

114TH CONGRESS
1ST SESSION

H. R. 4039

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

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 17, 2015

Ms. ADAMS (for herself, Ms. JUDY CHU of California, Ms. KELLY of Illinois, Mrs. LAWRENCE, Mr. PAYNE, Mr. TAKAI, and Ms. VELÁZQUEZ) 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.

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) who has not been discharged or re-
22 leased from the Armed Forces of the United
23 States under dishonorable conditions.

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

1 “(A) management and operation of the
2 daily business, and—

3 “(B)(i) in the case of a sole proprietorship,
4 sole ownership,

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

8 “(iii) in the case of a partnership or joint
9 venture, ownership of not less than 51 percent
10 of the profits interests or capital interests in
11 such partnership or joint venture.

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

16 “(A) the gross receipts of such person for
17 the preceding taxable year did not exceed
18 \$5,000,000, or

19 “(B) in the case of a person to which sub-
20 paragraph (A) does not apply, such person em-
21 ployed not more than 100 full-time employees
22 during the preceding taxable year.

23 For purposes of subparagraph (B), an employee
24 shall be considered full-time if such employee is em-

1 employed at least 30 hours per week for 20 or more
2 calendar weeks in the taxable year.

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

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

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

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

15 “(d) SPECIAL RULES.—For purposes of this sec-
16 tion—

17 “(1) YEAR OF ELECTION.—The taxpayer may
18 elect the application of this section only for the first
19 2 taxable years for which ordinary and necessary ex-
20 penses paid or incurred in carrying on such trade or
21 business are allowable as a deduction by the tax-
22 payer under section 162.

23 “(2) CONTROLLED GROUPS AND COMMON CON-
24 TROL.—All persons treated as a single employer

1 under subsections (a) and (b) of section 52 shall be
2 treated as 1 person.

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

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

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

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

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

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

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