

114TH CONGRESS
1ST SESSION

S. 1141

To amend the Internal Revenue Code of 1986 to provide tax incentives
for small businesses.

IN THE SENATE OF THE UNITED STATES

APRIL 30, 2015

Ms. COLLINS (for herself and Mr. CASEY) 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 provide
tax incentives for small businesses.

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. SHORT TITLE.**

4 This Act may be cited as the “Small Business Tax
5 Certainty and Growth Act of 2015”.

6 **SEC. 2. SENSE OF THE SENATE REGARDING TAX REFORM.**

7 It is the sense of the Senate that Congress should
8 undertake comprehensive tax reform legislation to—

9 (1) make our system fairer and simpler; and

10 (2) promote economic growth.

1 **SEC. 3. PERMANENT DOUBLING OF DEDUCTIONS FOR**
 2 **START-UP EXPENSES, ORGANIZATIONAL EX-**
 3 **PENSES, AND SYNDICATION FEES.**

4 (a) START-UP EXPENSES.—

5 (1) IN GENERAL.—Clause (ii) of section
 6 195(b)(1)(A) of the Internal Revenue Code of 1986
 7 is amended—

8 (A) by striking “\$5,000” and inserting
 9 “\$10,000”, and

10 (B) by striking “\$50,000” and inserting
 11 “\$60,000”.

12 (2) CONFORMING AMENDMENT.—Subsection (b)
 13 of section 195 of such Code is amended by striking
 14 paragraph (3).

15 (b) ORGANIZATIONAL EXPENSES.—Subparagraph
 16 (B) of section 248(a)(1) of the Internal Revenue Code of
 17 1986 is amended—

18 (1) by striking “\$5,000” and inserting
 19 “\$10,000”, and

20 (2) by striking “\$50,000” and inserting
 21 “\$60,000”.

22 (c) ORGANIZATION AND SYNDICATION FEES.—
 23 Clause (ii) of section 709(b)(1)(A) of the Internal Revenue
 24 Code of 1986 is amended—

25 (1) by striking “\$5,000” and inserting
 26 “\$10,000”, and

1 (2) by striking “\$50,000” and inserting
2 “\$60,000”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to amounts paid or incurred in tax-
5 able years ending on or after the date of the enactment
6 of this Act.

7 **SEC. 4. CLARIFICATION OF CASH ACCOUNTING RULES FOR**
8 **SMALL BUSINESS.**

9 (a) CASH ACCOUNTING PERMITTED.—

10 (1) IN GENERAL.—Section 446 of the Internal
11 Revenue Code of 1986 is amended by adding at the
12 end the following new subsection:

13 “(g) CERTAIN SMALL BUSINESS TAXPAYERS PER-
14 MITTED TO USE CASH ACCOUNTING METHOD WITHOUT
15 LIMITATION.—

16 “(1) IN GENERAL.—An eligible taxpayer shall
17 not be required to use an accrual method of account-
18 ing for any taxable year.

19 “(2) ELIGIBLE TAXPAYER.—For purposes of
20 this subsection, a taxpayer is an eligible taxpayer
21 with respect to any taxable year if—

22 “(A) for all prior taxable years beginning
23 after December 31, 2015, the taxpayer (or any
24 predecessor) met the gross receipts test of sec-
25 tion 448(c), and

1 “(B) the taxpayer is not subject to section
2 447 or 448.”.

3 (2) EXPANSION OF GROSS RECEIPTS TEST.—

4 (A) IN GENERAL.—Paragraph (3) of sec-
5 tion 448(b) of such Code is amended by strik-
6 ing “\$5,000,000” in the text and in the head-
7 ing and inserting “\$10,000,000”.

8 (B) CONFORMING AMENDMENTS.—Section
9 448(c) of such Code is amended—

10 (i) by striking “\$5,000,000” each
11 place it appears in the text and in the
12 heading of paragraph (1) and inserting
13 “\$10,000,000”, and

14 (ii) by adding at the end the following
15 new paragraph:

16 “(4) INFLATION ADJUSTMENT.—In the case of
17 any taxable year beginning in a calendar year after
18 2016, the dollar amount contained in subsection
19 (b)(3) and paragraph (1) of this subsection shall be
20 increased by an amount equal to—

21 “(A) such dollar amount, multiplied by

22 “(B) the cost-of-living adjustment deter-
23 mined under section 1(f)(3) for the calendar
24 year in which the taxable year begins, by sub-

1 stituting ‘calendar year 2015’ for ‘calendar year
2 1992’ in subparagraph (B) thereof.

