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114TH CONGRESS
1ST SESSION

H. R. 2481

To amend the Internal Revenue Code of 1986 to make certain contract research eligible for the research credit.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2015

Mr. MEEHAN (for himself and Mr. HOLDING) 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 make certain contract research eligible for the research credit.

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 ‘‘Domestic Research Enhancement Act of 2015’’.

SEC. 2. RESEARCH CREDIT EXPANDED TO MAKE CERTAIN RESEARCH ELIGIBLE FOR THE CREDIT.

(a) IN GENERAL.—

(1) Section 41(b)(1) of the Internal Revenue Code of 1986 is amended by striking ‘‘and’’ at the

end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ‘‘, and’’, and by adding at the end the following new subparagraph:

‘‘(C) contracted research expenses.’’.

(2) Section 41(b) of such Code is amended by adding at the end the following new paragraph:

‘‘(5) CONTRACTED RESEARCH EXPENSES.—

‘‘(A) IN GENERAL.—The term ‘contracted research expenses’ means 35 percent of the in-house research expenses for the taxable year paid or incurred by the taxpayer contracted to do research, but only when the contracting taxpayer pays or incurs contract research expenses for such taxable year.

‘‘(B) FUNDED RESEARCH ALLOWED.—For purposes of this section, the prohibition contained in subsection (d)(4)(H) shall not apply.

‘‘(C) DENIAL OF DOUBLE BENEFIT.—The amount of any in-house research expenses taken into account under this section (without regard to this paragraph) by a contracted taxpayer for a taxable year shall be reduced by the amount of in-house research expenses taken into account by such taxpayer under subparagraph (A) for taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this Act shall apply to taxable years ending after the date of the enactment of this Act.

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