

1 subparagraph (X), by striking the period at the end of sub-
 2 paragraph (Y) and inserting “, and”, and by inserting
 3 after subparagraph (Y) the following new subparagraph:

4 “(Z) an omission of a correct social security
 5 number required under section 225(d) (relating
 6 to deduction for qualified overtime).”.

7 (e) CLERICAL AMENDMENT.—The table of sections for
 8 part VII of subchapter B of chapter 1, as amended by the
 9 preceding provisions of this Act, is amended by redesign-
 10 ating the item relating to section 225 as an item relating
 11 to section 226 and by inserting after the item relating to
 12 section 224 the following new item:

“Sec. 225. Qualified overtime compensation.”.

13 (f) WITHHOLDING.—The Secretary of the Treasury (or
 14 the Secretary’s delegate) shall modify the procedures pre-
 15 scribed under section 3402(a) of the Internal Revenue Code
 16 of 1986 for taxable years beginning after December 31,
 17 2025, to take into account the deduction allowed under sec-
 18 tion 225 of such Code (as added by this Act).

19 (g) EFFECTIVE DATE.—The amendments made by this
 20 section shall apply to taxable years beginning after Decem-
 21 ber 31, 2024.

22 (h) TRANSITION RULE.—In the case of qualified over-
 23 time compensation required to be reported for periods before
 24 January 1, 2026, persons required to file returns or state-
 25 ments under section 6051(a)(19), 6041(a), or 6041(d)(4) of

1 *the Internal Revenue Code of 1986 (as amended by this sec-*
 2 *tion) may approximate a separate accounting of amounts*
 3 *designated as qualified overtime compensation by any rea-*
 4 *sonable method specified by the Secretary.*

5 **SEC. 70203. NO TAX ON CAR LOAN INTEREST.**

6 (a) *IN GENERAL.*—Section 163(h) is amended by re-
 7 *designating paragraph (4) as paragraph (5) and by insert-*
 8 *ing after paragraph (3) the following new paragraph:*

9 “(4) *SPECIAL RULES FOR TAXABLE YEARS 2025*
 10 *THROUGH 2028 RELATING TO QUALIFIED PASSENGER*
 11 *VEHICLE LOAN INTEREST.*—

12 “(A) *IN GENERAL.*—*In the case of taxable*
 13 *years beginning after December 31, 2024, and*
 14 *before January 1, 2029, for purposes of this sub-*
 15 *section the term ‘personal interest’ shall not in-*
 16 *clude qualified passenger vehicle loan interest.*

17 “(B) *QUALIFIED PASSENGER VEHICLE LOAN*
 18 *INTEREST DEFINED.*—

19 “(i) *IN GENERAL.*—*For purposes of*
 20 *this paragraph, the term ‘qualified pas-*
 21 *senger vehicle loan interest’ means any in-*
 22 *terest which is paid or accrued during the*
 23 *taxable year on indebtedness incurred by*
 24 *the taxpayer after December 31, 2024, for*
 25 *the purchase of, and that is secured by a*

1 *first lien on, an applicable passenger vehicle*
2 *for personal use.*

3 “(ii) *EXCEPTIONS.—Such term shall*
4 *not include any amount paid or incurred*
5 *on any of the following:*

6 “(I) *A loan to finance fleet sales.*

7 “(II) *A loan incurred for the pur-*
8 *chase of a commercial vehicle that is*
9 *not used for personal purposes.*

10 “(III) *Any lease financing.*

11 “(IV) *A loan to finance the pur-*
12 *chase of a vehicle with a salvage title.*

13 “(V) *A loan to finance the pur-*
14 *chase of a vehicle intended to be used*
15 *for scrap or parts.*

16 “(iii) *VIN REQUIREMENT.—Interest*
17 *shall not be treated as qualified passenger*
18 *vehicle loan interest under this paragraph*
19 *unless the taxpayer includes the vehicle*
20 *identification number of the applicable pas-*
21 *senger vehicle described in clause (i) on the*
22 *return of tax for the taxable year.*

23 “(C) *LIMITATIONS.—*

24 “(i) *DOLLAR LIMIT.—The amount of*
25 *interest taken into account by a taxpayer*

under subparagraph (B) for any taxable year shall not exceed \$10,000.

