SIGNIFICANT RECENT TAX LEGISLATION

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Introduction

In late July and early August of 1996, President Clinton signed four pieces of legislation that contained significant changes in the tax law. The legislation included the Small Business Job Protection Act,(1) the Health Insurance Portability and Accountability Act of 1996,(2) the Personal Responsibility and Work Opportunity Reconciliation Act of 1996(3) and the Taxpayer Bill of Rights II.(4) While the titles to these legislative bills do not appear to be focused on the tax code, in actuality, the bills cover a broad range of areas and collectively, represent the broadest series of changes to the Internal Revenue Code since it was recodified as part of the Tax Reform Act of 1986. Many of the changes will impact lawyers, including the substantial changes in the taxation of damage awards. Lawyers may also personally benefit from the changes in the taxation of health insurance and pension plans, and liberalization of the S corporation rules. Indeed, many lawyers now approaching retirement with substantial accumulated pension plans will have a unique opportunity to avoid the 15% excise tax by considering distributions over the next three years.

Repeal of Tax Exemption for Punitive Damages and Personal Injury Award and for Awards for Non-Physical Injuries

Punitive damages are occasionally awarded in tort actions. Over the years, the courts have been wrestling with the issue of whether the punitive damages are taxable as ordinary income or excludable as damages received on account of personal injury under §104(a)(2).(5) The question will most likely be resolved by the Supreme Court this coming term.(6) In 1989, Congress attempted to clarify the area and amended §104 to provide that punitive damages were excludable from gross income only when received in connection with cases involving physical injury or sickness.(7) While controversy also existed as to awards for non-physical injuries, such as emotional distress and injury to reputation, courts have held that such claims are excludable under §104.(8)

In the Small Business Job Protection Act of 1996, Congress has now attempted to provide a bright line test to determine the taxation of punitive damages and damages from non-physical injuries, such as emotional distress.(9) Under the new law, any punitive damages received on account of personal injury or sickness, whether or not related to a physical injury or physical sickness, will not be excluded from income. Additionally, damages for non-physical injuries will now also be includable in gross income. Emotional distress is specifically listed as a non-physical injury or illness.

The Joint Explanation of Conferees states that it is intended the term emotional distress includes physical symptoms (e.g., insomnia, headaches, stomach disorders) which may result from such emotional distress.(10) The test will be whether an action has its origin in a physical injury or physical illness If that is the case, then all damages, other than punitive damages, that flow from the physical injury or illness. are treated as payments on account of physical injury or physical sickness, whether or not the recipient of the damages is the injured party. For example, damages (other than punitive damages) received by an individual on account of a claim for loss of consortium due to the physical injury or physical sickness of one's spouse are excludable from gross income. In addition, damages (other than punitive damages) received on account of a claim of wrongful death continue to be excludable from income as under present law.(11) The Joint Committee also states that the exclusion from income does not apply to any damages (other than certain medical expenses) based on a claim of employment discrimination or injury to reputation accompanied by a claim of emotional distress.(12) A limited exception is provided for an amount of damages not in excess of the amount paid for medical care attributable to emotional distress.(13)

These provisions are generally effective with respect to amounts received after the date of enactment, August 20, 1996. However, amounts received under a binding agreement, court decree, or mediation award in effect on (or issued on or before) September 13, 1995, will be taxed or excluded from income under prior law.(14)

Clarification of Safe Harbor Rule for Treatment of Workers as Employees or Independent Contractors

For federal employment tax purposes, there are two classifications of workers. A worker is either an "employee" of the service recipient or an "independent contractor." In general, the determination of whether an employer-employee relationship exists for federal tax purposes is made under a common-law test.

In Section 530 of the Revenue Act of 1978 ("Section 530"), Congress provided a safe harbor that allows a taxpayer to treat a worker as not being an employee for employment tax purposes regardless of the individual's status under the common-law test. One of the prerequisites for the application of Section 530 is a taxpayer having a "reasonable basis" for treating the service provider as an independent contractor. Under Section 530, a reasonable basis for treating a worker as an independent contractor is considered to exist if the taxpayer (1) reasonably relied on published rulings or judicial precedent, (2) reasonably relied on past IRS audit practice with respect to the taxpayer, (3) reasonably relied on a long-standing recognized practice of a significant segment of the industry of which the taxpayer is a member, or (4) has any other reasonable basis for treating a worker as an independent contractor. The Joint Explanation of Conferees on the Small Business Job Protection Act of 1996 states that Section 530 is to be construed liberally in favor of the taxpayers.(15)

In spite of Section 530, the issue of workers status as employees or independent contractors has continued to be an area of numerous disputes and litigation.(16) It has been the position of the IRS that Section 530 can only apply after a determination has been made that a worker is an employee under the common-law test.(17) In addition, the IRS has narrowly interpreted Section 530. For example, the IRS viewed an industry practice to be "long standing" only if it existed for at least ten years.(18)

In §1122 of the Small Business Job Protection Act of 1996, Congress has attempted to provide both the IRS and taxpayers with clear uniform standards for the application of the safe harbor rules. The provisions generally apply to tax periods after December 31, 1996.(19) The amendments to Section 530 focus on five areas.

First, a worker does not have to be an employee of the taxpayer under the common law standards in order for Section 530 to apply.(20) Prior to the Act, the IRS took the position that Section 530 was strictly a relief provision applicable to workers who would be classified as employees under the common law and the 20-factors test.(21) The Act clarifies that an employer may take advantage of Section 530 and still maintain independent contractor classification for other purposes.

Second, the "prior audit" safe harbor is modified so that taxpayers may no longer rely on an audit (beginning after 1996) unless it included an examination of whether the worker involved (or any worker holding a substantially similar position to the worker involved) should be treated as an employee for employment tax purposes.(22) The provision is not intended to affect the ability of taxpayers to rely on prior audits that commenced before January 1, 1997, even though the audit was not related to employment tax matters.(23) This change eliminates the ability of taxpayers to assert the prior audit safe harbor if the prior audit did not relate to employment taxes.

Third, a significant segment of the taxpayer's industry under the industry safe harbor does not require a reasonable showing of practice of more than 25% of an industry (determined without taking into account the taxpayer). The IRS had taken the position that a significant segment of the industry meant more than 50% of the industry. In addition, the requirement of a long-standing recognized practice will be based upon the particular facts and circumstances. This is a rejection of the IRS position that required the practice to have continued for more than ten years, and that the practice would fail to be treated as long standing merely because the practice began after 1978.(24)

Fourth, the burden of proof is modified in Section 530 cases. If a taxpayer adequately responds to reasonable IRS information requests and establishes a prima facie case that it was reasonable not to treat an individual as an employee, the burden of proof shifts to the IRS.(25) An IRS request for information will not be treated as reasonable if (1) it does not relate to the particular basis on which the taxpayer relied for establishing its reasonable basis, or (2) complying with the request would be impracticable given the particular circumstances and the relative costs involved.(26)

Fifth, the IRS is now required to provide the taxpayer with written notice of the provisions of Section 530 at or before the commencement of an audit involving worker classification.(27) Thus, taxpayers will be notified of their rights under Section 530 at the start of an employment tax audit.

Major Changes to S Corporation Rules.

The Small Business and Job Protection Act of 1996 also made numerous changes to the S corporation rules. Most of changes are liberalizing rules that are intended to make S corporations more flexible entities. The changes are generally applicable for tax years beginning after December 31, 1996.(28) It is expected that these changes will primarily benefit existing S corporations since with the availability of limited liability companies and limited liability partnerships, it is likely there will be fewer S corporations formed in the future.

The maximum number of shareholders has been increased from 35 to 75.(29) A new authorized permissible shareholder is an "electing small business trust," which is any trust in which all the beneficiaries are individuals, estates, or charitable organizations holding a contingent interest (but not a right to receive a current distribution of income or principal). Qualified subchapter S trusts and tax exempt trusts cannot be "electing small business trusts." Each beneficiary of the trust is counted as a shareholder for the 75 shareholder limit.(30)

The period in which a grantor trust may qualify as a permitted shareholder after the death of a shareholder is expanded from sixty days to two years.(31) Similarly, a trust that becomes an S corporation shareholder by virtue of a transfer pursuant to the terms of a will is also permitted to be an S corporation shareholder for two years, beginning on the date of the stock transfer into the trust.

The IRS has been granted authority to waive the effect of an invalid S corporation election caused by the inadvertent failure to qualify as a small business corporation or to obtain the required shareholder consents (including elections regarding qualified subchapter S trusts), or both, where the IRS determines that there was reasonable cause for the failure to make the timely election.(32) It is intended that the IRS be reasonable in exercising this authority and apply standards that are similar to those applied under present law to inadvertent subchapter S terminations and other late or invalid elections. The IRS may consider relevant information provided by any affected shareholder (including a person who became a shareholder in a subsequent year) before determining the validity of the S election for the taxable year in question.(33)

S corporations may now own 80% or more of the stock of a C corporation. C corporation subsidiaries of an S corporation can elect to file a consolidated return with the other C corporations in its affiliated group, although the S corporation cannot elect to file a consolidated return with its affiliated C corporations. Dividends received from an 80% or more owned C corporation are not treated as passive investment income for purposes of §§1362 and 1375, to the extent the dividends are attributable to earnings and profits derived from the active conduct of a trade or business.(34)

S corporations may also own another S corporation that qualifies as a qualified subchapter S subsidiary ("QSSS"). A QSSS is a domestic corporation that would be eligible to be an S corporation if the stock of the corporation were owned directly by the shareholders of its parent S corporation and is owned 100% by the parent S corporation, which elects to treat it as a

QSSS.(35) A QSSS is not treated as a separate corporation for tax purposes, and all of its assets, liabilities, and items of income, deduction and credit are treated as the assets, liabilities, and items of income, deduction and credit of the parent S corporation.

Certain tax-exempt organizations (qualified pension, profit-sharing and stock bonus plans under §401 and charitable organizations under §501(c)(3)) referred to as "qualified tax-exempt shareholders" are now permitted shareholders of S corporations. Items of income or loss that flow- through to the qualified tax-exempt shareholders will be treated as unrelated business taxable income ("UBTI"), regardless of the source or nature of such income (e.g., passive income of an S corporation will flow through to the qualified tax-exempt shareholder as UBTI and will be taxed at the maximum tax rates). Gain or loss on the sale of the S corporation stock will be treated as UBTI. The provisions relating to qualified tax-exempt shareholders shall be effective for taxable years beginning after December 31, 1997.(36)

Health Care Changes Provide More Flexibility

Starting in 1997, a limited number of self-employed individuals and those covered by a high-deductible or catastrophic health care plans of a small employer may maintain medical savings accounts ("MSA"). The MSA is a test program that will end with the year 2000. Contributions to an MSA are deductible by an employee and not subject to payroll taxes. Earnings of the MSA are not included in taxable income for the current year. The maximum annual contribution is limited to 65% of the deductible amount under the high deductible plan (75% for plans with spouse or dependents). Distributions from an MSA are generally excludable from income.(37)

The allowable deduction for health insurance for self-employed individuals will increase from the current 30% of health insurance expenses, to 40% of health insurance expenses in 1997, and incrementally increasing over the next ten years to 80% in 2006 and thereafter.(38)

Under the new law, amounts withdrawn from an individual retirement account (IRA) for medical expenses in excess of 7.5% of adjusted gross income will not be subject to 10% penalty for withdrawals made before age 59 1/2. These amounts, however, will still be subject to income tax. The 7.5% floor is waived if the individual receives unemployment compensation for at least 12 weeks. The exception applies to tax years beginning after December 31, 1996.(39)

Long-term care insurance issued after 1996 will generally be treated for income tax purposes in the same manner as accident and health insurance contracts. The amounts received under long-term care insurance contracts are excluded from income as amounts received for personal injuries and sickness. This exclusion is capped at $175 per day on per diem contracts. The $175 amount will be adjusted for inflation after 1997.(40)

Employer-provided long-term care insurance will be treated as accident and health insurance and may be treated as a tax-free employee benefit. However, if the employer-provided long-term care insurance premiums are provided through a §125 cafeteria plan or other flexible spending arrangement, the premiums are not excludible from the employee's income.(41) The §162(l) deduction for health insurance expenses of self-employed individuals will also apply to long-term care insurance premiums.(42)

Pension Simplification and Reform

A key provision of the Small Business Job Protection Act is a waiver for three years of the 15% excise tax on "excess distributions," i.e., those exceeding $150,000 per year or lump sums exceeding $750,000. This will allow persons with substantial pension and profit-sharing plans to distribute funds from the plans and eliminate excess accumulations without payment of the 15% excise tax The waiver of the excise tax on excess distributions is effective for years beginning after December 31, 1996. Distributions made within this period (1997, 1998 and 1999) are treated as made first from nongrandfathered amounts (i.e., not within the §4980A(f) grandfather rule).(43) However, the 15% estate tax on excess retirement accumulations (under §4980A(d)) continues to apply. In determining whether a taxpayer would want to take advantage of the opportunity to avoid the 15% excise tax, it must be noted that distributed assets will no longer have the ability to grow tax-deferred. Each taxpayer should carefully review their individual situation.

The Small Business and Job Protection Act provides for the establishment of Savings Incentive Match Plan for Employees ("SIMPLE") retirement plans. The SIMPLE plans can be established for tax years beginning after December 31, 1996.(44) SIMPLE plans can be adopted by employers who employ 100 or fewer employees, with at least $5,000 in compensation for the preceding year and who do not maintain another employer-sponsored retirement plan. A SIMPLE plan can be either an individual retirement account (IRA) for each employee or part of a qualified cash or deferred arrangement (a 401(k) plan). Under a SIMPLE IRA or 401(k), an employee can make elective contributions of up to $6,000 per year (compared with the $2,000 maximum IRA contribution). The $6,000 limit is indexed for inflation in $500 increments. The base period will be the calendar quarter ending September 30,1996. The employer is required to make matching contributions that may be as much as $6,000 per year for each employee. Both the employees' and the employer's contributions to the employees' accounts will be fully vested. SIMPLE plans will have simplified ERISA reporting requirements The SIMPLE plans may be attractive to law firms and other businesses that want a simplified way to provide a retirement plan for employees that requires the employees to make substantial contributions to their own retirement.

Under the legislation, deductible IRA contributions up to $2,000 will be allowed for each spouse, including a spouse who does not work outside the home, if the combined compensation of both spouses is at least equal to the contributed amount. Under prior law, if one spouse had compensation, a married couple was allowed a maximum annual deductible IRA contribution of $2,250. The $2,000-per-spouse figure represents the maximum deductible contribution that can be made to a spousal IRA. If the working spouse is an active participant in an employer-sponsored retirement plan and earns over $40,000, the maximum amount of a spousal IRA deduction would be reduced proportionately in the same manner that a nonspousal IRA is reduced. The provision is effective for tax years beginning after December 31, 1996.(45)

The nondiscrimination provisions for qualified retirement plans have been simplified and tightened. An employee will be treated as a highly compensated employee if the employee: (1) was a 5-percent owner of the employer at any time during the year or the preceding year; or (2) had compensation for the preceding year in excess of $80,000 (indexed for inflation) and, if the employer so elects, the employee was in the top 20% of employees by compensation for such year. The family attribution rules that applied to family members of certain highly compensated employees for purposes of the nondiscrimination rules have been repealed.(46)

Interest Deductions Disallowed for Loans with Respect to Company Owned Life Insurance

Under current law, a corporation can deduct interest on bona fide debt incurred or continued to purchase or carry a life insurance policy.(47) Many corporations, including law firms, carry life insurance on employees and officers as part of their business planning.

New provisions included in the Health Insurance Portability and Accountability Act disallow the deduction for interest paid or accrued on any indebtedness with respect to one or more life insurance policies or annuity or endowment contracts owned by the taxpayer covering any individual who is (1) an officer or employee of, or (2) financially interested in any trade or business carried on by the taxpayer, regardless of the total amount of the debt with respect to the policies or contracts covering the individual.(48)

An exception is provided on indebtedness with respect to life insurance policies covering up to 20 "key persons." A "key person" is an individual who is either an officer or a 20% owner of the taxpayer. The number of individuals that can be treated as key persons may not exceed the greater of (1) five individuals, or (2) the lesser of (a) 5% of the total number of officers and employees of the taxpayer or (b) 20 individuals. Interest paid or accrued with respect to a life insurance contract covering a key person is deductible only to the extent the interest rate does not exceed Moody's Corporate Bond Yield Average-Monthly Average Corporates for each month interest is paid or accrued.(49)

This provision generally applies to interest paid or accrued after October 13, 1995. However, for debt incurred before January 1, 1996, any otherwise deductible interest paid or accrued after October 13, 1995 and before January 1, 1999 is subject to a phase in rule.(50)

Increase in Amount of Election to Expense Depreciable Property

Under current law, the maximum amount per year of depreciable property that a taxpayer can elect to expense under §179 is $17,500. This amount is increased to $18,000 for tax years beginning in 1997 with phased increases to a maximum of $25,000 for tax years beginning in 2003.(51)

Extension and Phaseout of Luxury Car Tax

The current 10% luxury tax on automobiles was set to expire on January 1, 2000. The tax has been extended through December 31, 2002, with a phased reduction of the tax rates. For the balance of 1996 (on or after August 27, 1996) the rate will be 9%. The rate will decrease 1% in each succeeding year, reaching a rate of 3% in 2002.(52)

Contributions of Appreciated Stock to Private Foundations for a Limited Time

The deduction for contributions to private foundations of qualified appreciated stock will be equal to the stock's fair market value. This provision extends the special rule of §170(e)(5) that had expired on December 31, 1994. It will apply only to donations made during the period of July 1, 1996 through May 31, 1997. Qualified appreciated stock is publicly traded stock that is capital gain property and does not exceed 10% of the outstanding stock of that corporation.(53) But for this special provision, the deduction for contributions to private foundations would be limited to the taxpayer's basis (cost) in the contributed property.(54)

Tax Credits for Adoption Expense

Taxpayers that adopt an eligible adoptee will be able to claim a nonrefundable tax credit of up to $5,000 of qualified adoption expenses for each eligible adoptee. The tax credit limit is increased to $6,000 for a special needs adoptee. Unused credits may be carried forward for up to five years. Qualifying expenses include reasonable and necessary adoption fees, court costs, attorneys' fees and other expenses that are directly related to the legal adoption of an eligible child. The credit will phase out between $75,000 and $115,000 of adjusted gross income.(55)

Tax-Free Accelerated Life Insurance Benefits For Terminally or Chronically Ill Insureds

The Health Insurance Portability and Accountability Act exempts from income tax accelerated death benefits received under a life insurance contract on the life of an insured, terminally or chronically ill individual. A terminally ill person is one who has been certified by a physician as having an illness or physical condition that reasonably

can be expected to result in death within 24 months. A chronically ill person is one who has been certified within the previous 12 months by a licensed health care practitioner as having specified levels of disabilities. To qualify for exclusion of accelerated life insurance benefits paid to chronically ill person (but not a terminally ill person), the benefit must be paid under a rider or other provision in the contract that is treated as a long-term care insurance contract. Per diem payments to a chronically ill person without regard to expenses are excludable from income up to $175. It must be noted that accelerated death benefits are not excludable if paid to any taxpayer, other than the insured, with an insurable interest in the insured's life due to the insured being a director, officer, or employee of the policy owner, or being financially interest in the policy owner's business. The exclusion will apply to amounts received after December 31, 1996.(56)

Foreign Trust Rules Changed to Prevent Tax Avoidance

The Small Business Job Protection Act includes a group of provisions designed to eliminate some of the tax planning techniques that have been used with foreign trusts. Subject to certain exceptions, the grantor trust rules will apply only to the extent that they result, directly or indirectly, in income or other amounts being taken currently into account in computing the income of a U.S. person. Under prior law, U.S. trust beneficiaries were not subject to U.S. tax on distributions from a trust when a foreign owner is treated as owner of the trust, even though no tax may have been imposed on the trust income by any jurisdiction. The interest rate on accumulation distributions has increased from 6% to the interest rate for underpayments of tax. Any person receiving gifts or bequests from foreign sources totaling more than $10,000 during the year must report the gifts to the Treasury Department. Taxpayers who are beneficiaries of foreign trust and their advisors should carefully review the numerous changes.(57)

Conclusion

The above discussion represents only a summary of the more significant changes made by the recent legislation. Lawyers should be aware of these changes as they will impact both their practices and their own financial planning.

1. P.L. 104-188, hereinafter referenced as "SBJPA."

2. P.L. 104-191, hereinafter referenced as "HIPAA."

3. P.L. 104-193, hereinafter referenced as "PRWORA."

4. P.L. 104-168. The Taxpayer Bill of Rights II will not be discussed in this article as it was the subject of an article by Dennis Brager in the November, 1996 issue of the Los Angeles Lawyer.

5. References to "section" or "§" shall refer to the Internal Revenue Code of 1986, unless otherwise specified.

6. The Supreme Court granted certiorari in O'Gilvie v. United States, 66 F.3d 1550 (10th Cir. 1995), cert. granted, No. 95-977 (S.Ct. 3/25/96), to decide whether punitive damages awarded in a personal injury lawsuit are excludible from income under §104(a)(2).

7. P.L. 101-239, §7641(a), adding a sentence to §104(a) to provide that punitive damages received after July 10, 1989 (in taxable years ending after that date) are excludible from gross income only when received in connection with cases involving physical injuries.

8. Fono v. Commissioner, 79 T.C. 680 (1982), aff'd 749 F.2d 37 (9th Cir. 1984), excluding damages as to emotional distress; Church v. Commissioner, 80 T.C. 1104 (1983), excluding damages as to injury to reputation.

9. SBJPA §1605, amending §104(a)(2) and the last sentence of §104(a). This provision is one of the major revenue raising provisions of SBJPA. The estimated increased in revenue from this provision will be $662,000,000 for the years 1996 through 2006. Estimated Budget Effects of the Conference Agreement Relating to the Revenue Provisions of H.R. 3448, the SBJPA of 1996, page 6.

10. Joint Explanation of Conferees on HR 3448, SBJPA of 1996, p. 143, fn 56.

11. Id., p. 142-143.

12. Id., p. 143.

13. SBJPA §1605(b), amending the last sentence of §104(a).

14. SBJPA §1605(d).

15. Id., p. 23.

16. See e.g., Springfield v. United States, 88 F.3d 750 (9th Cir. 1996); Boles Trucking, Inc. v. United States, 77 F.3d 236 (8th Cir. 1996).

17. Id., p. 24, citing Employee or Independent Contractor?, at 3-4 (July 15, 1996) (hereinafter the "IRS Training Guide").

18. Id., p. 25, citing IRS Training Guide at 3-24.

19. SBJPA §1122(b).

20. SBJPA §1122(a), adding new subsection (e)(1) to Section 530.

21. Joint Explanation of Conferees on HR 3448, SBJPA of 1996, p. 27.

22. SBJPA §1122(a), adding new subsection (e)(2)(A) to Section 530.

23. Joint Explanation of Conferees on HR 3448, SBJPA of 1996, p. 27.

24. SBJPA §1122(a), adding to Section 530 new subsection (e)(2)(B) and (C).

25. SBJPA §1122(a) adding to Section 530 new subsection (e)(4).

26. Joint Explanation of Conferees on HR 3448, SBJPA of 1996, p. 29.

27. SBJPA §1122(a) adding to Section 530 new subsection (e)(1).

28. SBJPA §1317.

29. SBJPA §1301, amending §1361(b)(1)(A).

30. SBJPA § 1302, amending §1361 and §641.

31. SBJPA §1303, amending §1361(c)(2)(A).

32. SBJPA §1305, amending §1362(b) and (f).

33. Joint Explanation of Conferees on HR 3448, SBJPA of 1996, p. 50.

34. SBJPA §1308, amending §§1361(b)(2) and 1362(d)(3).

35. SBJPA §1308, amending §1361(b) adding subsection (b)(3).

36. SBJPA §1316, amending §§1361, 170(e), 512(e), 404(a), 404(k) and 1042(c).

37. HIPAA §301, adding new §220 and renumbering the current §220 as §221.

38. HIPAA §311, amending §162(l).

39. HIPAA §361, amending §72(t).

40. HIPAA §321, adding §7702B.

41. HIPAA §321(c), amending §125(f) and adding §106(c).

42. HIPAA §322(b)(2)(B), adding §162(l)(2).

43. SBJPA §1452(b), adding §4980A(g).

44. SBJPA §§1421 and 1422, amending §408, 219 and 401.

45. SBJPA §1427, amending §219.

46. SBJPA §1431, amending §414.

47. Section 264(a)(4).

48. HIPAA §501, amending §264. This is the largest revenue raiser in the HIPAA; $15,979,000,000 for the years 1996 through 2006. The revenue raised by this change practically pays for all the revenue losses in the HIPAA.

49. HIPAA §501(b), amending §264(d).

50. HIPAA §501(c).

51. SBJPA §1111(a), amending §179(b)(1).

52. SBJPA §1607, amending §4001.

53. SBJPA §1206(a), amending §170(e)(5)(D).

54. Joint Explanation of Conferees on HR 3448, SBJPA of 1996, p. 40.

55. SBJPA §1807, adding §§23 and 1016(a)(26) and amending §§25(e)(1)(C) and 1016(a)(24), (25).

56. HIPAA §331, adding §101(g).

57. SBJPA §§1901-1907, adding §§643(a)(7), 643(h), 643(i), 679(a)(3),(4) and (5), 679(c)(3), 679(d) and 1494(c), amending §§665(d)(2), 668(a), 672(c), 672(f), 670(a), 679(a)(2)(B), 679(c)(2)(A), 901(b)(5), 1491, 6048, 6677, 6724(d)(2), 7701(a)(30) and (31), and striking §665(c).