

113TH CONGRESS
1ST SESSION

S. 1085

To amend the Internal Revenue Code of 1986 to provide tax incentives
for small businesses.

IN THE SENATE OF THE UNITED STATES

JUNE 3, 2013

Ms. COLLINS (for herself and Mr. CASEY) introduced the following bill; which
was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide
tax incentives for 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. SHORT TITLE.**

4 This Act may be cited as the “Small Business Tax
5 Certainty and Growth Act of 2013”.

6 **SEC. 2. SENSE OF THE SENATE REGARDING TAX REFORM.**

7 It is the sense of the Senate that Congress should
8 undertake comprehensive tax reform legislation to—

9 (1) make our system fairer and simpler; and

10 (2) promote economic growth.

1 **SEC. 3. PERMANENT DOUBLING OF DEDUCTIONS FOR**
2 **START-UP EXPENSES, ORGANIZATIONAL EX-**
3 **PENSES, AND SYNDICATION FEES.**

4 (a) **START-UP EXPENSES.**—

5 (1) **IN GENERAL.**—Clause (ii) of section
6 195(b)(1)(A) of the Internal Revenue Code of 1986
7 is amended—

8 (A) by striking “\$5,000” and inserting
9 “\$10,000”, and

10 (B) by striking “\$50,000” and inserting
11 “\$60,000”.

12 (2) **CONFORMING AMENDMENT.**—Subsection (b)
13 of section 195 of the Internal Revenue Code of 1986
14 is amended by striking paragraph (3).

15 (b) **ORGANIZATIONAL EXPENSES.**—Subparagraph
16 (B) of section 248 of the Internal Revenue Code of 1986
17 is amended—

18 (1) by striking “\$5,000” and inserting
19 “\$10,000”, and

20 (2) by striking “\$50,000” and inserting
21 “\$60,000”.

22 (c) **ORGANIZATION AND SYNDICATION FEES.**—
23 Clause (ii) of section 709(b)(1)(A) of the Internal Revenue
24 Code of 1986 is amended—

25 (1) by striking “\$5,000” and inserting
26 “\$10,000”, and

1 (2) by striking “\$50,000” and inserting
2 “\$60,000”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to amounts paid or incurred in tax-
5 able years ending on or after the date of the enactment
6 of this Act.

7 **SEC. 4. CLARIFICATION OF CASH ACCOUNTING RULES FOR**
8 **SMALL BUSINESS.**

9 (a) CASH ACCOUNTING PERMITTED.—

10 (1) IN GENERAL.—Section 446 of the Internal
11 Revenue Code of 1986 (relating to general rule for
12 methods of accounting) is amended by adding at the
13 end the following new subsection:

14 “(g) CERTAIN SMALL BUSINESS TAXPAYERS PER-
15 MITTED TO USE CASH ACCOUNTING METHOD WITHOUT
16 LIMITATION.—

17 “(1) IN GENERAL.—An eligible taxpayer shall
18 not be required to use an accrual method of account-
19 ing for any taxable year.

20 “(2) ELIGIBLE TAXPAYER.—For purposes of
21 this subsection, a taxpayer is an eligible taxpayer
22 with respect to any taxable year if—

23 “(A) for all prior taxable years beginning
24 after December 31, 2013, the taxpayer (or any

1 predecessor) met the gross receipts test of sec-
 2 tion 448(c), and

3 “(B) the taxpayer is not subject to section
 4 447 or 448.”.

5 (2) EXPANSION OF GROSS RECEIPTS TEST.—

6 (A) IN GENERAL.—Paragraph (3) of sec-
 7 tion 448(b) of such Code (relating to entities
 8 with gross receipts of not more than
 9 \$5,000,000) is amended by striking
 10 “\$5,000,000” in the text and in the heading
 11 and inserting “\$10,000,000”.

