

110TH CONGRESS
1ST SESSION

H. R. 3693

To amend the Internal Revenue Code of 1986 to provide for more effective use of the deduction for domestic production activities for businesses with net operating losses.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2007

Mr. ENGLISH of Pennsylvania 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 for more effective use of the deduction for domestic production activities for businesses with net operating losses.

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 “American Competitive-
5 ness Tax Act of 2007”.

1 **SEC. 2. LOSSES NOT TO REDUCE DOMESTIC PRODUCTION**
2 **ACTIVITIES DEDUCTION.**

3 (a) IN GENERAL.—Subsection (a) of section 199 of
4 the Internal Revenue Code of 1986 (relating to limitation)
5 is amended by adding at the end the following new para-
6 graph:

7 “(3) SPECIAL RULE FOR TAXPAYERS WITH
8 PRIOR YEAR LOSSES.—In the case of a taxpayer
9 which has a net operating loss for 1 or more of the
10 prior 5 taxable years, the deduction allowable under
11 paragraph (1) for the taxable year shall be deter-
12 mined without regard to any limitation imposed by
13 paragraph (1)(B).”.

14 (b) CONFORMING AMENDMENTS.—Section 172(d)(7)
15 of such Code is amended—

16 (1) by striking “The” and inserting the fol-
17 lowing:

18 “(A) IN GENERAL.—The”; and

19 (2) by adding at the end the following:

20 “(B) EXCEPTION FOR CERTAIN TAX-
21 PAYERS.—Subparagraph (A) shall not apply to
22 a taxpayer meeting the requirements of section
23 199(a)(3).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2006.

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