

104TH CONGRESS
2D SESSION

S. 1914

To amend the Internal Revenue Code of 1986 to clarify the treatment of research related to an existing business component.

IN THE SENATE OF THE UNITED STATES

JUNE 27, 1996

Mr. HATCH introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to clarify the treatment of research related to an existing business component.

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. CLARIFICATION OF RESEARCH ON EXISTING
4 BUSINESS COMPONENTS ELIGIBLE FOR
5 RESEARCH CREDIT.

6 (a) IN GENERAL.—Subparagraph (C) of section
7 41(d)(4) of the Internal Revenue Code of 1986 (relating
8 to activities for which credit is not allowed) is amended
9 by adding at the end the following new sentence: “The
10 preceding sentence shall not apply to research related to

1 the development of a business component of a taxpayer
2 which is an original alternative to achieve the equivalent
3 result of an existing business component of a competitor
4 of the taxpayer.”

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years beginning after
7 the date of the enactment of this Act.

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