

110TH CONGRESS  
1ST SESSION

# S. 814

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 SENATE OF THE UNITED STATES

MARCH 8, 2007

Mr. SPECTER introduced the following bill; which was read twice and referred to the Committee on Finance

---

## 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. DEDUCTION OF ATTORNEY-ADVANCED EX-**  
4                       **PENSES AND COURT COSTS IN CONTINGENCY**  
5                       **FEE CASES.**

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

1       “(q) ATTORNEY-ADVANCED EXPENSES AND COURT  
2 COSTS IN CONTINGENCY FEE CASES.—There shall be al-  
3 lowed as a deduction under this section any expenses and  
4 court costs paid or incurred by an attorney the repayment  
5 of which is contingent on a recovery by judgment or settle-  
6 ment in the action to which such expenses and costs relate.  
7 Such deduction shall be allowed in the taxable year in  
8 which such expenses and costs are paid or incurred by the  
9 taxpayer.”.

10       (b) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to expenses and costs paid or in-  
12 curred after the date of the enactment of this Act, in tax-  
13 able years beginning after such date.

○