“(ii) *LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.*—

“(I) *IN GENERAL.*—The amount which is otherwise allowable as a deduction under subsection (a) as qualified passenger vehicle loan interest (determined without regard to this clause and after the application of clause (i)) shall be reduced (but not below zero) by \$200 for each \$1,000 (or portion thereof) by which the modified adjusted gross income of the taxpayer for the taxable year exceeds \$100,000 (\$200,000 in the case of a joint return).

“(II) *MODIFIED ADJUSTED GROSS INCOME.*—For purposes of this clause, the term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

1 “(D) *APPLICABLE PASSENGER VEHICLE.*—

2 *The term ‘applicable passenger vehicle’ means*
 3 *any vehicle—*

4 “(i) *the original use of which com-*
 5 *mences with the taxpayer,*

6 “(ii) *which is manufactured primarily*
 7 *for use on public streets, roads, and high-*
 8 *ways (not including a vehicle operated ex-*
 9 *clusively on a rail or rails),*

10 “(iii) *which has at least 2 wheels,*

11 “(iv) *which is a car, minivan, van,*
 12 *sport utility vehicle, pickup truck, or motor-*
 13 *cycle,*

14 “(v) *which is treated as a motor vehi-*
 15 *cle for purposes of title II of the Clean Air*
 16 *Act, and*

17 “(vi) *which has a gross vehicle weight*
 18 *rating of less than 14,000 pounds.*

19 *Such term shall not include any vehicle the final*
 20 *assembly of which did not occur within the*
 21 *United States.*

22 “(E) *OTHER DEFINITIONS AND SPECIAL*
 23 *RULES.—For purposes of this paragraph—*

24 “(i) *FINAL ASSEMBLY.*—*For purposes*
 25 *of subparagraph (D), the term ‘final assem-*

1 *bly’ means the process by which a manufac-*
2 *turer produces a vehicle at, or through the*
3 *use of, a plant, factory, or other place from*
4 *which the vehicle is delivered to a dealer*
5 *with all component parts necessary for the*
6 *mechanical operation of the vehicle included*
7 *with the vehicle, whether or not the compo-*
8 *nent parts are permanently installed in or*
9 *on the vehicle.*

10 “(ii) *TREATMENT OF REFINANCING.—*
11 *Indebtedness described in subparagraph (B)*
12 *shall include indebtedness that results from*
13 *refinancing any indebtedness described in*
14 *such subparagraph, and that is secured by*
15 *a first lien on the applicable passenger vehi-*
16 *cle with respect to which the refinanced in-*
17 *debtedness was incurred, but only to the ex-*
18 *tent the amount of such resulting indebted-*
19 *ness does not exceed the amount of such refi-*
20 *nanced indebtedness.*

21 “(iii) *RELATED PARTIES.—Indebted-*
22 *ness described in subparagraph (B) shall*
23 *not include any indebtedness owed to a per-*
24 *son who is related (within the meaning of*

1 section 267(b) or 707(b)(1)) to the tax-
2 payer.”.

3 (b) *DEDUCTION ALLOWED TO NON-ITEMIZERS.*—Sec-
4 tion 63(b), as amended by the preceding provisions of this
5 Act, is amended by striking “and” at the end of paragraph
6 (5), by striking the period at the end of paragraph (6) and
7 inserting “and”, and by adding at the end the following
8 new paragraph:

9 “(7) so much of the deduction allowed by section
10 163(a) as is attributable to the exception under sec-
11 tion 163(h)(4)(A).”.

