

110TH CONGRESS
1ST SESSION

H. R. 3314

To amend the Internal Revenue Code of 1986 to allow the deduction of attorney-advanced expenses and court costs in contingency fee cases.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2007

Mr. DAVIS of Alabama (for himself and Mr. KING of New York) 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 allow the deduction of attorney-advanced expenses and court costs in contingency fee cases.

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. ATTORNEY-ADVANCED EXPENSES AND COURT
4 COSTS IN CONTINGENCY FEE CASES.

5 (a) IN GENERAL.—Section 162 of the Internal Rev-
6 enue Code of 1986 (relating to trade or business expenses)
7 is amended by redesignating subsection (q) as subsection
8 (r) and by inserting after subsection (p) the following new
9 subsection:

1 “(q) ATTORNEY-ADVANCED EXPENSES AND COURT
2 COSTS IN CONTINGENCY FEE CASES.—For purposes of
3 subsection (a), expenses and court costs—

4 “(1) which are paid or incurred by an attorney,
5 and

6 “(2) the repayment of which is contingent on a
7 recovery by judgment or settlement in the action to
8 which such expenses and costs relate,

9 shall be deemed not to be subject to repayment.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to expenses and costs paid or in-
12 curred in taxable years beginning after the date of the en-
13 actment of this Act.

