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113TH CONGRESS
2D SESSION

H. R. 4743

To amend the Internal Revenue Code of 1986 to provide for an extension of bonus depreciation.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2014

Mr. LARSON of Connecticut (for himself and Mr. NEAL) 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 provide for an extension of bonus depreciation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Bonus Depreciation Extension Act of 2014''.

SEC. 2. EXTENSION OF BONUS DEPRECIATION.

(a) IN GENERAL.—Paragraph (2) of section 168(k) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''January 1, 2015'' in subparagraph (A)(iv) and inserting ''January 1, 2017'', and

(2) by striking "January 1, 2014" each place it appears and inserting "January 1, 2016".

(b) SPECIAL RULE FOR FEDERAL LONG-TERM CONTRACTS.—Clause (ii) of section 460(c)(6)(B) of such Code is amended by striking "January 1, 2014 (January 1, 2015" and inserting "January 1, 2016 (January 1, 2017".

(c) EXPANSION OF ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—Section 168(k)(4) of such Code is amended to read as follows:

"(4) ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

"(A) IN GENERAL.—If a corporation elects to have this paragraph apply for any taxable year—

"(i) paragraphs (1) and (2)(F)(i) shall not apply for such taxable year,

"(ii) the applicable depreciation method used under this section with respect to any qualified property shall be the straight line method, and

"(iii) the limitation imposed by section 53(c) for such taxable year shall be increased by the bonus depreciation amount which is determined for such taxable year under subparagraph (B).

"(B) BONUS DEPRECIATION AMOUNT.—For purposes of this paragraph—

"(i) IN GENERAL.—The bonus depreciation amount for any taxable year is an amount equal to 20 percent of the excess (if any) of—

"(I) the aggregate amount of depreciation which would be allowed under this section for qualified property placed in service by the taxpayer during such taxable year if paragraph (1) applied to all such property, over

"(II) the aggregate amount of depreciation which would be allowed under this section for qualified property placed in service by the taxpayer during such taxable year if paragraph (1) did not apply to any such property.

The aggregate amounts determined under subclauses (I) and (II) shall be determined without regard to any election made under subsection (b)(2)(D), (b)(3)(D), or (g)(7) and without regard to subparagraph (A)(ii).

"(ii) LIMITATION.—The bonus depreciation amount for any taxable year shall not exceed the lesser of—

"(I) 50 percent of the minimum tax credit under section 53(b) for the first taxable year ending after December 31, 2013, or

"(II) the minimum tax credit under section 53(b) for such taxable year determined by taking into account only the adjusted minimum tax for taxable years ending before January 1, 2014 (determined by treating credits as allowed on a first-in, first-out basis).

"(iii) AGGREGATION RULE.—All corporations which are treated as a single employer under section 52(a) shall be treated—

"(I) as 1 taxpayer for purposes of this paragraph, and

"(II) as having elected the application of this paragraph if any such corporation so elects.

"(C) CREDIT REFUNDABLE.—For purposes of section 6401(b), the aggregate increase in the credits allowable under part IV of subchapter A for any taxable year resulting from the application of this paragraph shall be treated as allowed under subpart C of such part (and not any other subpart).

"(D) OTHER RULES.—

"(i) ELECTION.—Any election under this paragraph may be revoked only with the consent of the Secretary.

"(ii) PARTNERSHIPS WITH ELECTING PARTNERS.—In the case of a corporation which is a partner in a partnership and which makes an election under subparagraph (A) for the taxable year, for purposes of determining such corporation's distributive share of partnership items under section 702 for such taxable year—

"(I) paragraphs (1)(A) and (2)(F)(i) shall not apply, and

"(II) the applicable depreciation method used under this section with respect to any qualified property shall be the straight line method.

"(iii) CERTAIN PARTNERSHIPS.—In the case of a partnership in which more than 50 percent of the capital and profits interests are owned (directly or indirectly) at all times during the taxable year by 1 corporation (or by corporations treated as 1 taxpayer under subparagraph (B)(iii)), each partner shall compute its bonus depreciation amount under clause (i) of subparagraph (B) by taking into account its distributive share of the amounts determined by the partnership under subclauses (I) and (II) of such clause for the taxable year of the partnership ending with or within the taxable year of the partner.

"(iv) SPECIAL RULE FOR PASSENGER AIRCRAFT.—In the case of any passenger aircraft, the written binding contract limitation under paragraph (2)(A)(iii)(I) shall not apply for purposes of subparagraph (B)(i)(I).".

(d) CONFORMING AMENDMENTS.—

(1) The heading for subsection (k) of section 168 of such Code is amended by striking "JANUARY 1, 2014" and inserting "JANUARY 1, 2016".

(2) The heading for clause (ii) of section 168(k)(2)(B) of such Code is amended by striking "PRE-JANUARY 1, 2014" and inserting "PRE-JANUARY 1, 2016".

(3) Subparagraph (C) of section 168(n)(2) of such Code is amended by striking "January 1, 2014" and inserting "January 1, 2016".

(4) Subparagraph (D) of section 1400L(b)(2) of such Code is amended by striking "January 1, 2014" and inserting "January 1, 2016".

(5) Subparagraph (B) of section 1400N(d)(3) of such Code is amended by striking "January 1, 2014" and inserting "January 1, 2016".

(e) TECHNICAL AMENDMENT RELATING TO SECTION 331 OF THE AMERICAN TAXPAYER RELIEF ACT OF 2012.—Clause (iii) of section 168(k)(4)(J) of such Code is amended by striking "any taxable year" and inserting "its first taxable year".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by

this subsection shall apply to property placed in service after December 31, 2013.

(2) EXPANSION OF ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

(A) IN GENERAL.—The amendment made by subsection (c) (other than so much of such amendment as relates to section 168(k)(4)(D)(iii) of such Code, as added by such amendment) shall apply to taxable years ending after December 31, 2013.

(B) TRANSITIONAL RULE.—In the case of a taxable year beginning before January 1, 2014, and ending after December 31, 2013, the bonus depreciation amount determined under section 168(k)(4) of such Code for such year shall be the sum of—

(i) such amount determined without regard to the amendments made by this section and—

(I) by taking into account only property placed in service before January 1, 2014, and

(II) by multiplying the limitation under section 168(k)(4)(C)(ii) of such Code (determined without regard to the amendments made by this section) by a fraction the numerator of which is the number of days in the taxable year before January 1, 2014, and the denominator of which is the number of days in the taxable year, and

(ii) such amount determined after taking into account the amendments made by this section and—

(I) by taking into account only property placed in service after December 31, 2013, and

(II) by multiplying the limitation under section 168(k)(4)(B)(ii) of such Code (as amended by this section) by a fraction the numerator of which is the number of days in the taxable year after December 31, 2013, and the denominator of which is the number of days in the taxable year.

(3) TECHNICAL AMENDMENT.—The amendment made by subsection (e) shall take effect as if included in the provision of the American Taxpayer Relief Act of 2012 to which it relates.

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