

114TH CONGRESS
1ST SESSION

H. R. 3950

To amend the Internal Revenue Code of 1986 to establish a small business start-up tax credit for veterans who have served overseas.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 5, 2015

Ms. ADAMS (for herself, Mr. TAKAI, Ms. KELLY of Illinois, Mrs. LAWRENCE, Ms. VELÁZQUEZ, Mr. PAYNE, and Ms. JUDY CHU of California) 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 establish a small business start-up tax credit for veterans who have served overseas.

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 “Veteran Small Busi-
5 ness Tax Credit Act of 2015”.

6 **SEC. 2. VETERAN SMALL BUSINESS START-UP CREDIT.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45S. VETERAN SMALL BUSINESS START-UP CREDIT.**

4 “(a) IN GENERAL.—For purposes of section 38, in
5 the case of an applicable veteran-owned business which
6 elects the application of this section, the veteran small
7 business start-up credit determined under this section for
8 any taxable year is an amount equal to 15 percent of so
9 much of the qualified start-up expenditures of the tax-
10 payer as does not exceed \$80,000.

11 “(b) APPLICABLE VETERAN-OWNED SMALL BUSI-
12 NESS.—For purposes of this section—

13 “(1) IN GENERAL.—The term ‘applicable vet-
14 eran-owned small business’ means a small business
15 controlled by one or more qualified veterans.

16 “(2) QUALIFIED VETERAN.—The term ‘quali-
17 fied veteran’ means any individual (or the spouse or
18 surviving spouse of such an individual) who—

19 “(A) has served on active duty in the
20 Armed Forces of the United States, and

21 “(B) at any time in the course of such
22 service, was stationed outside of the United
23 States.

1 Such term shall not include any individual who was
2 discharged or released from the Armed Forces of the
3 United States under dishonorable conditions.

4 “(3) CONTROL.—The term ‘controlled’ means—

5 “(A) management and operation of the
6 daily business, and

7 “(B)(i) in the case of a sole proprietorship,
8 sole ownership,

9 “(ii) in the case of a corporation, owner-
10 ship (by vote or value) of not less than 51 per-
11 cent of the stock in such corporation, or

12 “(iii) in the case of a partnership or joint
13 venture, ownership of not less than 51 percent
14 of the profits interests or capital interests in
15 such partnership or joint venture.

16 “(4) SMALL BUSINESS.—The term ‘small busi-
17 ness’ means, with respect to any taxable year, any
18 person engaged in a trade or business in the United
19 States if—

20 “(A) the gross receipts of such person for
21 the preceding taxable year did not exceed
22 \$5,000,000, or

23 “(B) in the case of a person to which sub-
24 paragraph (A) does not apply, such person em-

1 employed not more than 100 full-time employees
2 during the preceding taxable year.

3 For purposes of subparagraph (B), an employee
4 shall be considered full-time if such employee is em-
5 ployed at least 30 hours per week for 20 or more
6 calendar weeks in the taxable year.

7 “(c) QUALIFIED START-UP EXPENDITURES.—For
8 purposes of this section—

9 “(1) IN GENERAL.—The term ‘qualified start-
10 up expenditures’ means—

11 “(A) any start-up expenditures (as defined
12 in section 195(c)), or

13 “(B) any amounts paid or incurred during
14 the taxable year for the purchase or lease of
15 real property, or the purchase of personal prop-
16 erty, placed in service during the taxable year
17 and used in the active conduct of a trade or
18 business.

19 “(d) SPECIAL RULES.—For purposes of this sec-
20 tion—

21 “(1) YEAR OF ELECTION.—The taxpayer may
22 elect the application of this section only for the first
23 2 taxable years for which ordinary and necessary ex-
24 penses paid or incurred in carrying on such trade or

1 business are allowable as a deduction by the tax-
2 payer under section 162.

3 “(2) CONTROLLED GROUPS AND COMMON CON-
4 TROL.—All persons treated as a single employer
5 under subsections (a) and (b) of section 52 shall be
6 treated as 1 person.

7 “(3) NO DOUBLE BENEFIT.—If a credit is de-
8 termined under this section with respect to any
9 property, the basis of such property shall be reduced
10 by the amount of the credit attributable to such
11 property.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for subpart D of part IV of subchapter A of chapter 1
14 of such Code is amended by adding at the end the fol-
15 lowing new item:

“Sec. 45S. Veteran small business start-up credit.”.

16 (c) MADE PART OF GENERAL BUSINESS CREDIT.—
17 Section 38(b) of such Code is amended by striking “plus”
18 at the end of paragraph (35), by striking the period at
19 the end of paragraph (36) and inserting “, plus”, and by
20 adding at the end the following new paragraph:

21 “(37) the veteran small business start-up credit
22 determined under section 45S.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2016.

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