

116TH CONGRESS
2D SESSION

H. R. 7473

To amend the Internal Revenue Code of 1986 to allow small businesses to defer the payment of certain employment taxes.

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 2020

Mr. SWALWELL of California (for himself and Mr. KATKO) 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 small businesses to defer the payment of certain employment taxes.

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 “Main Street Revival
5 Act of 2020”.

6 **SEC. 2. DEFERRAL OF CERTAIN EMPLOYMENT TAXES BY**
7 **SMALL BUSINESSES.**

8 (a) IN GENERAL.—Section 3111 of the Internal Rev-
9 enue Code of 1986 is amended by adding at the end the
10 following new subsection:

1 “(g) ELECTION BY SMALL BUSINESSES TO DEFER
2 PAYMENT.—

3 “(1) IN GENERAL.—A specified small business
4 may elect to pay the specified first-year employment
5 taxes of such business in installments as provided in
6 paragraph (2).

7 “(2) PAYMENT IN INSTALLMENTS.—

8 “(A) IN GENERAL.—If an election is made
9 under paragraph (1), the specified first-year
10 employment taxes shall be paid in 4 equal in-
11 stallments. The first installment shall be paid
12 on the date which is one year after the end of
13 the specified first year and each succeeding in-
14 stallment shall be paid on the date which is one
15 year after the due date of the previous install-
16 ment.

17 “(B) ACCELERATION OF PAYMENT UNDER
18 CERTAIN CIRCUMSTANCES.—If there is an addi-
19 tion to tax for failure to pay timely assessed
20 with respect to any installment required under
21 this subsection, a liquidation or sale of substan-
22 tially all the assets of the taxpayer (including in
23 a title 11 or similar case), a cessation of busi-
24 ness by the taxpayer, or any similar cir-
25 cumstance, then the unpaid portion of all re-

1 maintaining installments shall be due on the date
2 of such event (or in the case of a title 11 or
3 similar case, the day before the petition is
4 filed).

5 “(C) PRORATION OF ANY DEFICIENCY TO
6 INSTALLMENTS.—If an election is made under
7 paragraph (1) to pay the specified first-year
8 employment taxes in installments and a defi-
9 ciency has been assessed, the deficiency shall be
10 prorated to such installments. The part of the
11 deficiency so prorated to any installment the
12 date for payment of which has not arrived shall
13 be collected at the same time as, and as a part
14 of, such installment. The part of the deficiency
15 so prorated to any installment the date for pay-
16 ment of which has arrived shall be paid upon
17 notice and demand from the Secretary. This
18 subsection shall not apply if the deficiency is
19 due to negligence, to intentional disregard of
20 rules and regulations, or to fraud with intent to
21 evade tax.

22 “(3) SPECIFIED SMALL BUSINESS.—For pur-
23 poses of this section—

24 “(A) IN GENERAL.—The term ‘specified
25 small business’ means any HUBZone business

1 if there is a reasonable expectation as of the
2 first day of the specified first-year that such
3 business will not employ more than 25 full-time
4 employees (determined under section 45R(d) by
5 treating the specified first year as the taxable
6 year) for such year. Such term shall not include
7 any business unless the specified first-year of
8 such business begins after the date of the en-
9 actment of this subsection.

10 “(B) HUBZONE BUSINESS.—The term
11 ‘HUBZone business’ means any employer if—

12 “(i) every trade or business of such
13 employer is actively conducted within a
14 HUBZone, and

15 “(ii) a substantial portion of the serv-
16 ices performed for such employer by its
17 employees are performed in a HUBZone.

18 “(C) HUBZONE.—The term ‘HUBZone’
19 means any area which would be a historically
20 underutilized business zone (as defined in sec-
21 tion 3(p)(1) of the Small Business Act) if such
22 section were applied without regard to subpara-
23 graphs (C), (D), and (E) thereof.

24 “(4) SPECIFIED FIRST-YEAR EMPLOYMENT
25 TAXES.—For purposes of this section—

1 “(A) IN GENERAL.—The term ‘specified
2 first-year employment taxes’ means, with re-
3 spect to any specified small business, the taxes
4 imposed under subsections (a) and (b) with re-
5 spect to wages paid during the specified first-
6 year of such business.

7 “(B) SPECIFIED FIRST-YEAR.—The term
8 ‘specified first-year’ means, with respect to any
9 specified small business, the 1-year period be-
10 ginning on the first date that any employee of
11 such business performs any service for such
12 business.

13 “(5) AGGREGATION RULES, ETC.—All persons
14 treated as a single employer under subsection (a) or
15 (b) of section 52 or subsection (m) or (o) of section
16 414 shall be treated as one person for purposes of
17 this subsection. Any reference in this subsection to
18 any person shall include a reference to any prede-
19 cessor of such person.

20 “(6) TRUST FUNDS HELD HARMLESS.—Appro-
21 priations, deposits, and transfers to the Federal Old-
22 Age and Survivors Trust Fund and the Federal Dis-
23 ability Insurance Trust Fund established under sec-
24 tion 201 of the Social Security Act (42 U.S.C. 401)
25 shall be made in such amount, at such time, and in

1 such manner as such appropriations, deposits, and
2 transfers would be made if this subsection had never
3 been enacted.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to any specified small business (as
6 defined in section 3111(g) of the Internal Revenue Code
7 of 1986, as added by this section) the specified first-year
8 of which (within the meaning of such section 3111) begins
9 after the date of the enactment of this Act.

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