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(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R.

To amend the Internal Revenue Code of 1986 to increase the research tax credit and provide better access to the credit for business startups.

IN THE HOUSE OF REPRESENTATIVES

Mrs. WALORSKI introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to increase the research tax credit and provide better access to the credit for business startups.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. INCREASE IN RESEARCH CREDIT AND BETTER**
4 **ACCESS TO CREDIT FOR STARTUPS.**

5 (a) CREDIT RATE INCREASE.—

6 (1) IN GENERAL.—Section 41(a) of the Internal
7 Revenue Code of 1986 is amended by striking “20
8 percent” and inserting “40 percent”.

1 (2) ALTERNATIVE SIMPLIFIED CREDIT.—Sec-
2 tion 41(c)(4)(A) of such Code is amended by strik-
3 ing “14 percent” and inserting “28 percent”.

4 (3) CREDIT RATE IN CASE OF NO RESEARCH
5 EXPENSES IN 3 PRECEDING YEARS.—Section
6 41(c)(4)(B)(ii) of such Code is amended by striking
7 “6 percent” and inserting “ $\frac{1}{2}$ the credit percentage
8 in effect under subparagraph (A)”.

9 (b) MODIFICATION OF SMALL BUSINESS PORTION
10 ALLOWED AGAINST PAYROLL TAX.—

11 (1) INCREASE IN LIMITATION.—Paragraphs
12 (4)(B)(i) and (5)(B)(ii) of section 41(h) of such
13 Code are each amended by striking “\$250,000” and
14 inserting “\$500,000”.

15 (2) QUALIFIED SMALL BUSINESS GROSS RE-
16 CEIPTS THRESHOLD.—Section 41(h)(3)(A)(i)(I) of
17 such Code is amended by striking “\$5,000,000” and
18 inserting “the dollar amount in effect for the taxable
19 year under section 448(c)(1)”.

20 (c) EFFECTIVE DATES.—

21 (1) SUBSECTION (a).—The amendments made
22 by subsection (a) shall apply to taxable years begin-
23 ning after December 31, 2020.

1 (2) SUBSECTION (b).—The amendments made
2 by subsection (b) shall apply to taxable years begin-
3 ning after December 31, 2019.