

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.

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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

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## 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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