12 (B) CONFORMING AMENDMENTS.—Section
 13 448(c) of such Code is amended—

14 (i) by striking “\$5,000,000” each
 15 place it appears in the text and in the
 16 heading of paragraph (1) and inserting
 17 “\$10,000,000”, and

18 (ii) by adding at the end the following
 19 new paragraph:

20 “(4) INFLATION ADJUSTMENT.—In the case of
 21 any taxable year beginning in a calendar year after
 22 2014, the dollar amount contained in subsection
 23 (b)(3) and paragraph (1) of this subsection shall be
 24 increased by an amount equal to—

25 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for the calendar
3 year in which the taxable year begins, by sub-
4 stituting ‘calendar year 2013’ for ‘calendar year
5 1992’ in subparagraph (B) thereof.

6 If any amount as adjusted under this subpara-
7 graph is not a multiple of \$100,000, such
8 amount shall be rounded to the nearest multiple
9 of \$100,000.”.

10 (b) CLARIFICATION OF INVENTORY RULES FOR
11 SMALL BUSINESS.—

12 (1) IN GENERAL.—Section 471 of the Internal
13 Revenue Code of 1986 (relating to general rule for
14 inventories) is amended by redesignating subsection
15 (c) as subsection (d) and by inserting after sub-
16 section (b) the following new subsection:

17 “(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED
18 TO USE INVENTORIES.—

19 “(1) IN GENERAL.—A qualified taxpayer shall
20 not be required to use inventories under this section
21 for a taxable year.

22 “(2) TREATMENT OF TAXPAYERS NOT USING
23 INVENTORIES.—If a qualified taxpayer does not use
24 inventories with respect to any property for any tax-
25 able year beginning after December 31, 2013, such

1 property shall be treated as a material or supply
2 which is not incidental.

3 “(3) QUALIFIED TAXPAYER.—For purposes of
4 this subsection, the term ‘qualified taxpayer’
5 means—

6 “(A) any eligible taxpayer (as defined in
7 section 446(g)(2)), and

8 “(B) any taxpayer described in section
9 448(b)(3).”.

10 (2) INCREASED ELIGIBILITY FOR SIMPLIFIED
11 DOLLAR-VALUE LIFO METHOD.—Section 474(c) is
12 amended by striking “\$5,000,000” and inserting
13 “the dollar amount in effect under section
14 448(c)(1)”.

15 (c) EFFECTIVE DATE AND SPECIAL RULES.—

16 (1) IN GENERAL.—The amendments made by
17 this section shall apply to taxable years beginning
18 after December 31, 2013.

19 (2) CHANGE IN METHOD OF ACCOUNTING.—In
20 the case of any taxpayer changing the taxpayer’s
21 method of accounting for any taxable year under the
22 amendments made by this section—

23 (A) such change shall be treated as initi-
24 ated by the taxpayer;

1 (B) such change shall be treated as made
2 with the consent of the Secretary of the Treas-
3 ury; and

4 (C) the net amount of the adjustments re-
5 quired to be taken into account by the taxpayer
6 under section 481 of the Internal Revenue Code
7 of 1986 shall be taken into account over a pe-
8 riod (not greater than 4 taxable years) begin-
9 ning with such taxable year.

10 **SEC. 5. PERMANENT EXTENSION OF EXPENSING LIMITA-**
11 **TION.**

12 (a) DOLLAR LIMITATION.—Section 179(b)(1) of the
13 Internal Revenue Code of 1986 is amended by striking
14 “shall not exceed” and all that follows and inserting “shall
15 not exceed \$250,000.”.

16 (b) REDUCTION IN LIMITATION.—Section 179(b)(2)
17 of such Code is amended by striking “exceeds” and all
18 that follows and inserting “exceeds \$800,000.”.