3 If any amount as adjusted under this subparagraph
4 is not a multiple of \$100,000, such amount shall be
5 rounded to the nearest multiple of \$100,000.”.

6 (b) CLARIFICATION OF INVENTORY RULES FOR
7 SMALL BUSINESS.—

8 (1) IN GENERAL.—Section 471 of the Internal
9 Revenue Code of 1986 is amended by redesignating
10 subsection (c) as subsection (d) and by inserting
11 after subsection (b) the following new subsection:

12 “(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED
13 TO USE INVENTORIES.—

14 “(1) IN GENERAL.—A qualified taxpayer shall
15 not be required to use inventories under this section
16 for a taxable year.

17 “(2) TREATMENT OF TAXPAYERS NOT USING
18 INVENTORIES.—If a qualified taxpayer does not use
19 inventories with respect to any property for any tax-
20 able year beginning after December 31, 2015, such
21 property shall be treated as a material or supply
22 which is not incidental.

23 “(3) QUALIFIED TAXPAYER.—For purposes of
24 this subsection, the term ‘qualified taxpayer’
25 means—

1 “(A) any eligible taxpayer (as defined in
2 section 446(g)(2)), and

3 “(B) any taxpayer described in section
4 448(b)(3).”.

5 (2) INCREASED ELIGIBILITY FOR SIMPLIFIED
6 DOLLAR-VALUE LIFO METHOD.—Section 474(c) of
7 such Code is amended by striking “\$5,000,000” and
8 inserting “the dollar amount in effect under section
9 448(c)(1)”.

10 (c) EFFECTIVE DATE AND SPECIAL RULES.—

11 (1) IN GENERAL.—The amendments made by
12 this section shall apply to taxable years beginning
13 after December 31, 2015.

14 (2) CHANGE IN METHOD OF ACCOUNTING.—In
15 the case of any taxpayer changing the taxpayer’s
16 method of accounting for any taxable year under the
17 amendments made by this section—

18 (A) such change shall be treated as initi-
19 ated by the taxpayer;

20 (B) such change shall be treated as made
21 with the consent of the Secretary of the Treas-
22 ury; and

23 (C) the net amount of the adjustments re-
24 quired to be taken into account by the taxpayer
25 under section 481 of the Internal Revenue Code

1 of 1986 shall be taken into account over a pe-
 2 riod (not greater than 4 taxable years) begin-
 3 ning with such taxable year.

4 **SEC. 5. PERMANENT EXTENSION OF EXPENSING LIMITA-**
 5 **TION.**

6 (a) DOLLAR LIMITATION.—Section 179(b)(1) of the
 7 Internal Revenue Code of 1986 is amended by striking
 8 “shall not exceed” and all that follows and inserting “shall
 9 not exceed \$500,000.”.

10 (b) REDUCTION IN LIMITATION.—Section 179(b)(2)
 11 of the Internal Revenue Code of 1986 is amended by strik-
 12 ing “exceeds” and all that follows and inserting “exceeds
 13 \$2,000,000.”.

14 (c) INFLATION ADJUSTMENT.—Subsection (b) of sec-
 15 tion 179 of the Internal Revenue Code of 1986 is amended
 16 by adding at the end the following new paragraph:

17 “(6) INFLATION ADJUSTMENT.—

18 “(A) IN GENERAL.—In the case of any
 19 taxable year beginning in a calendar year after
 20 2016, the \$500,000 in paragraph (1) and the
 21 \$2,000,000 amount in paragraph (2) shall each
 22 be increased by an amount equal to—

23 “(i) such dollar amount, multiplied by

24 “(ii) the cost-of-living adjustment de-
 25 termined under section 1(f)(3) for the cal-

endar year in which the taxable year begins, by substituting ‘calendar year 2015’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) ROUNDING.—

“(i) DOLLAR LIMITATION.—If the amount in paragraph (1) as increased under subparagraph (A) is not a multiple of \$1,000, such amount shall be rounded to the nearest multiple of \$1,000.