12 (c) *REPORTING.*—

13 (1) *IN GENERAL.*—Subpart B of part III of sub-
14 chapter A of chapter 61 is amended by adding at the
15 end the following new section:

16 **“SEC. 6050AA. RETURNS RELATING TO APPLICABLE PAS-**
17 **SENGER VEHICLE LOAN INTEREST RECEIVED**
18 **IN TRADE OR BUSINESS FROM INDIVIDUALS.**

19 “(a) *IN GENERAL.*—Any person—

20 “(1) who is engaged in a trade or business, and

21 “(2) who, in the course of such trade or business,
22 receives from any individual interest aggregating
23 \$600 or more for any calendar year on a specified
24 passenger vehicle loan,

1 *shall make the return described in subsection (b) with re-*
 2 *spect to each individual from whom such interest was re-*
 3 *ceived at such time as the Secretary may provide.*

4 “(b) *FORM AND MANNER OF RETURNS.*—A return is
 5 *described in this subsection if such return—*

6 “(1) *is in such form as the Secretary may pre-*
 7 *scribe, and*

8 “(2) *contains—*

9 “(A) *the name and address of the indi-*
 10 *vidual from whom the interest described in sub-*
 11 *section (a)(2) was received,*

12 “(B) *the amount of such interest received*
 13 *for the calendar year,*

14 “(C) *the amount of outstanding principal*
 15 *on the specified passenger vehicle loan as of the*
 16 *beginning of such calendar year,*

17 “(D) *the date of the origination of such*
 18 *loan,*

19 “(E) *the year, make, model, and vehicle*
 20 *identification number of the applicable passenger*
 21 *vehicle which secures such loan (or such other de-*
 22 *scription of such vehicle as the Secretary may*
 23 *prescribe), and*

24 “(F) *such other information as the Sec-*
 25 *retary may prescribe.*

1 “(c) *STATEMENTS TO BE FURNISHED TO INDIVIDUALS*
 2 *WITH RESPECT TO WHOM INFORMATION IS REQUIRED.*—

3 *Every person required to make a return under subsection*
 4 *(a) shall furnish to each individual whose name is required*
 5 *to be set forth in such return a written statement showing—*

6 “(1) *the name, address, and phone number of the*
 7 *information contact of the person required to make*
 8 *such return, and*

9 “(2) *the information described in subparagraphs*
 10 *(B), (C), (D), and (E) of subsection (b)(2) with re-*
 11 *spect to such individual (and such information as is*
 12 *described in subsection (b)(2)(F) with respect to such*
 13 *individual as the Secretary may provide for purposes*
 14 *of this subsection).*

15 *The written statement required under the preceding sen-*
 16 *tence shall be furnished on or before January 31 of the year*
 17 *following the calendar year for which the return under sub-*
 18 *section (a) was required to be made.*

19 “(d) *DEFINITIONS.*—*For purposes of this section—*

20 “(1) *IN GENERAL.*—*Terms used in this section*
 21 *which are also used in paragraph (4) of section*
 22 *163(h) shall have the same meaning as when used in*
 23 *such paragraph.*

24 “(2) *SPECIFIED PASSENGER VEHICLE LOAN.*—

25 *The term ‘specified passenger vehicle loan’ means the*

1 *indebtedness described in section 163(h)(4)(B) with*
 2 *respect to any applicable passenger vehicle.*

3 “(e) *REGULATIONS.*—*The Secretary shall issue such*
 4 *regulations or other guidance as may be necessary or appro-*
 5 *priate to carry out the purposes of this section, including*
 6 *regulations or other guidance to prevent the duplicate re-*
 7 *porting of information under this section.*

8 “(f) *APPLICABILITY.*—*No return shall be required*
 9 *under this section for any period to which section 163(h)(4)*
 10 *does not apply.”.*

11 (2) *PENALTIES.*—*Section 6724(d) is amended—*

12 (A) *in paragraph (1)(B), by striking “or”*
 13 *at the end of clause (xxvii), by striking “and” at*
 14 *the end of clause (xxviii) and inserting “or”, and*
 15 *by adding at the end the following new clause:*

