

TaxNewsFlash

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Legislative update: Ways and Means Chairman Smith releases three tax bills

House Ways and Means Committee Chairman Jason Smith (R-MO) today released three tax bills to be considered by the committee next week:

- [HR 3938](#) [PDF 159 KB], the “Build It in America Act”
- [HR 3937](#) [PDF 253 KB], the “Small Business Jobs Act”
- [HR 3936](#) [PDF 168 KB], the “Tax Cuts for Working Families Act”

Build It in America Act

The “Build It in America Act” includes extensions of a number of popular expired business tax items. Most notably, the legislation addresses the section 174 treatment of research and experimentation expenditures by retroactively restoring the deduction to January 1, 2022 and extends the deductibility forward until December 31, 2025. The legislation addresses the following expired items:

- Research and experimentation costs (section 174): Deductible from January 1, 2022 to December 31, 2025.
- Limitation of deductibility of interest (section 163(j)): Limit based upon 30% of EBITDA from January 1, 2022, to December 31, 2025
- 100% bonus depreciation (section 168(k)): Eligible costs subject to 100% deduction from January 1, 2023, to December 31, 2025

The legislation also includes provisions that would suspend the Superfund financing rate, would impact how foreign taxes paid are treated for purposes of the foreign tax credit, and would impose a new tax on certain “disqualified persons” who acquire U.S. agricultural interests.

Notably, the bill would offset the costs of the legislation by repealing a number of energy credits previously enacted in the “Inflation Reduction Act of 2022.”

- Read the [JCT description](#)
- Read the [JCT estimated revenue effects](#)

- Read the [JCT description of the chairman's amendment in the nature of a substitute](#)

Small Business Jobs Act

The “Small Business Jobs Act” includes a number of provisions targeted at small businesses. These include:

- An increase in the reporting threshold for payments made to certain payees (the current threshold is \$600 and the legislation would increase that amount to \$5,000)
- A new phased-in (and higher) exclusion for gains from qualified small business stock from 50% up to as high as 100%
- An enhanced benefit under the opportunity zone rules for capital gains derived from certain rural zones
- New information reporting rules for certain opportunity zone investments

Read the [JCT description](#)

Read the [JCT estimated revenue effects](#)

Read the [JCT description of the chairman's amendment in the nature of a substitute](#)

Tax Cuts for Working Families Act

The “Tax Cuts for Working Families Act” would generally enhance the standard deduction, and would rename the standard deduction as “the guaranteed deduction.”

Read the [JCT description](#)

Read the [JCT description of the chairman's amendment in the nature of a substitute](#)

What's next?

These bills have been scheduled for a markup in the Ways and Means Committee next week. If approved in Ways and Means, the bills could then be considered by the full House of Representatives. To become law, the bills would then need to be approved by the Democratically controlled Senate and signed into law by President Biden.

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