

107TH CONGRESS  
1ST SESSION

# H. R. 1555

To amend the Internal Revenue Code of 1986 to increase the deduction for meal and entertainment expenses of small businesses.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2001

Mr. FOLEY (for himself, Mr. TANNER, and Mr. MCCRERY) 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 increase the deduction for meal and entertainment expenses of 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. SMALL BUSINESSES ALLOWED INCREASED DE-**  
4 **DUCTION FOR MEAL AND ENTERTAINMENT**  
5 **EXPENSES.**

6 (a) IN GENERAL.—Subsection (n) of section 274 of  
7 the Internal Revenue Code of 1986 (relating to only 50  
8 percent of meal and entertainment expenses allowed as de-  
9 duction) is amended by adding at the end the following  
10 new paragraph:

1 “(4) SPECIAL RULE FOR SMALL BUSINESSES.—

2 “(A) IN GENERAL.—In the case of any  
3 taxpayer which is a small business, paragraph  
4 (1) shall be applied by substituting ‘the applica-  
5 ble percentage (as defined in paragraph  
6 (3)(B))’ for ‘50 percent’.

7 “(B) SMALL BUSINESS.—For purposes of  
8 this paragraph, the term ‘small business’  
9 means, with respect to expenses paid or in-  
10 curred during any taxable year—

11 “(i) any C corporation which meets  
12 the requirements of section 55(e)(1) for  
13 such year, and

14 “(ii) any S corporation, partnership,  
15 or sole proprietorship which would meet  
16 such requirements if it were a C corpora-  
17 tion.”

18 (b) EFFECTIVE DATE.—The amendment made by  
19 subsection (a) shall apply to taxable years beginning after  
20 December 31, 2001.

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