

103^D CONGRESS
2^D SESSION

H. R. 3952

To amend the Internal Revenue Code of 1986 to alleviate the inequitable tax treatment of individuals operating small, expanding publishing businesses as S corporations or partnerships, thereby encouraging the growth and development of such businesses.

IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 1994

Mr. CARDIN (for himself and Mr. SHAW) 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 alleviate the inequitable tax treatment of individuals operating small, expanding publishing businesses as S corporations or partnerships, thereby encouraging the growth and development of such businesses.

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. MODIFICATION TO MINIMUM TAX TREATMENT**

4 **OF CIRCULATION EXPENSES.**

5 (a) GENERAL RULE.—Subparagraph (D) of section
6 56(b)(2) of the Internal Revenue Code of 1986 (relating

1 to circulation and research and experimental expenditures)
2 is amended to read as follows:

3 “(D) EXCEPTION FOR CERTAIN EXPENDI-
4 TURES.—If the taxpayer materially participates
5 (within the meaning of section 469(h)) in an
6 activity, this paragraph shall not apply to any
7 amount allowable as a deduction under section
8 173 or 174(a) for expenditures paid or incurred
9 in connection with such activity.”

10 (b) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendment made by
12 subsection (a) shall apply to expenditures paid or in-
13 curred in taxable years ending after the date of the
14 enactment of this Act.

15 (2) 5-YEAR SPREAD FOR PREVIOUSLY CAPITAL-
16 IZED EXPENDITURES.—

17 (A) IN GENERAL.—For purposes of deter-
18 mining the alternative minimum taxable income
19 of any taxpayer, the expenditures described in
20 subparagraph (B) shall be amortized ratably
21 over the 5-year period beginning with the first
22 day of the first taxable year ending after the
23 date of the enactment of this Act. Such amorti-
24 zation shall be treated as the amount allowable

1 under section 56(b)(2)(A) of the Internal Reve-
2 nue Code of 1986.

3 (B) DESCRIPTION OF EXPENDITURES.—

4 The expenditures described in this subpara-
5 graph consist of the unamortized balance (as of
6 the close of the taxpayer's last taxable year
7 ending before the date of the enactment of this
8 Act) of the circulation expenditures which were
9 capitalized under section 56(b)(2)(A) of the In-
10 ternal Revenue Code of 1986 and which would
11 not have been so capitalized if the amendment
12 made by subsection (a) had applied to the tax-
13 able years in which such expenditures were paid
14 or incurred.

○