16 “(xxix) *section 6050AA(a) (relating to*
 17 *returns relating to applicable passenger ve-*
 18 *hicle loan interest received in trade or busi-*
 19 *ness from individuals),” and*

20 (B) *in paragraph (2), by striking “or” at*
 21 *the end of subparagraph (KK), by striking the*
 22 *period at the end of subparagraph (LL) and in-*
 23 *serting “, or”, and by inserting after subpara-*
 24 *graph (LL) the following new subparagraph:*

1 “(MM) section 6050AA(c) (relating to state-
 2 ments relating to applicable passenger vehicle
 3 loan interest received in trade or business from
 4 individuals).”.

5 (d) *CONFORMING AMENDMENTS.*—

6 (1) Section 56(e)(1)(B) is amended by striking
 7 “section 163(h)(4)” and inserting “section 163(h)(5)”.

8 (2) The table of sections for subpart B of part
 9 III of subchapter A of chapter 61 is amended by add-
 10 ing at the end the following new item:

 “Sec. 6050AA. Returns relating to applicable passenger vehicle loan interest re-
 ceived in trade or business from individuals.”.

11 (e) *EFFECTIVE DATE.*—The amendments made by this
 12 section shall apply to indebtedness incurred after December
 13 31, 2024.

14 **SEC. 70204. TRUMP ACCOUNTS AND CONTRIBUTION PILOT**
 15 **PROGRAM.**

16 (a) *TRUMP ACCOUNTS.*—

17 (1) *IN GENERAL.*—Subchapter F of chapter 1 is
 18 amended by adding at the end the following new part:

19 **“PART IX—TRUMP ACCOUNTS**

 “Sec. 530A. Trump accounts.

20 **“SEC. 530A. TRUMP ACCOUNTS.**

21 “(a) *GENERAL RULE.*—Except as provided in this sec-
 22 tion or under regulations or guidance established by the
 23 Secretary, a Trump account shall be treated for purposes

1 *of this title in the same manner as an individual retirement*
 2 *account under section 408(a).*

3 “(b) *TRUMP ACCOUNT.*—*For purposes of this section—*

4 “(1) *IN GENERAL.*—*The term ‘Trump account’*
 5 *means an individual retirement account (as defined*
 6 *in section 408(a)) which is not designated as a Roth*
 7 *IRA and which meets the following requirements:*

8 “(A) *The account—*

9 “(i) *is created or organized by the Sec-*
 10 *retary for the exclusive benefit of an eligible*
 11 *individual or such eligible individual’s*
 12 *beneficiaries, or*

13 “(ii) *is—*

14 “(I) *created or organized in the*
 15 *United States for the exclusive benefit*
 16 *of an individual who has not attained*
 17 *the age of 18 before the end of the cal-*
 18 *endar year, or such individual’s bene-*
 19 *ficiaries, and*

20 “(II) *funded by a qualified roll-*
 21 *over contribution.*

22 “(B) *The account is designated (in such*
 23 *manner as the Secretary shall prescribe) at the*
 24 *time of the establishment of the account as a*
 25 *Trump account.*

1 “(C) *The written governing instrument cre-*
2 *ating the account meets the following require-*
3 *ments:*

4 “(i) *No contribution will be accepted—*

5 “(I) *before the date that is 12*
6 *months after the date of the enactment*
7 *of this section, or*

8 “(II) *in the case of a contribution*
9 *made in any calendar year before the*
10 *calendar year in which the account*
11 *beneficiary attains age 18, if such con-*
12 *tribution would result in aggregate*
13 *contributions (other than exempt con-*
14 *tributions) for such calendar year in*
15 *excess of the contribution limit speci-*
16 *fied in subsection (c)(2)(A).*

17 “(ii) *Except as provided in subsection*
18 *(d), no distribution will be allowed before*
19 *the first day of the calendar year in which*
20 *the account beneficiary attains age 18.*

