

106TH CONGRESS
1ST SESSION

H. R. 1195

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1999

Mr. MCCRERY (for himself, Mr. TANNER, Mr. FOLEY, Mr. FARR of California, Mr. ABERCROMBIE, Mr. TALENT, Mr. RAMSTAD, and Ms. DUNN) 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 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-

1 duction) is amended by adding at the end the following
 2 new paragraph:

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

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

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

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

16 “(ii) any S corporation, partnership,
 17 or sole proprietorship which would meet
 18 such requirements if it were a C corpora-
 19 tion.”

20 (b) EFFECTIVE DATE.—The amendment made by
 21 subsection (a) shall apply to taxable years beginning after
 22 December 31, 1999.

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