

**Amendment to the Amendment in the Nature of a Substitute to H.Con.Res.14
Offered by Rep. Horsford**

Tax Relief for New Businesses

This amendment would provide that the provisions of this Act are not effective unless the startup tax deduction is increased from \$5,000 to \$50,000 and align tax relief with the financial realities entrepreneurs face to help more Americans turn ideas into companies.

1 (A) Section 195(b)(1) is amended—

2 (i) by striking “with respect to any
3 start-up expenses” and inserting “with re-
4 spect to any active trade or business”,

5 (ii) by striking “the amount of start-
6 up expenditures with respect to” in sub-
7 paragraph (A)(i) thereof and inserting
8 “the aggregate amount of start-up and or-
9 ganizational expenditures paid in connec-
10 tion with”, and

11 (iii) by adding at the end the fol-
12 lowing flush sentence:

13 “In the case of a partnership or S corporation, the
14 election under the preceding sentence shall be made
15 at the entity level.”.

16 (B) Section 195(b)(2) of such Code is
17 amended—

18 (i) by striking “AMORTIZATION PE-
19 RIOD.—In any case” and inserting the fol-
20 lowing: “AMORTIZATION PERIOD.—

21 “(A) IN GENERAL.—In any case”, and

22 (ii) by adding at the end the following
23 new subparagraph:

24 “(B) SPECIAL PARTNERSHIP RULE.—In
25 the case of a partnership or S corporation, sub-

1 paragraph (A) shall be applied at the entity
2 level.”.

3 (C) Section 195(b) is amended by striking
4 paragraph (3).

5 (D)(i) Part VIII of subchapter B of chap-
6 ter 1 is amended by striking section 248 (and
7 by striking the item relating to such section in
8 the table of sections for such part).

9 (ii) Section 170(b)(2)(C)(ii) is amended by
10 striking “(except section 248)”.

11 (iii) Section 312(n)(3) is amended by strik-
12 ing “Sections 173 and 248” and inserting
13 “Section 173”.

14 (iv) Section 535(b)(3) is amended by strik-
15 ing “(except section 248)”.

16 (v) Paragraphs (3) and (4) of section
17 545(b) are each amended by striking “(except
18 section 248)”.

19 (vi) Section 834(c)(7) is amended by strik-
20 ing “(except section 248)”.

21 (vii) Section 852(b)(2)(C) is amended by
22 striking “(except section 248)”.

23 (viii) Section 857(b)(2)(A) is amended by
24 striking “(except section 248)”.

1 (ix) Section 1363(b) is amended by insert-
2 ing “and” at the end of paragraph (2), by
3 striking paragraph (3), and by redesignating
4 paragraph (4) as paragraph (3).

5 (x) Section 1375(b)(1)(B)(i) is amended by
6 striking “(other than the deduction allowed by
7 section 248, relating to organization expendi-
8 tures)”.

9 (E)(i) Section 709 is amended to read as
10 follows:

11 **“SEC. 709. TREATMENT OF SYNDICATION FEES.**

12 “No deduction shall be allowed under this chapter to
13 a partnership or to any partner of the partnership for any
14 amounts paid or incurred to promote the sale of (or to
15 sell) an interest in the partnership.”.

16 (ii) The item relating to section 709 in the
17 table of sections for part I of subchapter K of
18 chapter 1 is amended to read as follows:

“Sec. 709. Treatment of syndication fees.”.

19 (F) The heading of section 195 (and the
20 item relating to such section in the table of sec-
21 tions for part VI of subchapter B of chapter 1
22 of such Code) are each amended by inserting
23 “and organizational” after “Start-up”.

24 (b) INCREASE IN LIMITATION.—Clause (ii) of section
25 195(b)(1)(A) is amended—

1 (1) by striking “\$5,000” and inserting
2 “\$50,000”, and

3 (2) by striking “\$50,000” and inserting
4 “\$150,000”.

5 (c) APPLICATION OF NET OPERATING LOSS
6 RULES.—Section 172 is amended by redesignating sub-
7 section (g) as subsection (h) and by inserting after sub-
8 section (f) the following new subsection:

9 “(g) SPECIAL RULES FOR START-UP AND ORGANIZA-
10 TIONAL EXPENDITURES.—

11 “(1) IN GENERAL.—In the case of a taxpayer
12 making an election under this subsection—

13 “(A) this section shall be applied sepa-
14 rately to start-up and organizational net oper-
15 ating losses and other net operating losses,

16 “(B) in applying this section to start-up
17 and organizational net operating losses—

18 “(i) subsection (a)(2)(B) shall be ap-
19 plied by substituting ‘100 percent’ for ‘80
20 percent’ in clause (i) thereof, and

21 “(ii) subsection (b)(2)(C) shall not
22 apply, and

23 “(C) in applying this section to other net
24 operating losses, for purposes of subsections
25 (a)(2)(B)(ii)(I) and (b)(2), taxable income shall

1 be reduced by the amount of the deduction al-
2 lowed under this section with respect to start-
3 up and organizational net operating losses.

4 “(2) START-UP AND ORGANIZATIONAL NET OP-
5 ERATING LOSS.—For purposes of this section, the
6 term ‘start-up and organizational net operating loss’
7 means the amount which would be a net operating
8 loss if the only deduction taken into account were
9 the deduction allowed under section 195.

10 “(3) OTHER NET OPERATING LOSSES.—For
11 purposes of this section, the term ‘other net oper-
12 ating loss’ means the net operating loss determined
13 without regard to the deduction allowed under sec-
14 tion 195.

15 “(4) ELECTION.—An election under this section
16 shall be made at such time and in such form and
17 manner as the Secretary shall prescribe. Such an
18 election, once made, shall be irrevocable.”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to expenses paid or incurred in
21 taxable years beginning after December 31, 2024.

