A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on the net value of assets of a taxpayer, and for other purposes.

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 “Ultra-Millionaire Tax Act of 2021”.

SEC. 2. IMPOSITION OF WEALTH TAX.

(a) In General.—The Internal Revenue Code of 1986 is amended by inserting after subtitle B the following new subtitle:

To amend the Internal Revenue Code of 1986 to impose a tax on the net value of assets of a taxpayer, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Ms. Warren (for herself, Mr. Markey, Mrs. Gillibrand, Mr. Whitehouse, Mr. Schatz, Mr. Sanders, Mr. Merkley, and Ms. Hirono) introduced the following bill; which was read twice and referred to the Committee on _______
“Subtitle B–1—Wealth Tax

“CHAPTER 18—DETERMINATION OF WEALTH TAX

“Sec. 2901. Imposition of tax.
“Sec. 2902. Value of taxable assets.
“Sec. 2903. Special rules.
“Sec. 2904. Information reporting.
“Sec. 2905. Enforcement.

“SECTION 2901. IMPOSITION OF TAX.

“(a) In General.—In the case of any applicable taxpayer, a tax is hereby imposed on the net value of all taxable assets of the taxpayer on the last day of any calendar year.

“(b) Computation of Tax.—

“(1) In General.—The tax imposed by this section shall be equal to the sum of—

“(A) 2 percent of so much of the net value of all taxable assets of the taxpayer in excess of $50,000,000 but not in excess of $1,000,000,000, plus

“(B) the applicable percentage of so much of the net value of all such taxable assets in excess of $1,000,000,000.

No tax shall be imposed under subsection (a) on the net value of taxable assets not in excess of $50,000,000.
“(2) APPLICABLE PERCENTAGE.—

“(A) IN GENERAL.—For purposes of this section, the applicable percentage is—

“(i) except as provided in clause (ii), 3 percent, and

“(ii) in the case of any calendar year in which there is in effect legislation which meets the requirements of subparagraph (B), 6 percent.

“(B) LEGISLATION DESCRIBED.—Legislation meets the requirements of this paragraph if such legislation—

“(i) establishes a health insurance program that provides to all residents of the United States comprehensive protection against the costs of health care and health-related services, and

“(ii) prohibits private entities from providing duplicate benefits.

“(c) APPLICABLE TAXPAYER.—

“(1) IN GENERAL.—The term ‘applicable taxpayer’ means any individual or any trust (other than a trust described in section 401(a) and exempt from tax under section 501(a)).
“(2) Treatment of Married Individuals.—

For purposes of this section, individuals who are married (as defined in section 7703) shall be treated as one applicable taxpayer.

“(3) Treatment of Trusts.—

“(A) In General.—All trusts with substantially the same beneficiaries shall be treated as a single applicable taxpayer.

“(B) Transfers of Property Between Trusts.—If a trust transfers property by gift or decantation to another trust in any calendar year after December 31, 2020, the transferor trust and the transferee trust shall be treated as a single applicable taxpayer for such calendar year.

“Sec. 2902. Net Value of Taxable Assets.

“(a) In General.—For purposes of this subtitle, the term ‘net value of all taxable assets’ means, as of any date, the value of all property of the taxpayer (other than property excluded under subsection (b)), real or personal, tangible or intangible, wherever situated, reduced by any debts (including any debts secured by property excluded under subsection (b)) owed by the taxpayer.
“(b) Exclusion for Certain Assets Under $50,000.—Property of the taxpayer shall not be taken into account under subsection (a) if such property—

“(1) has a value of $50,000 or less (determined without regard to any debt owed by the taxpayer with respect to such property),

“(2) is tangible personal property, and

“(3) is not property—

“(A) which is used in a trade or business of the taxpayer,

“(B) in connection with which a deduction is allowable under section 212, or

“(C) which is a collectible as defined in section 408(m), a boat, an aircraft, a mobile home, a trailer, a vehicle, or an antique or other asset that maintains or increases its value over time (within the meaning of section 5.02(2) of Revenue Procedure 2018-08).

“(c) Rules for Determining Property of the Taxpayer.—For purposes of this subtitle—

“(1) Property included in estate.—Any property that would be included in the estate of the taxpayer if the taxpayer died shall be treated as property of the taxpayer.
“(2) Property of grantor trusts.—If an individual is treated as the owner of any portion of a trust under subpart E of subchapter J of chapter 1, property attributable to such portion of the trust shall be treated as property of the individual and not as property of the trust.