21 “(iii) *No part of the account funds will*
22 *be invested in any asset other than an eligi-*
23 *ble investment during any period before the*
24 *first day of the calendar year in which the*
25 *account beneficiary attains age 18.*

1 “(2) *ELIGIBLE INDIVIDUAL*.—The term ‘eligible
2 individual’ means any individual—

3 “(A) *who has not attained the age of 18 be-*
4 *fore the close of the calendar year in which the*
5 *election under subparagraph (C) is made,*

6 “(B) *for whom a social security number*
7 *(within the meaning of section 24(h)(7)) has*
8 *been issued before the date on which an election*
9 *under subsection (C) is made, and*

10 “(C) *for whom—*

11 “(i) *an election is made under this*
12 *subparagraph by the Secretary if the Sec-*
13 *retary determines (based on information*
14 *available to the Secretary from tax returns*
15 *or otherwise) that such individual meets the*
16 *requirements of subparagraphs (A) and (B)*
17 *and no prior election has been made for*
18 *such individual under clause (ii), or*

19 “(ii) *an election is made under this*
20 *subparagraph by a person other than the*
21 *Secretary (at such time and in such man-*
22 *ner as the Secretary may prescribe) for the*
23 *establishment of a Trump account if no*
24 *prior election has been made for such indi-*
25 *vidual under clause (i).*

1 “(3) *ELIGIBLE INVESTMENT.*—

2 “(A) *IN GENERAL.*—*The term ‘eligible in-*
 3 *vestment’ means any mutual fund or exchange*
 4 *traded fund which—*

5 “(i) *tracks the returns of a qualified*
 6 *index,*

7 “(ii) *does not use leverage,*

8 “(iii) *does not have annual fees and*
 9 *expenses of more than 0.1 percent of the bal-*
 10 *ance of the investment in the fund, and*

11 “(iv) *meets such other criteria as the*
 12 *Secretary determines appropriate for pur-*
 13 *poses of this section.*

14 “(B) *QUALIFIED INDEX.*—*The term ‘quali-*
 15 *fied index’ means—*

16 “(i) *the Standard and Poor’s 500 stock*
 17 *market index, or*

18 “(ii) *any other index—*

19 “(I) *which is comprised of equity*
 20 *investments in primarily United*
 21 *States companies, and*

22 “(II) *for which regulated futures*
 23 *contracts (as defined in section*
 24 *1256(g)(1)) are traded on a qualified*

1 *board or exchange (as defined in sec-*
 2 *tion 1256(g)(7)).*

3 *Such term shall not include any industry or*
 4 *sector-specific index, but may include an*
 5 *index based on market capitalization.*

6 “(4) *ACCOUNT BENEFICIARY.*—*The term ‘account*
 7 *beneficiary’ means the individual on whose behalf the*
 8 *Trump account was established.*

9 “(c) *TREATMENT OF CONTRIBUTIONS.*—

10 “(1) *NO DEDUCTION ALLOWED.*—*No deduction*
 11 *shall be allowed under section 219 for any contribu-*
 12 *tion which is made before the first day of the calendar*
 13 *year in which the account beneficiary attains age 18.*

14 “(2) *CONTRIBUTION LIMIT.*—*In the case of any*
 15 *contribution made before the calendar year in which*
 16 *the account beneficiary attains age 18—*

17 “(A) *IN GENERAL.*—*The aggregate amount*
 18 *of contributions (other than exempt contribu-*
 19 *tions) for such calendar year shall not exceed*
 20 *\$5,000.*

21 “(B) *EXEMPT CONTRIBUTION.*—*For pur-*
 22 *poses of this paragraph, the term ‘exempt con-*
 23 *tribution’ means—*

24 “(i) *a qualified rollover contribution,*

1 “(ii) any qualified general contribu-
2 tion, or

3 “(iii) any contribution provided under
4 section 6434.

