

109TH CONGRESS  
1ST SESSION

# H. R. 4058

To amend the Internal Revenue Code of 1986 to modify the construction contract exception to the percentage of completion method for determining income under long-term contracts.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 17, 2005

Mr. WELLER 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 modify the construction contract exception to the percentage of completion method for determining income under long-term contracts.

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. MODIFICATIONS OF CONSTRUCTION CON-**  
4       **TRACT EXCEPTION TO PERCENTAGE OF COM-**  
5       **PLETION METHOD FOR DETERMINING IN-**  
6       **COME UNDER LONG-TERM CONTRACTS.**

7       (a) EXTENSION OF COMPLETION PERIOD.—Clause  
8       (i) of section 460(e)(1)(B) of the Internal Revenue Code

1 of 1986 (relating to general exception for certain construc-  
2 tion contracts) is amended by striking “2-year” and in-  
3 serting “3-year”.

4 (b) INCREASE IN SIZE OF BUSINESS.—Clause (ii) of  
5 section 460(e)(1)(B) of such Code is amended by striking  
6 “\$10,000,000” and inserting “\$25,000,000”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to contracts entered into on or  
9 after the date of the enactment of this Act.

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