

107TH CONGRESS  
1ST SESSION

# H. R. 1555

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2001

Mr. FOLEY (for himself, Mr. TANNER, and Mr. MCCRERY) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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 C corporation which meets  
12                   the requirements of section 55(e)(1) for  
13                   such year, and

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

18                   (b) EFFECTIVE DATE.—The amendment made by  
19                   subsection (a) shall apply to taxable years beginning after  
20                   December 31, 2001.