5 “(C) COST-OF-LIVING ADJUSTMENT.—

6 “(i) IN GENERAL.—In the case of any
7 taxable year after 2027, the \$5,000 amount
8 under subparagraph (A) shall be increased
9 by an amount equal to—

10 “(I) such dollar amount, multi-
11 plied by

12 “(II) the cost-of-living adjustment
13 determined under section 1(f)(3) for
14 the calendar year in which the taxable
15 year begins, determined by substituting
16 ‘calendar year 2026’ for ‘calendar year
17 2016’ in subparagraph (A)(ii) thereof.

18 “(ii) ROUNDING.—If any increase
19 under this subparagraph is not a multiple
20 of \$100, such amount shall be rounded to
21 the next lowest multiple of \$100.

22 “(3) TIMING OF CONTRIBUTIONS.—Section
23 219(f)(3) shall not apply to any contribution made to
24 a Trump account for any taxable year ending before

1 *the calendar year in which the account beneficiary at-*
 2 *tains age 18.*

3 “(d) *DISTRIBUTIONS.*—

4 “(1) *IN GENERAL.*—*Except as otherwise provided*
 5 *in this subsection, no distribution shall be allowed be-*
 6 *fore the first day of the calendar year in which the*
 7 *account beneficiary attains age 18.*

8 “(2) *TAX TREATMENT OF ALLOWABLE DISTRIBUTIONS.*—*For purposes of applying section 72 to any*
 9 *amount distributed from a Trump account, the in-*
 10 *vestment in the contract shall not include—*

12 “(A) *any qualified general contribution,*

13 “(B) *any contribution provided under sec-*
 14 *tion 6434, and*

15 “(C) *the amount of any contribution which*
 16 *is excluded from gross income under section 128.*

17 “(3) *QUALIFIED ROLLOVER CONTRIBUTIONS.*—
 18 *Paragraph (1) shall not apply to any distribution*
 19 *which is a qualified rollover contribution and the*
 20 *amount of such distribution shall not be included in*
 21 *the gross income of the beneficiary.*

22 “(4) *QUALIFIED ABLE ROLLOVER CONTRIBU-*
 23 *TIONS.*—

24 “(A) *IN GENERAL.*—*Paragraph (1) shall*
 25 *not apply to any distribution which is a quali-*

1 *fied ABLE rollover contribution and the amount*
 2 *of such distribution shall not be included in the*
 3 *gross income of the beneficiary.*

4 “(B) *QUALIFIED ABLE ROLLOVER CON-*
 5 *TRIBUTION.*—*For purposes of this section, the*
 6 *term ‘qualified ABLE rollover contribution’*
 7 *means an amount which is paid during the cal-*
 8 *endar year in which the account beneficiary at-*
 9 *tains age 17 in a direct trustee-to-trustee trans-*
 10 *fer from a Trump account maintained for the*
 11 *benefit of the account beneficiary to an ABLE*
 12 *account (as defined in section 529A(e)(6)) for the*
 13 *benefit of the such account beneficiary, but only*
 14 *if the amount of such payment is equal to the en-*
 15 *tire balance of the Trump account from which*
 16 *the payment is made.*

17 “(5) *DISTRIBUTIONS OF EXCESS CONTRIBU-*
 18 *TIONS.*—*In the case of any contribution which is*
 19 *made before the calendar year in which the account*
 20 *beneficiary attains age 18 and which is in excess of*
 21 *the limitation in effect under subsection (c)(2)(A) for*
 22 *the calendar year—*

23 “(A) *paragraph (1) shall not apply to the*
 24 *distribution of such excess,*

1 “(B) the amount of such distribution shall
 2 not be included in gross income of the account
 3 beneficiary, and

4 “(C) the tax imposed by this chapter on the
 5 distributee for the taxable year in which the dis-
 6 tribution is made shall be increased by 100 per-
 7 cent of the amount of net income attributable to
 8 such excess (determined without regard to sub-
 9 paragraph (B)).

