

Amendment Offered by Mr. Thompson

The amendment would retroactively extend and make permanent the exclusion from income on mortgage debt forgiveness, and repeal the limitations in the bill on the exclusion from capital gain on the sale of a taxpayer's principal residence with an offset.

**AMENDMENT**

**OFFERED BY MR. THOMPSON OF CALIFORNIA**

Strike section 1402 and insert after section 1401 the following:

1 **SEC. 1402. PERMANENT EXTENSION OF EXCLUSION FROM**  
2 **GROSS INCOME OF DISCHARGE OF QUALI-**  
3 **FIED PRINCIPAL RESIDENCE INDEBTEDNESS.**

4 (a) IN GENERAL.—Section 108(a)(1)(E) is amended  
5 by striking “which is discharged—” and all that follows  
6 and inserting a period.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to indebtedness discharged after  
9 December 31, 2016.

10 (c) CORPORATE RATE INCREASE TO ACHIEVE REV-  
11 ENUE NEUTRALITY.—

12 (1) IN GENERAL.—The rate of tax specified in  
13 section 11(b)(1) of the Internal Revenue Code of  
14 1986 (after the amendment made by section  
15 3001(a)) shall be increased by such number of per-  
16 centage points as is necessary to fully offset the ag-  
17 gregate reduction in Federal revenues which result  
18 from the amendment made by this section and strik-  
19 ing section 1402 (as it appeared before this new sec-

1       tion 1402), except that such rate of tax shall not ex-  
2       ceed 25 percent.

3           (2) EFFECTIVE DATE.—Subsection (a) shall  
4       apply as if such provision were an amendment made  
5       by section 3001(a).

