

113TH CONGRESS
2D SESSION

H. R. 5636

To amend the Internal Revenue Code of 1986 to cut and reduce excess and duplicative tax assessments and paperwork for entrepreneurs.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2014

Mr. PETERS of California (for himself, Mrs. NAPOLITANO, Mr. VARGAS, Mr. MURPHY of Florida, and Mr. DELANEY) 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 cut and reduce excess and duplicative tax assessments and paperwork for entrepreneurs.

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 “Cut REDTAPE Act”.

5 **SEC. 2. EXEMPTION OF NEW SMALL BUSINESSES FROM ES-**
6 **TIMATED INCOME TAX PAYMENTS.**

7 (a) INDIVIDUALS.—Section 6654 of the Internal Rev-
8 enue Code of 1986 is amended by redesignating subsection

1 (n) as subsection (o) and by inserting after subsection (m)
2 the following new subsection:

3 “(n) SPECIAL RULE FOR NEW SMALL BUSI-
4 NESSES.—

5 “(1) IN GENERAL.—No addition to tax shall be
6 imposed under subsection (a) with respect to income
7 from a new small business.

8 “(2) INCOME FROM A NEW SMALL BUSINESS.—
9 For purposes of paragraph (1), income from a new
10 small business means, with respect to any individual,
11 income from a trade or business if the gross receipts
12 of such trade or business for the calendar year end-
13 ing with or within the taxable year of the individual
14 do not exceed \$1,000,000.

15 “(3) LIMITED APPLICATION.—Paragraph (1)
16 shall not apply to income from a new small business
17 for any taxable year beginning after 2 years after
18 the date on which the new small business is formed.

19 “(4) CONTROLLED GROUPS.—

20 “(A) IN GENERAL.—For purposes of this
21 subsection, all persons treated as a single em-
22 ployer under subsection (a) or (b) of section 52
23 or subsection (m) or (o) of section 414 shall be
24 treated as a single trade or business.

1 “(B) INCLUSION OF FOREIGN CORPORA-
2 TIONS.—For purposes of subparagraph (A), in
3 applying subsections (a) and (b) of section 52
4 to this section, section 1563 shall be applied
5 without regard to subsection (b)(2)(C) there-
6 of.”.

7 (b) CORPORATIONS.—Section 6655 of the Internal
8 Revenue Code of 1986 is amended by redesignating sub-
9 section (j) as subsection (k) and by inserting after sub-
10 section (i) the following new subsection:

11 “(j) SPECIAL RULE FOR NEW SMALL BUSINESSES.—

12 “(1) IN GENERAL.—No addition to tax shall be
13 imposed under subsection (a) with respect to income
14 from a new small business.

15 “(2) INCOME FROM A NEW SMALL BUSINESS.—

16 For purposes of paragraph (1), income from a new
17 small business means income from a trade or busi-
18 ness if the gross receipts of such trade or business
19 for the taxable year do not exceed \$1,000,000.

20 “(3) LIMITED APPLICATION.—Paragraph (1)

21 shall not apply to income from a new small business
22 for any taxable year beginning after 2 years after
23 the date on which the new small business is incor-
24 porated.

25 “(4) CONTROLLED GROUPS.—

1 “(A) IN GENERAL.—For purposes of this
2 subsection, all persons treated as a single em-
3 ployer under subsection (a) or (b) of section 52
4 or subsection (m) or (o) of section 414 shall be
5 treated as a single trade or business.

6 “(B) INCLUSION OF FOREIGN CORPORA-
7 TIONS.—For purposes of subparagraph (A), in
8 applying subsections (a) and (b) of section 52
9 to this section, section 1563 shall be applied
10 without regard to subsection (b)(2)(C) there-
11 of.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2014.

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