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. SHORT TITLE.

4 This Act may be cited as the “Fostering Innovation and Research to Strengthen Tomorrow Act”.

5 SEC. 2. INCREASE IN RESEARCH CREDIT AND BETTER AC-
6 CESS TO CREDIT FOR STARTUPS.

7 (a) Credit Rate Increase.—
IN GENERAL.—Section 41(a) of the Internal Revenue Code of 1986 is amended by striking “20 percent” each place it appears and inserting “40 percent”.

ALTERNATIVE SIMPLIFIED CREDIT.—Section 41(c)(4)(A) of such Code is amended by striking “14 percent” and inserting “28 percent”.

CREDIT RATE IN CASE OF NO RESEARCH EXPENSES IN 3 PRECEDING YEARS.—Section 41(c)(4)(B)(ii) of such Code is amended by striking “6 percent” and inserting “½ the credit percentage in effect under subparagraph (A)”.

Modification of Small Business Portion Allowed Against Payroll Tax.—

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

QUALIFIED SMALL BUSINESS GROSS RECEIPTS THRESHOLD.—Section 41(h)(3)(A)(i)(I) of such Code is amended by striking “$5,000,000” and inserting “the dollar amount in effect for the taxable year under section 448(c)(1)”.
(c) Effective Dates.—The amendments made by this section shall apply to taxable years beginning after December 31, 2022.