

SA 4344. Mr. REID proposed an amendment to amendment SA 4301 proposed by Mr. BAUCUS to the bill H.R. 4213, to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes; as follows:

At the end of part I of subtitle B of title II, insert the following:

SEC. --. FIRST-TIME HOMEBUYER CREDIT.

(a) In General.--Paragraph (2) of section 36(h) is amended by striking paragraph (1) shall be applied by substituting `July 1, 2010' " and inserting `and who purchases such residence before October 1, 2010, paragraph (1) shall be applied by substituting `October 1, 2010' ".

(b) Conforming Amendment.--Subparagraph (B) of section 36(h)(3) is amended by inserting `and for `October 1, 2010' " after ``for `July 1, 2010' ".

(c) Effective Date.--The amendments made by subsections (a) and (b) shall apply to residences purchased after June 30, 2010.

(d) Offset.--

(1) DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.--

(A) IN GENERAL.--Section 162(g) (relating to treble damage payments under the antitrust laws) is amended--

(i) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(ii) by striking ``If" and inserting:

``(1) TREBLE DAMAGES.--If", and

(iii) by adding at the end the following new paragraph:

``(2) PUNITIVE DAMAGES.--No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c)."

(B) CONFORMING AMENDMENT.--The heading for section 162(g) is amended by inserting ``Or Punitive Damages" after ``Laws".

(2) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.--

(A) IN GENERAL.--Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

``SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.

``Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.".

(B) REPORTING REQUIREMENTS.--Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

``(h) Section To Apply to Punitive Damages Compensation.--This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.".

(C) CONFORMING AMENDMENT.--The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

``Sec..91..Punitive damages compensated by insurance or otherwise.".

(3) EFFECTIVE DATE.--The amendments made by this subsection shall apply to damages paid or incurred after December 31, 2011.