

112th CONGRESS
1st Session

H. R. 942

To amend the Internal Revenue Code of 1986 to extend the research credit through 2012 and to increase and make permanent the alternative simplified research credit.

IN THE HOUSE OF REPRESENTATIVES

March 8, 2011

Mr. BRADY of Texas (for himself, Mr. LARSON of Connecticut, Mr. PAULSEN, Ms. ESHOO, Ms. MATSUI, and Mr. MCCAUL) 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 extend the research credit through 2012 and to increase and make permanent the alternative simplified research credit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘American Research and Competitiveness Act of 2011’.

SEC. 2. EXTENSION OF RESEARCH CREDIT; ALTERNATIVE SIMPLIFIED RESEARCH CREDIT INCREASED AND MADE PERMANENT.

(a) Extension of Credit-

(1) IN GENERAL- Subparagraph (B) of section 41(h)(1) of the Internal Revenue Code of 1986 is amended by striking ‘December 31, 2011’ and inserting ‘December 31, 2012’.

(2) CONFORMING AMENDMENT- Subparagraph (D) of section 45C(b)(1) of such Code is amended by striking ‘December 31, 2011’ and inserting ‘December 31, 2012’.

(3) EFFECTIVE DATE- The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2011.

(b) Alternative Simplified Research Credit Increased and Made Permanent-

(1) INCREASED CREDIT- Subparagraph (A) of section 41(c)(5) of such Code (relating to election of alternative simplified credit) is amended by striking '14 percent (12 percent in the case of taxable years ending before January 1, 2009)' and inserting '20 percent'.

(2) CREDIT MADE PERMANENT-

(A) IN GENERAL- Subsection (h) of section 41 of such Code is amended by re-designating the paragraph (2) relating to computation of taxable year in which credit terminates as paragraph (4) and by inserting before such paragraph the following new paragraph:

“(3) TERMINATION NOT TO APPLY TO ALTERNATIVE SIMPLIFIED CREDIT- Paragraph (1) shall not apply to the credit determined under subsection (c)(5).”

(B) CONFORMING AMENDMENT- Paragraph (4) of section 41(h) of such Code, as re-designated by subparagraph (A), is amended to read as follows:

“(4) COMPUTATION FOR TAXABLE YEAR IN WHICH CREDIT TERMINATES- In the case of any taxable year with respect to which this section applies to a number of days which is less than the total number of days in such taxable year, the amount determined under subsection (c)(1)(B) with respect to such taxable year shall be the amount which bears the same ratio to such amount (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year.”

(3) EFFECTIVE DATE- The amendments made by this subsection shall apply to taxable years ending after December 31, 2010.