

taxable years beginning before January 1, 1982, the percentage referred to in such section shall be deemed to be 34 percent.

26 USC 11 note.

(c) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

**SEC. 232. INCREASE IN ACCUMULATED EARNINGS CREDIT.**

26 USC 535.

(a) **INCREASE IN CREDIT FOR CERTAIN CORPORATIONS.**—Paragraph (2) of section 535(c) (relating to accumulated earnings credit) is amended to read as follows:

“(2) **MINIMUM CREDIT.**—

“(A) **IN GENERAL.**—The credit allowable under paragraph (1) shall in no case be less than the amount by which \$250,000 exceeds the accumulated earnings and profits of the corporation at the close of the preceding taxable year.

“(B) **CERTAIN SERVICE CORPORATIONS.**—In the case of a corporation the principal function of which is the performance of services in the field of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting, subparagraph (A) shall be applied by substituting ‘\$150,000’ for ‘\$250,000’.”

(b) **CONFORMING AMENDMENTS.**—

(1) Paragraph (3) of section 535(c) is amended by striking out “\$150,000” and inserting in lieu thereof “\$250,000”.

26 USC 243.

26 USC 1551.

(2) Sections 243(b)(3)(C)(i) (relating to qualifying dividends for purposes of the dividends received deduction) and 1551(a) (relating to disallowance of surtax exemption and accumulated earnings credit) are each amended by striking out “\$150,000”.

26 USC 1561.

(3) Section 1561(a)(2) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out “\$150,000” and inserting in lieu thereof “\$250,000 (\$150,000 if any component member is a corporation described in section 535(c)(2)(B))”.

26 USC 535  
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1981.

**SEC. 233. SUBCHAPTER S SHAREHOLDERS.**

26 USC 1371.

(a) **INCREASE IN NUMBER OF SHAREHOLDERS.**—Section 1371(a) (defining small business corporation) is amended by striking out “15 shareholders” in paragraph (1) and inserting in lieu thereof “25 shareholders”.

26 USC 1371  
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to taxable years beginning after December 31, 1981.

**SEC. 234. TREATMENT OF TRUSTS AS SUBCHAPTER S SHAREHOLDERS.**

(a) **IN GENERAL.**—Subsection (e) of section 1371 (relating to certain trusts permitted as shareholders) is amended to read as follows:

“(e) **CERTAIN TRUSTS PERMITTED AS SHAREHOLDERS.**—

“(1) **IN GENERAL.**—For purposes of subsection (a), the following trusts may be shareholders:

26 USC 671.

“(A) A trust all of which is treated (under subpart E of part I of subchapter J of this chapter) as owned by an individual who is a citizen or resident of the United States.

“(B) A trust which was described in subparagraph (A) immediately before the death of the deemed owner and which continues in existence after such death, but only for the 60-day period beginning on the day of the deemed owner's death. If a trust is described in the preceding