10 “(6) TREATMENT OF DEATH OF ACCOUNT BENE-
 11 FICIARY.—If, by reason of the death of the account
 12 beneficiary before the first day of the calendar year
 13 in which the account beneficiary attains age 18, any
 14 person acquires the account beneficiary’s interest in
 15 the Trump account—

16 “(A) paragraph (1) shall not apply,

17 “(B) such account shall cease to be a Trump
 18 account as of the date of death, and

19 “(C) an amount equal to the fair market
 20 value of the assets (reduced by the investment in
 21 the contract) in such account on such date
 22 shall—

23 “(i) if such person is not the estate of
 24 such beneficiary, be includible in such per-

1 son's gross income for the taxable year
2 which includes such date, or

3 “(ii) if such person is the estate of such
4 beneficiary, be includible in such bene-
5 ficiary's gross income for the last taxable
6 year of such beneficiary.

7 “(e) *QUALIFIED ROLLOVER CONTRIBUTION.*—For pur-
8 poses of this section, the term ‘qualified rollover contribu-
9 tion’ means an amount which is paid in a direct trustee-
10 to-trustee transfer from a Trump account maintained for
11 the benefit of the account beneficiary to a Trump account
12 maintained for such beneficiary, but only if the amount of
13 such payment is equal to the entire balance of the Trump
14 account from which the payment is made.

15 “(f) *QUALIFIED GENERAL CONTRIBUTION.*—For pur-
16 poses of this section—

17 “(1) *IN GENERAL.*—The term ‘qualified general
18 contribution’ means any contribution which—

19 “(A) is made by the Secretary pursuant to
20 a general funding contribution,

21 “(B) is made to the Trump account of an
22 account beneficiary in the qualified class of ac-
23 count beneficiaries specified in the general fund-
24 ing contribution, and

1 “(C) is in an amount which is equal to the
2 ratio of—

3 “(i) the amount of such general fund-
4 ing contribution, to

5 “(ii) the number of account bene-
6 ficiaries in such qualified class.

7 “(2) *GENERAL FUNDING CONTRIBUTION.*—The
8 term ‘general funding contribution’ means a contribu-
9 tion which—

10 “(A) is made by—

11 “(i) an entity described in section
12 170(c)(1) (other than a possession of the
13 United States or a political subdivision
14 thereof) or an Indian tribal government, or

15 “(ii) an organization described in sec-
16 tion 501(c)(3) and exempt from tax under
17 section 501(a), and

18 “(B) which specifies a qualified class of ac-
19 count beneficiaries to whom such contribution is
20 to be distributed.

21 “(3) *QUALIFIED CLASS.*—

22 “(A) *IN GENERAL.*—The term ‘qualified
23 class’ means any of the following:

24 “(i) All account beneficiaries who have
25 not attained the age of 18 before the close of

1 *the calendar year in which the contribution*
 2 *is made.*

3 “(ii) *All account beneficiaries who*
 4 *have not attained the age of 18 before the*
 5 *close of the calendar year in which the con-*
 6 *tribution is made and who reside in one or*
 7 *more States or other qualified geographic*
 8 *areas specified by the terms of the general*
 9 *funding contribution.*

10 “(iii) *All account beneficiaries who*
 11 *have not attained the age of 18 before the*
 12 *close of the calendar year in which the con-*
 13 *tribution is made and who were born in one*
 14 *or more calendar years specified by the*
 15 *terms of the general funding contribution.*

16 “(B) *QUALIFIED GEOGRAPHIC AREA.—The*
 17 *term ‘qualified geographic area’ means any geo-*
 18 *graphic area in which not less than 5,000 ac-*
 19 *count beneficiaries reside and which is des-*
 20 *ignated by the Secretary as a qualified geo-*
 21 *graphic area under this subparagraph.*

