

115TH CONGRESS
1ST SESSION

H. R. 2764

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

IN THE HOUSE OF REPRESENTATIVES

MAY 30, 2017

Ms. ADAMS (for herself, Ms. VELÁZQUEZ, Mr. PAYNE, Ms. MENG, Mr. LAWSON of Florida, Mr. TAKANO, and Ms. SHEA-PORTER) 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 2017”.

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
9 1986 is amended by adding at the end the following new
10 section:

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

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

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

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

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

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

19 “(B) who has not been discharged or re-
20 leased from the Armed Forces of the United
21 States under dishonorable conditions.

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

23 “(A) management and operation of the
24 daily business, and—

25 “(B)(i) in the case of a sole proprietorship,
26 sole ownership,

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

4 “(iii) in the case of a partnership or joint
5 venture, ownership of not less than 51 percent
6 of the profits interests or capital interests in
7 such partnership or joint venture.

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

12 “(A) the gross receipts of such person for
13 the preceding taxable year did not exceed
14 \$5,000,000, or

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

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

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

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

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

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

11 “(d) SPECIAL RULES.—For purposes of this sec-
12 tion—

13 “(1) YEAR OF ELECTION.—The taxpayer may
14 elect the application of this section only for the first
15 2 taxable years for which ordinary and necessary ex-
16 penses paid or incurred in carrying on such trade or
17 business are allowable as a deduction by the tax-
18 payer under section 162.

19 “(2) CONTROLLED GROUPS AND COMMON CON-
20 TROL.—All persons treated as a single employer
21 under subsections (a) and (b) of section 52 shall be
22 treated as 1 person.

23 “(3) NO DOUBLE BENEFIT.—If a credit is de-
24 termined under this section with respect to any
25 property, the basis of such property shall be reduced

1 by the amount of the credit attributable to such
2 property.”.

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

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

7 (c) MADE PART OF GENERAL BUSINESS CREDIT.—
8 Section 38(b) of such Code is amended by striking “plus”
9 at the end of paragraph (35), by striking the period at
10 the end of paragraph (36) and inserting “, plus”, and by
11 adding at the end the following new paragraph:

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

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2018.

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