

116TH CONGRESS
2D SESSION

H. R. 7766

To amend the Internal Revenue Code of 1986 to increase the research tax credit and provide better access to the credit for business startups.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2020

Mrs. WALORSKI (for herself and Mr. ARRINGTON) 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 increase the research tax credit and provide better access to the credit for business startups.

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. INCREASE IN RESEARCH CREDIT AND BETTER**
4 **ACCESS TO CREDIT FOR STARTUPS.**

5 (a) CREDIT RATE INCREASE.—

6 (1) IN GENERAL.—Section 41(a) of the Internal
7 Revenue Code of 1986 is amended by striking “20
8 percent” and inserting “40 percent”.

1 (2) ALTERNATIVE SIMPLIFIED CREDIT.—Sec-
 2 tion 41(c)(4)(A) of such Code is amended by strik-
 3 ing “14 percent” and inserting “28 percent”.

4 (3) CREDIT RATE IN CASE OF NO RESEARCH
 5 EXPENSES IN 3 PRECEDING YEARS.—Section
 6 41(c)(4)(B)(ii) of such Code is amended by striking
 7 “6 percent” and inserting “ $\frac{1}{2}$ the credit percentage
 8 in effect under subparagraph (A)”.

9 (b) MODIFICATION OF SMALL BUSINESS PORTION
 10 ALLOWED AGAINST PAYROLL TAX.—

11 (1) INCREASE IN LIMITATION.—Paragraphs
 12 (4)(B)(i) and (5)(B)(ii) of section 41(h) of such
 13 Code are each amended by striking “\$250,000” and
 14 inserting “\$500,000”.

15 (2) QUALIFIED SMALL BUSINESS GROSS RE-
 16 CEIPTS THRESHOLD.—Section 41(h)(3)(A)(i)(I) of
 17 such Code is amended by striking “\$5,000,000” and
 18 inserting “the dollar amount in effect for the taxable
 19 year under section 448(c)(1)”.

20 (c) EFFECTIVE DATES.—

21 (1) SUBSECTION (a).—The amendments made
 22 by subsection (a) shall apply to taxable years begin-
 23 ning after December 31, 2020.

1 (2) SUBSECTION (b).—The amendments made
2 by subsection (b) shall apply to taxable years begin-
3 ning after December 31, 2019.

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