

111TH CONGRESS
1ST SESSION

H. R. 2519

To amend the Internal Revenue Code of 1986 to allow the deduction of attorney-advanced expenses and court costs in contingency fee cases.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2009

Mr. DAVIS of Alabama (for himself and Mr. KING of New York) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow the deduction of attorney-advanced expenses and court costs in contingency fee cases.

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. UNIFORM TREATMENT OF ATTORNEY-AD-**
4 **VANCED EXPENSES AND COURT COSTS IN**
5 **CONTINGENCY FEE CASES.**

6 (a) IN GENERAL.—Section 162 of the Internal Rev-
7 enue Code of 1986 (relating to trade or business expenses)
8 is amended by redesignating subsection (q) as subsection
9 (r) and by inserting after subsection (p) the following new
10 subsection:

1 “(q) ATTORNEY-ADVANCED EXPENSES AND COURT
2 COSTS IN CONTINGENCY FEE CASES.—In the case of any
3 expense or court cost which is paid or incurred in the
4 course of the trade or business of practicing law and the
5 repayment of which is contingent on a recovery by judg-
6 ment or settlement in the action to which such expense
7 or cost relates, the deduction under subsection (a) shall
8 be determined as if such expense or cost was not subject
9 to repayment.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to expenses and costs paid or in-
12 curred in taxable years beginning after the date of the en-
13 actment of this Act.

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