“(3) Inclusion of certain gifts.—Any property transferred by the taxpayer after the date of the enactment of this chapter, to an individual who is a member of the family of the taxpayer (as determined under section 267(e)(4)) and has not attained the age of 18 shall be treated as property of the taxpayer for any calendar year before the year in which such individual attains the age of 18.

“(d) Establishment of valuation rules.—Not later than 12 months after the date of the enactment of this section, the Secretary shall establish rules and methods for determining the value of any asset for purposes of this subtitle, including rules for the valuation of assets that are not publicly traded or that do not have a readily ascertainable value. Such rules and methods—

“(1) may utilize retrospective and prospective formulaic valuation methods not currently in use by the Secretary,
“(2) may require the use of formulaic valuation approaches for designated assets, including formulaic approaches based on proxies for determining presumptive valuations, formulaic approaches based on prospective adjustments from purchase prices or other prior events, or formulaic approaches based on retrospectively adding deferral charges based on eventual sale prices or other specified later events indicative of valuation, and

“(3) may address the use of valuation discounts.

“SEC. 2903. SPECIAL RULES.

“(a) DECEASED INDIVIDUALS.—

“(1) IN GENERAL.—In the case of any individual who dies during a calendar year and who is not married on the date of such individual’s death—

“(A) section 2901 shall be applied by substituting ‘the date of the applicable taxpayer’s death’ for ‘the last day of the calendar year’, and

“(B) the amount of the tax imposed under such section shall be reduced by an amount which bears the same ratio to such amount (determined without regard to this subsection) as—
“(i) the number of days in the calendar year after the date of the individual’s death, bears to

“(ii) 365.

“(2) COORDINATION WITH ESTATE TAX.—For purposes of section 2053, the tax imposed by this section for the year of the decedent’s death shall be considered to have been imposed before such death.

“(b) APPLICATION TO NONRESIDENTS.—In the case of any individual who is a non-resident and not a citizen of the United States, this subtitle shall apply only to the property of such individual which is situated in the United States (determined under rules similar to the rules under subchapter B of chapter 11).

“(c) APPLICATION TO COVERED EXPATRIATES.—In the case of an individual who is a covered expatriate (as defined in section 877A), section 2901(a) shall be applied—

“(1) as if the calendar year ended on the day before the expatriation, and

“(2) as if the rate of tax under both subparagraphs (A) and (B) of section 2901(b)(1) were 40 percent.
“SEC. 2904. INFORMATION REPORTING.

“(a) IN GENERAL.—Not later than 12 months after the date of the enactment of this section, the Secretary shall by regulations require the reporting of any information concerning the net value of assets appropriate to enforce the tax imposed by this chapter.

“(b) METHOD OF REPORTING.—The Secretary shall, where appropriate, require the reporting made under subsection (a) to be made as a part of existing income reporting requirements (including requirements under chapter 4 (relating to taxes to enforce reporting on certain foreign accounts)).

“(c) RESPONSIBILITY FOR REPORTING.—The Secretary may impose reporting obligations by reference to the ownership, control, management, claim to income from, or other relationship to assets and liabilities for purposes of administering the tax imposed by this section and may impose such obligations on financial institutions, business entities, or other persons, including requiring business entities to provide estimates of the value of the entity itself.

“SEC. 2905. ENFORCEMENT.

“The Secretary shall annually audit not less than 30 percent of taxpayers required to pay the tax imposed under this chapter.”
(b) No Deduction From Income Taxes.—Section 275 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (6) the following new paragraph:

“(7) Taxes imposed by chapter 18.”.

(c) Extension of Time for Payment of Tax.—

(1) In General.—Section 6161(a) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(3) Wealth tax.—

“(A) In General.—In the case of an applicable taxpayer described in subparagraph (B), the Secretary may extend the time for payment of the tax imposed under chapter 18 for a reasonable period not to exceed 5 years from the date fixed for the payment thereof.

“(B) Taxpayers Described.—An applicable taxpayer is described in this subparagraph if such the Secretary determines—

“(i) the applicable taxpayer has severe liquidity constraints, or

“(ii) immediate payment would cause undue hardship on an ongoing enterprise.

