

105TH CONGRESS
2D SESSION

S. 2473

To amend the Internal Revenue Code of 1986 to increase the deduction for meal and entertainment expenses of small businesses.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 15, 1998

Mr. BREAUX introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the deduction for meal and entertainment expenses of small businesses.

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. SMALL BUSINESSES ALLOWED INCREASED DE-**
4 **DUCTION FOR MEAL AND ENTERTAINMENT**
5 **EXPENSES.**

6 (a) IN GENERAL.—Subsection (n) of section 274 of
7 the Internal Revenue Code of 1986 (relating to only 50
8 percent of meal and entertainment expenses allowed as de-
9 duction) is amended by adding at the end the following
10 new paragraph:

1 “(4) SPECIAL RULE FOR SMALL BUSINESSES.—

2 “(A) IN GENERAL.—In the case of any
3 taxpayer which is a small business, paragraph
4 (1) shall be applied by substituting ‘the applica-
5 ble percentage (as defined in paragraph
6 (3)(B))’ for ‘50 percent’.

7 “(B) SMALL BUSINESS.—For purposes of
8 this paragraph, the term ‘small business’
9 means, with respect to expenses paid or in-
10 curred during any taxable year—

11 “(i) any corporation which meets the
12 requirements of section 55(e)(1) for such
13 year, and

14 “(ii) any partnership or sole propri-
15 etorship which would meet such require-
16 ments if it were a corporation.”

17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall apply to taxable years beginning after
19 December 31, 1998.

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