

115TH CONGRESS
1ST SESSION

H. R. 1234

To amend the Internal Revenue Code of 1986 to make certain contract research eligible for the research credit.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2017

Mr. MEEHAN (for himself, Mr. HOLDING, and Mr. BUTTERFIELD) 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 make certain contract research eligible for the research credit.

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 “Domestic Research
5 Enhancement Act of 2017”.

6 **SEC. 2. RESEARCH CREDIT EXPANDED TO MAKE CERTAIN**
7 **RESEARCH ELIGIBLE FOR THE CREDIT.**

8 (a) IN GENERAL.—

9 (1) Section 41(b)(1) of the Internal Revenue
10 Code of 1986 is amended by striking “and” at the

1 end of subparagraph (A), by striking the period at
2 the end of subparagraph (B) and inserting “, and”,
3 and by adding at the end the following new subpara-
4 graph:

5 “(C) contracted research expenses.”.

6 (2) Section 41(b) of such Code is amended by
7 adding at the end the following new paragraph:

8 “(5) CONTRACTED RESEARCH EXPENSES.—

9 “(A) IN GENERAL.—The term ‘contracted
10 research expenses’ means 35 percent of the in-
11 house research expenses for the taxable year
12 paid or incurred by the taxpayer contracted to
13 do research, but only when the contracting tax-
14 payer pays or incurs contract research expenses
15 for such taxable year.

16 “(B) FUNDED RESEARCH ALLOWED.—For
17 purposes of this section, the prohibition con-
18 tained in subsection (d)(4)(H) shall not apply.

19 “(C) DENIAL OF DOUBLE BENEFIT.—The
20 amount of any in-house research expenses taken
21 into account under this section (without regard
22 to this paragraph) by a contracted taxpayer for
23 a taxable year shall be reduced by the amount
24 of in-house research expenses taken into ac-

1 count by such taxpayer under subparagraph (A)
2 for taxable year.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this Act shall apply to taxable years ending after the date
5 of the enactment of this Act.

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