“(ii) PHASEOUT AMOUNT.—If the amount in paragraph (2) as increased under subparagraph (A) is not a multiple of \$10,000, such amount shall be rounded to the nearest multiple of \$10,000.”.

(d) COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii) of the Internal Revenue Code of 1986 is amended by striking “and before 2015”.

(e) ELECTION.—Section 179(c)(2) of the Internal Revenue Code of 1986 is amended by striking “and before 2015”.

(f) SPECIAL RULES FOR TREATMENT OF QUALIFIED REAL PROPERTY.—

(1) IN GENERAL.—Section 179(f)(1) of the Internal Revenue Code of 1986 is amended by striking

1 “after 2009 and before 2015” and inserting “after
2 2009”.

3 (2) CONFORMING AMENDMENT.—Section 179(f)
4 of such Code is amended by striking paragraph (4).

5 (g) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2015.

8 **SEC. 6. EXTENSION OF BONUS DEPRECIATION.**

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

11 (1) by striking “January 1, 2016” in subpara-
12 graph (A)(iv) and inserting “January 1, 2017”, and

13 (2) by striking “January 1, 2015” each place
14 it appears and inserting “January 1, 2016”.

15 (b) SPECIAL RULE FOR FEDERAL LONG-TERM CON-
16 TRACTS.—Clause (ii) of section 460(c)(6)(B) of the Inter-
17 nal Revenue Code of 1986 is amended by striking “Janu-
18 ary 1, 2015 (January 1, 2016” and inserting “January
19 1, 2016 (January 1, 2017”.

20 (c) CONFORMING AMENDMENTS.—

21 (1) The heading for subsection (k) of section
22 168 of the Internal Revenue Code of 1986 is amend-
23 ed by striking “JANUARY 1, 2015” and inserting
24 “JANUARY 1, 2016”.

1 (2) The heading for clause (ii) of section
 2 168(k)(2)(B) of such Code is amended by striking
 3 “PRE-JANUARY 1, 2015” and inserting “PRE-JANU-
 4 ARY 1, 2016”.

5 (3) Section 168(k)(4)(D) of such Code is
 6 amended by striking “and” at the end of clause (ii),
 7 by striking the period at the end of clause (iii) and
 8 inserting a comma, and by adding at the end the fol-
 9 lowing new clauses:

10 “(iv) ‘January 1, 2016’ shall be sub-
 11 stituted for ‘January 1, 2017’ in subpara-
 12 graph (A)(iv) thereof, and

13 “(v) ‘January 1, 2015’ shall be sub-
 14 stituted for ‘January 1, 2016’ each place it
 15 appears in subparagraph (A) thereof.”.

16 (4) Section 168(l)(4) of such Code is amended
 17 by striking “and” at the end of subparagraph (A),
 18 by redesignating subparagraph (B) as subparagraph
 19 (C), and by inserting after subparagraph (A) the fol-
 20 lowing new subparagraph:

21 “(B) by substituting ‘January 1, 2015’ for
 22 ‘January 1, 2016’ in clause (i) thereof, and”.

23 (5) Clause (ii) of section 168(n)(2)(C) of such
 24 Code is amended by striking “January 1, 2015” and
 25 inserting “January 1, 2016”.

1 (6) Subparagraph (D) of section 1400L(b)(2)
 2 of such Code is amended by striking “January 1,
 3 2015” and inserting “January 1, 2016”.

4 (7) Subparagraph (B) of section 1400N(d)(3)
 5 of such Code is amended by striking “January 1,
 6 2015” and inserting “January 1, 2016”.

7 (d) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to property placed in service after
 9 December 31, 2015, in taxable years ending after such
 10 date.

11 **SEC. 7. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**
 12 **COVERY FOR QUALIFIED LEASEHOLD IM-**
 13 **PROVEMENTS, QUALIFIED RESTAURANT**
 14 **BUILDINGS AND IMPROVEMENTS, AND**
 15 **QUALIFIED RETAIL IMPROVEMENTS.**

16 (a) IN GENERAL.—Subparagraph (E) of section
 17 168(e)(3) of the Internal Revenue Code of 1986 is amend-
 18 ed—

19 (1) by striking “property placed in service be-
 20 fore January 1, 2015,” in clauses (iv) and (v) and
 21 inserting “property,” and

22 (2) by striking “, and before January 1, 2015”
 23 in clause (ix).

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2015.

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