

110TH CONGRESS
1ST SESSION

S. 138

To amend the Internal Revenue Code of 1986 to apply the joint return limitation for capital gains exclusion to certain post-marriage sales of principal residences by surviving spouses.

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 2007

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to apply the joint return limitation for capital gains exclusion to certain post-marriage sales of principal residences by surviving spouses.

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. APPLICATION OF JOINT RETURN LIMITATION**
4 **FOR CAPITAL GAINS EXCLUSION TO CERTAIN**
5 **POST-MARRIAGE SALES OF PRINCIPAL RESI-**
6 **DENCES BY SURVIVING SPOUSES.**

7 (a) SALE WITHIN 2 YEARS OF SPOUSE'S DEATH.—

8 Section 121(b) of the Internal Revenue Code of 1986 (re-

1 lating to limitations) is amended by adding at the end the
2 following new paragraph:

3 “(4) SPECIAL RULE FOR CERTAIN SALES BY
4 SURVIVING SPOUSES.—In the case of a sale or ex-
5 change of property by an unmarried individual
6 whose spouse is deceased on the date of such sale,
7 paragraph (1) shall be applied by substituting
8 ‘\$500,000’ for ‘\$250,000’ if such sale occurs not
9 later than 2 years after the date of death of such
10 spouse and the requirements of paragraph (2)(A)
11 were met immediately before such date of death.”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to sales or exchanges after Decem-
14 ber 31, 2006.

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