

109TH CONGRESS
1ST SESSION

H. R. 4040

To amend the Internal Revenue Code of 1986 to provide that the deduction for certain attorney fees shall be fully allowable in computing both taxable income and alternative minimum taxable income.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2005

Mr. HERGER 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 provide that the deduction for certain attorney fees shall be fully allowable in computing both taxable income and alternative minimum taxable income.

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. CERTAIN ATTORNEY FEES DEDUCTIBLE IN**
4 **COMPUTING TAXABLE INCOME AND ALTER-**
5 **NATIVE MINIMUM TAXABLE INCOME.**

6 (a) IN GENERAL.—Subsection (b) of section 67 of the
7 Internal Revenue Code of 1986 (relating to 2-percent floor
8 on miscellaneous itemized deductions) is amended by strik-

1 ing “and” at the end of paragraph (11), by striking the
2 period at the end of paragraph (12) and inserting “, and”,
3 and by adding at the end the following new paragraph:

4 “(13) any deduction under section 212 (relating
5 to deduction for expenses for production of income)
6 for attorney fees, paid by, or on behalf of the tax-
7 payer in connection with damages received (whether
8 by suit or agreement or whether as lump sums or
9 periodic payments) by such taxpayer.”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to attorney fees paid after the date
12 of enactment of this Act, with respect to damages received
13 after the date of enactment of this Act.

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