (1) IN GENERAL.—Section 461(l)(1) is amended to read as follows:
14 15 16 17	OF NONCORPORATE TAXPAYERS. (a) LIMITATION MADE PERMANENT.— (1) IN GENERAL.—Section 461(l)(1) is amended to read as follows: "(1) LIMITATION.—In the case of any taxpayer
14 15 16 17 18	of noncorporate taxpayers. (a) Limitation Made Permanent.— (1) In General.—Section 461(l)(1) is amended to read as follows: "(1) Limitation.—In the case of any taxpayer other than a corporation, any excess business loss of
14 15 16 17 18 19 20	OF NONCORPORATE TAXPAYERS. (a) LIMITATION MADE PERMANENT.— (1) IN GENERAL.—Section 461(l)(1) is amended to read as follows: "(1) LIMITATION.—In the case of any taxpayer other than a corporation, any excess business loss of the taxpayer for the taxable year shall not be al-
14 15 16 17 18 19 20	of noncorporate taxpayers. (a) Limitation Made Permanent.— (1) In General.—Section 461(l)(1) is amended to read as follows: "(1) Limitation.—In the case of any taxpayer other than a corporation, any excess business loss of the taxpayer for the taxable year shall not be allowed.".
14 15 16 17 18 19 20 21	OF NONCORPORATE TAXPAYERS. (a) LIMITATION MADE PERMANENT.— (1) IN GENERAL.—Section 461(l)(1) is amended to read as follows: "(1) LIMITATION.—In the case of any taxpayer other than a corporation, any excess business loss of the taxpayer for the taxable year shall not be allowed.". (2) CONFORMING AMENDMENT.—Section 461 is

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1	"(2) DISALLOWED LOSS CARRYOVER.—Any loss
2	which is disallowed under paragraph (1) for any tax-
3	able year shall be treated (solely for purposes of this
4	chapter) as a deduction described in paragraph
5	(3)(A)(i) for the next taxable year.".
6	(c) Treatment of Unused Excess Business
7	Loss Carryovers on Termination of Estate or
8	TRUST.—Section 461(l) is amended by adding at the end
9	the following new paragraph:
10	"(7) Special rule for termination of es-
11	TATE OR TRUST.—If, on the termination of an es-
12	tate or trust, the estate or trust has an excess busi-
13	ness loss carryover, then such carryover or such ex-
14	cess shall be allowed as a deduction, in accordance
15	with regulations prescribed by the Secretary, to the
16	beneficiaries succeeding to the property of the estate
17	or trust.".
18	(d) Effective Date.—The amendments made by
19	this section shall apply to taxable years beginning after
20	December 31, 2020.
21	SEC. 138203. SURCHARGE ON HIGH INCOME INDIVIDUALS,
22	ESTATES, AND TRUSTS.
23	(a) In General.—Part I of subchapter A of chapter
24	1 is amended by inserting after section 1 the following
25	new section: