

**SEC. 206. INSTALLMENT PAYMENTS OF ESTATE TAX ATTRIBUTABLE TO INVESTMENTS IN CLOSELY HELD BUSINESS ENTERPRISE.**

(a) **INSTALLMENT PAYMENTS PERMITTED.**—Subchapter B of chapter 62 of the Internal Revenue Code of 1954 (relating to extensions of time for payment) is amended by adding at the end thereof the following new section:

**“SEC. 6166. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX WHERE ESTATE CONSISTS LARGELY OF INTEREST IN CLOSELY HELD BUSINESS.**

“(a) **EXTENSION PERMITTED.**—If the value of an interest in a closely held business which is included in determining the gross estate of a decedent who was (at the date of his death) a citizen or resident of the United States exceeds either—

“(1) 35 percent of the value of the gross estate of such decedent, or

“(2) 50 percent of the taxable estate of such decedent, the executor may elect to pay part or all of the tax imposed by section 2001 in two or more (but not exceeding 10) equal installments. Any such election shall be made not later than the time prescribed by section 6075 (a) for filing the return of such tax (including extensions thereof), and shall be made in such manner as the Secretary or his delegate shall by regulations prescribe. If an election under this section is made, the provisions of this subtitle shall apply as though the Secretary or his delegate were extending the time for payment of the tax. For purposes of this section, value shall be value determined for Federal estate tax purposes.

26 USC 2001.

26 USC 6075.

“(b) **LIMITATION.**—The maximum amount of tax which may be paid in installments as provided in this section shall be an amount which bears the same ratio to the tax imposed by section 2001 (reduced by the credits against such tax) as the value of the interest in a closely held business which qualifies under subsection (a) bears to the value of the gross estate.

“(c) **CLOSELY HELD BUSINESS.**—For purposes of this section, the term ‘interest in a closely held business’ means—

“(1) an interest as a proprietor in a trade or business carried on as a proprietorship.

“(2) an interest as a partner in a partnership carrying on a trade or business, if—

“(A) 20 percent or more of the total capital interest in such partnership is included in determining the gross estate of the decedent, or

“(B) such partnership had 10 or less partners,

“(3) stock in a corporation carrying on a trade or business, if—

“(A) 20 percent or more in value of the voting stock of such corporation is included in determining the gross estate of the decedent, or

“(B) such corporation had 10 or less shareholders.

For purposes of this subsection, determinations shall be made as of the time immediately before the decedent's death.

“(d) **SPECIAL RULE FOR INTERESTS IN TWO OR MORE CLOSELY HELD BUSINESSES.**—For purposes of subsections (a), (b), and (h) (1), interests in two or more closely held businesses, with respect to each of which there is included in determining the value of the decedent's gross estate more than 50 percent of the total value of each such business, shall be treated as an interest in a single closely held business. For purposes of the 50 percent requirement of the preceding sentence, an interest in a closely held business which represents the surviving