

112TH CONGRESS
1ST SESSION

H. R. 871

To amend the Internal Revenue Code of 1986 to make the credit for research activities permanent and to provide an increase in such credit for taxpayers whose gross receipts are predominantly from domestic production activities.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2011

Mr. SHULER (for himself, Mr. HUNTER, Mr. MANZULLO, Mr. BISHOP of Georgia, Mr. RIBBLE, Mr. MCKINLEY, and Mr. LIPINSKI) 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 make the credit for research activities permanent and to provide an increase in such credit for taxpayers whose gross receipts are predominantly from domestic production activities.

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. CREDIT FOR RESEARCH ACTIVITIES MADE**
4 **PERMANENT AND INCREASED FOR TAX-**
5 **PAYERS WITH DOMESTIC PRODUCTION AC-**
6 **TIVITIES.**

7 (a) RESEARCH CREDIT MADE PERMANENT.—

1 (1) IN GENERAL.—Section 41 of the Internal
2 Revenue Code of 1986 is amended by striking sub-
3 section (h).

4 (2) CONFORMING AMENDMENT.—Subsection (c)
5 of section 41 of such Code is amended by striking
6 paragraph (4).

7 (b) INCREASED CREDIT FOR TAXPAYERS WITH DO-
8 MESTIC PRODUCTION ACTIVITIES.—Section 41 of such
9 Code (as amended by subsection (a)) is amended by add-
10 ing at the end the following new subsection:

11 “(h) INCREASED CREDIT FOR TAXPAYERS WHOSE
12 GROSS RECEIPTS ARE PREDOMINANTLY FROM DOMESTIC
13 PRODUCTION ACTIVITIES.—

14 “(1) IN GENERAL.—In the case of any taxpayer
15 whose domestic production activity percentage for
16 any taxable year exceeds 50 percent, this section
17 shall be applied for such taxable year by increasing
18 each credit determination percentage by the bonus
19 number of percentage points determined in accord-
20 ance with the following table:

“In the case of a taxpayer whose domestic production activity percentage is:	The bonus num- ber of percent- age points is:
More than 50% but not more than 60%	2
More than 60% but not more than 70%	4
More than 70% but not more than 80%	6
More than 80% but not more than 90%	8
More than 90%	10.

1 “(2) DOMESTIC PRODUCTION ACTIVITY PER-
2 CENTAGE.—For purposes of this subsection, the
3 term ‘domestic production activity percentage’
4 means, with respect to any taxable year, the ratio
5 (expressed as a percentage) determined by divid-
6 ing—

7 “(A) the taxpayer’s domestic production
8 gross receipts (as defined in paragraph (4) of
9 section 199(c)) for such taxable year, by

10 “(B) the amount which would be deter-
11 mined under such paragraph with respect to the
12 taxpayer for such taxable year if the activities
13 described in such paragraph were taken into ac-
14 count without regard to whether they occurred
15 in the United States.

16 “(3) CREDIT DETERMINATION PERCENTAGE.—
17 For purposes of this subsection, the term ‘credit de-
18 termination percentage’ means—

19 “(A) each of the percentages appearing in
20 subsection (a), and

21 “(B) the ‘14 percent’ appearing in sub-
22 section (c)(5)(A).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2010.

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