19 (c) INFLATION ADJUSTMENT.—Subsection (b) of sec-
20 tion 179 of such Code is amended by adding at the end
21 the following new paragraph:

22 “(6) INFLATION ADJUSTMENT.—

23 “(A) IN GENERAL.—In the case of any
24 taxable year beginning in a calendar year after
25 2014, the \$250,000 in paragraph (1) and the

1 \$800,000 amount in paragraph (2) shall each
2 be increased by an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
5 termined under section 1(f)(3) for the cal-
6 endar year in which the taxable year be-
7 gins, by substituting ‘calendar year 2013’
8 for ‘calendar year 1992’ in subparagraph
9 (B) thereof.

10 “(B) ROUNDING.—

11 “(i) DOLLAR LIMITATION.—If the
12 amount in paragraph (1) as increased
13 under subparagraph (A) is not a multiple
14 of \$1,000, such amount shall be rounded
15 to the nearest multiple of \$1,000.

16 “(ii) PHASEOUT AMOUNT.—If the
17 amount in paragraph (2) as increased
18 under subparagraph (A) is not a multiple
19 of \$10,000, such amount shall be rounded
20 to the nearest multiple of \$10,000.”.

21 (d) COMPUTER SOFTWARE.—Section
22 179(d)(1)(A)(ii) of such Code is amended by striking “and
23 before 2014”.

24 (e) ELECTION.—Section 179(c)(2) of such Code is
25 amended by striking “and before 2014”.

1 (f) SPECIAL RULES FOR TREATMENT OF QUALIFIED
2 REAL PROPERTY.—

3 (1) IN GENERAL.—Section 179(f)(1) of such
4 Code is amended by striking “beginning in 2010,
5 2011, 2012, or 2013” and inserting “beginning
6 after 2009”.

7 (2) CONFORMING AMENDMENT.—Section 179(f)
8 of such Code is amended by striking paragraph (4).

9 (g) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2013.

12 **SEC. 6. EXTENSION OF BONUS DEPRECIATION.**

13 (a) IN GENERAL.—Paragraph (2) of section 168(k)
14 of the Internal Revenue Code of 1986 is amended—

15 (1) by striking “January 1, 2015” in subpara-
16 graph (A)(iv) and inserting “January 1, 2016”, and

17 (2) by striking “January 1, 2014” each place
18 it appears and inserting “January 1, 2015”.

19 (b) SPECIAL RULE FOR FEDERAL LONG-TERM CON-
20 TRACTS.—Clause (ii) of section 460(e)(6)(B) of the Inter-
21 nal Revenue Code of 1986 is amended by striking “Janu-
22 ary 1, 2014 (January 1, 2015” and inserting “January
23 1, 2015 (January 1, 2016”.

24 (c) CONFORMING AMENDMENTS.—

1 (1) The heading for subsection (k) of section
2 168 of the Internal Revenue Code of 1986 is amend-
3 ed by striking “JANUARY 1, 2014” and inserting
4 “JANUARY 1, 2015”.

5 (2) The heading for clause (ii) of section
6 168(k)(2)(B) of such Code is amended by striking
7 “PRE-JANUARY 1, 2014” and inserting “PRE-JANU-
8 ARY 1, 2015”.

9 (3) Section 168(k)(4)(D) is amended by strik-
10 ing “and” at the end of clause (ii), by striking the
11 period at the end of clause (iii) and inserting a
12 comma, and by adding at the end the following new
13 clauses:

14 “(iv) ‘January 1, 2015’ shall be sub-
15 stituted for ‘January 1, 2016’ in subpara-
16 graph (A)(iv) thereof, and

17 “(v) ‘January 1, 2014’ shall be sub-
18 stituted for ‘January 1, 2015’ each place it
19 appears in subparagraph (A) thereof.”.

20 (4) Section 168(l)(4) of such Code is amended
21 by striking “and” at the end of subparagraph (A),
22 by redesignating subparagraph (B) as subparagraph
23 (C), and by inserting after subparagraph (A) the fol-
24 lowing new subparagraph:

1 (b) **EFFECTIVE DATE.**—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2013.

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