“(C) Applicable Taxpayer.—For purposes of this paragraph, the term ‘applicable
taxpayer’ has the meaning given such term under section 2901.”.

(2) RULES.—Not later than 12 months after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall establish rules for the application of the amendments made by paragraph (1).

(d) APPLICATION OF ACCURACY RELATED PENALTIES.—

(1) IN GENERAL.—Section 6662(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(10) Any substantial wealth tax valuation understatement.”.

(2) SUBSTANTIAL WEALTH TAX UNDERSTATEMENT.—Section 6662 of such Code is amended by adding at the end the following new subsection:

“(m) APPLICATION TO SUBSTANTIAL WEALTH TAX VALUATION UNDERSTATEMENT.—

“(1) SUBSTANTIAL WEALTH TAX VALUATION UNDERSTATEMENT DEFINED.—

“(A) IN GENERAL.—For purposes of this section, there is a substantial wealth tax valuation understatement if the value of any property claimed on any return of tax imposed by
subtitle B–1 is 65 percent or less of the amount
determined to be the correct amount of such
valuation.

“(B) LIMITATION.—No penalty shall be
imposed by reason of subsection (b)(10) unless
the portion of the underpayment attributable to
substantial wealth tax valuation understate-
ments for the calendar year exceeds $5,000.

“(2) INCREASED PENALTY.—

“(A) IN GENERAL.—In the case of any
portion of an underpayment which is attrib-
utable to one or more substantial wealth tax
valuation understatement, subsection (a) shall
be applied—

“(i) in the case of a substantial wealth
tax valuation understatement which is a
gross wealth tax valuation misstatement,
by substituting ‘50 percent’ for ‘20 per-
cent’, and

“(ii) in any other case, by substituting
‘30 percent’ for ‘20 percent’.

“(B) GROSS WEALTH TAX VALUATION
MISSTATEMENT.—For purposes of subpara-
graph (A), the term ‘gross wealth tax valuation
misstatement’ means a substantial wealth tax
valuation understatement, as determined under paragraph (1) by substituting ‘40 percent’ for ‘65 percent’.”.

(e) **CLERICAL AMENDMENT.**—The table of subtitles of such Code is amended by inserting after the item relating to subtitle B the following new item:

“Subtitle B-1—Wealth Tax”.

(f) **EFFECTIVE DATE.**—The amendments made by this section shall apply to calendar years beginning after December 31, 2022.

(g) **PERIODIC REPORTS.**—Not later than January 1, 2025, and every 2 years thereafter, the Secretary of the Treasury (or the Secretary’s delegate) shall submit to Congress a report on the tax imposed under chapter 18 of the Internal Revenue Code of 1986 (as added by this Act), including any issues related to the administration and enforcement of such tax.

**SEC. 3. STRENGTHENING DISCLOSURE REQUIREMENTS.**

(a) **REGULATORY AUTHORITY.**—The Secretary of the Treasury (or the Secretary’s delegate) may issue such rules and regulations as necessary to prevent taxpayers from avoiding the purpose of information reporting requirements under the Internal Revenue Code of 1986 by placing assets in any foreign corporation, partnership, or trust in which the taxpayer holds directly or indirectly,
a significant interest as the sole or principal owner or the
sole or principal beneficial owner.

(b) FATCA ENFORCEMENT PLAN.—The Secretary
of the Treasury (or the Secretary’s delegate) shall develop
a comprehensive plan for managing efforts to leverage
data collected under chapter 4 of the Internal Revenue
Code of 1986 in agency compliance efforts. Such plan
shall include an evaluation of the extent to which actions
being undertaken as of the date of the enactment of this
Act for the enforcement of the requirements of such chap-
ter improve voluntary compliance and address noncompli-
ance with such requirements.

SEC. 4. INTERNAL REVENUE SERVICE FUNDING.

(a) IN GENERAL.—Subchapter A of chapter 80 of the
Internal Revenue Code of 1986 is amended by adding at
the end the following new section:

“SEC. 7813. AUTHORIZATION OF APPROPRIATIONS.

“(1) for enforcement of this title, $70,000,000,000
“(2) for taxpayer services, $10,000,000,000,
and
“(3) for business system modernization, $20,000,000,000.”.
(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 80 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"Sec. 7813. Authorization of appropriations.".