

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7509

To amend the Internal Revenue Code of 1986 to deny certain tax credits and deductions to businesses that use foreign adversary-controlled technology, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2026

Mr. MORAN 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 deny certain tax credits and deductions to businesses that use foreign adversary-controlled technology, and for other purposes.

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 “Deterring Adversarial  
5 Access to Americans’ Data Act”.

6 **SEC. 2. TAX TREATMENT OF ENTITIES USING FOREIGN AD-**  
7 **VERSARY-CONTROLLED TECHNOLOGY.**

8 (a) ENTITIES USING FOREIGN ADVERSARY-CON-  
9 TROLLED TECHNOLOGY ADDED TO LIST OF FOREIGN-IN-

1 FLUENCED ENTITIES.—Section 7701(a)(51) of the Inter-  
2 nal Revenue Code of 1986 is amended—

3 (1) in subparagraph (D)(i), by striking “or” at  
4 the end of subclause (I), by striking the period at  
5 the end of subclause (II) and inserting “, or” and  
6 by adding at the end the following new subclause:

7 “(III) which uses foreign adver-  
8 sary-controlled technology during the  
9 taxable year.”, and

10 (2) in subparagraph (I), by adding at the end  
11 the following new clause:

12 “(vii) FOREIGN ADVERSARY-CON-  
13 TROLLED TECHNOLOGY.—The term ‘for-  
14 eign adversary-controlled technology’  
15 means any information and communica-  
16 tions technology or service that is—

17 “(I) designed, developed, manu-  
18 factured, or provided by a specified  
19 foreign entity or foreign-influenced en-  
20 tity described in subclause (I) or (II)  
21 of subparagraph (D), or

22 “(II) dependent on, or interoper-  
23 able with, any other hardware,  
24 firmware, operating system,  
25 middleware, driver, embedded soft-

1           ware, cloud service, or network com-  
2           ponent described in subclause (I) for  
3           core functionality.

4           “(viii) INFORMATION AND COMMU-  
5           NICATIONS TECHNOLOGY OR SERVICE.—  
6           The term ‘information and communica-  
7           tions technology or service’ means any  
8           hardware, software, or other product or  
9           service primarily intended to fulfill or en-  
10          able the function of information or data  
11          processing, storage, retrieval, or commu-  
12          nication by electronic means, including  
13          transmission, storage, and display.”.

14          (b) BONUS DEPRECIATION DENIED FOR FOREIGN  
15          ADVERSARY-CONTROLLED TECHNOLOGY AND PROPERTY  
16          OWNED BY PROHIBITED FOREIGN ENTITIES.—Section  
17          168(k)(2) of such Code is amended—

18                 (1) in subparagraph (A)—

19                         (A) in clause (i)—

20                                 (i) by striking “or” at the end of sub-  
21                                 clause (III),

22                                 (ii) by striking “and or” in subclause  
23                                 (V) and inserting “or”, and

24                                 (iii) by striking “and” at the end of  
25                                 subclause (VI),

1 (B) in clause (ii), by striking the period at  
2 the end and inserting a comma, and

3 (C) by adding at the end the following new  
4 clauses:

5 “(iii) which is not foreign adversary-  
6 controlled technology, and

7 “(iv) which is not property owned by  
8 a prohibited foreign entity.”, and

9 (2) by adding at the end the following new sub-  
10 paragraph:

11 “(I) REGULATORY AUTHORITY.—The Sec-  
12 retary shall prescribe such regulations as may  
13 be necessary or appropriate to carry out the  
14 purposes of clauses (iii) and (iv) of subpara-  
15 graph (A).”.

16 (c) DENIAL OF FULL EXPENSING OF DOMESTIC RE-  
17 SEARCH AND EXPERIMENTAL EXPENDITURES FOR FOR-  
18 EIGN ADVERSARY-CONTROLLED TECHNOLOGY AND PRO-  
19 HIBITED FOREIGN ENTITIES.—Section 174A(d) of such  
20 Code is amended by adding at the end the following new  
21 paragraph:

22 “(4) FOREIGN ADVERSARY-CONTROLLED TECH-  
23 NOLOGY; PROHIBITED FOREIGN ENTITIES.—This  
24 section shall not apply to any amount paid or in-  
25 curred—

1                   “(A) for the acquisition or development of  
2                   foreign adversary-controlled technology, or

3                   “(B) by a prohibited foreign entity.”.

4           (d) MODIFIED CALCULATION OF ADJUSTED TAX-  
5 ABLE INCOME FOR PURPOSES OF BUSINESS INTEREST  
6 DEDUCTION.—

7           (1) IN GENERAL.—Section 163(j)(8)(A) of such  
8 Code is amended by striking “and” at the end of  
9 clause (v) and by inserting after clause (vi) the fol-  
10 lowing new clause:

11                   “(vii) any item of income, gain, de-  
12                   duction, or loss which is attributable to—

13                           “(I) foreign adversary-controlled  
14                           technology, or

15                           “(II) a trade or business owned  
16                           by a prohibited foreign entity, and”.

17           (2) REGULATORY AUTHORITY.—Section  
18 163(j)(11) of such Code is amended by inserting  
19 “and which items of income, gain, deduction, or loss  
20 are attributable to foreign adversary-controlled tech-  
21 nology or a trade or business owned by a prohibited  
22 foreign entity under paragraph (8)(A)(vii)” before  
23 the period at the end.

24           (e) DENIAL OF CREDIT FOR INCREASING RESEARCH  
25 ACTIVITIES IN THE CASE OF PROHIBITED FOREIGN EN-

1 TITLES.—Section 41(d)(4) of such Code is amended by  
2 adding at the end the following new subparagraph:

3           “(D) RESTRICTIONS RELATING TO PRO-  
4           HIBITED FOREIGN ENTITIES.—No credit shall  
5           be allowed to a taxpayer under subsection (a)  
6           for any taxable year if the taxpayer is a speci-  
7           fied foreign entity or a foreign-influenced enti-  
8           ty.”.

9           (f) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 the date which is one year after the date of the enactment  
12 of this Act.

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