

104TH CONGRESS
2D SESSION

H. R. 4169

To amend the Internal Revenue Code of 1986 to provide that all computer software shall be depreciable over 24 months.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1996

Mr. BAKER of California (for himself, Mr. WHITE, and Mr. CAMPBELL) 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 provide that all computer software shall be depreciable over 24 months.

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. DEPRECIATION OF COMPUTER SOFTWARE.**

4 (a) IN GENERAL.—Paragraph (1) of section 167(f)
5 of the Internal Revenue Code of 1986 (relating to treat-
6 ment of certain property excluded from section 197) is
7 amended to read as follows:

8 “(1) COMPUTER SOFTWARE.—If a depreciation
9 deduction is allowable under subsection (a) with re-

1 spect to any computer software (as defined in sec-
2 tion 197(e)(3)(B)), such deduction shall be com-
3 puted—

4 “(A) by using a useful life of 24 months,
5 and

6 “(B) by using the straight line method; ex-
7 cept that—

8 “(i) 70 percent of the adjusted basis
9 of such software as of the beginning of
10 such 24 months shall be allowed as a de-
11 duction under such method over the first
12 12 months of such period, and

13 “(ii) the remainder of such basis shall
14 be allowed as a deduction under such
15 method over the second 12 months of such
16 period.”

17 (b) EXCEPTION FROM INTANGIBLE AMORTIZATION
18 FOR ALL COMPUTER SOFTWARE.—Subparagraph (A) of
19 section 197(e)(3) of such Code is amended to read as fol-
20 lows:

21 “(A) IN GENERAL.—Any computer soft-
22 ware.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property acquired after the date
3 of the enactment of this Act.

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