22 “(g) *TRUSTEE SELECTION.—In the case of any Trump*
 23 *account created or organized by the Secretary, the Secretary*
 24 *shall take into account the following criteria in selecting*
 25 *the trustee:*

1 “(1) *The history of reliability and regulatory*
2 *compliance of the trustee.*

3 “(2) *The customer service experience of the trust-*
4 *ee.*

5 “(3) *The costs imposed by the trustee on the ac-*
6 *count or the account beneficiary.*

7 “(h) *OTHER SPECIAL RULES AND COORDINATION*
8 *WITH INDIVIDUAL RETIREMENT ACCOUNT RULES.—*

9 “(1) *IN GENERAL.—The rules of subsections (k)*
10 *and (p) of section 408 shall not apply to a Trump*
11 *account, and the rules of subsections (d) and (i) of*
12 *section 408 shall not apply to a Trump account for*
13 *any taxable year beginning before the calendar year*
14 *in which the account beneficiary attains age 18.*

15 “(2) *CUSTODIAL ACCOUNTS.—In the case of a*
16 *Trump account, section 408(h) shall be applied by*
17 *substituting ‘a Trump account described in section*
18 *530A(b)(1)’ for ‘an individual retirement account de-*
19 *scribed in subsection (a)’.*

20 “(3) *CONTRIBUTIONS.—In the case of any tax-*
21 *able year beginning before the first day of the cal-*
22 *endar year in which the account beneficiary attains*
23 *age 18, a contribution to a Trump account shall not*
24 *be taken into account in applying any contribution*

1 *limit to any individual retirement plan other than a*
 2 *Trump account.*

3 “(4) *DISTRIBUTIONS.*—Section 408(d)(2) shall be
 4 *applied separately with respect to Trump Accounts*
 5 *and other individual retirement plans.*

6 “(5) *EXCESS CONTRIBUTIONS.*—For purposes of
 7 *applying section 4973(b) to a Trump account for any*
 8 *taxable year beginning before the first day of the cal-*
 9 *endar year in which the account beneficiary attains*
 10 *age 18, the term ‘excess contributions’ means the sum*
 11 *of—*

12 “(A) *the amount by which the amount con-*
 13 *tributed to the account for the calendar year in*
 14 *which taxable year begins exceeds the amount*
 15 *permitted to be contributed to the account under*
 16 *subsection (c)(2), and*

17 “(B) *the amount determined under this*
 18 *paragraph for the preceding taxable year.*

19 *For purposes of this paragraph, the excess contribu-*
 20 *tions for a taxable year are reduced by the distribu-*
 21 *tions to which subsection (d)(5) applies that are made*
 22 *during the taxable year or by the date prescribed by*
 23 *law (including extensions of time) for filing the ac-*
 24 *count beneficiary’s return for the taxable year.*

25 “(i) *REPORTS.*—

1 “(1) *IN GENERAL.*—*The trustee of a Trump ac-*
 2 *count shall make such reports regarding such account*
 3 *to the Secretary and to the beneficiary of the account*
 4 *at such time and in such manner as may be required*
 5 *by the Secretary. Such reports shall include informa-*
 6 *tion with respect to—*

7 “(A) *contributions (including the amount*
 8 *and source of any contribution in excess of \$25*
 9 *made from a person other than the Secretary, the*
 10 *account beneficiary, or the parent or legal guard-*
 11 *ian of the account beneficiary),*

12 “(B) *distributions (including distributions*
 13 *which are qualified rollover contributions),*

14 “(C) *the fair market value of the account,*

15 “(D) *the investment in the contract with re-*
 16 *spect to such account, and*

17 “(E) *such other matters as the Secretary*
 18 *may require.*

19 “(2) *QUALIFIED ROLLOVER CONTRIBUTIONS.*—
 20 *Not later than 30 days after the date of any qualified*
 21 *rollover contribution, the trustee of the Trump ac-*
 22 *count to which the contribution was made shall make*
 23 *a report to the Secretary. Such report shall include—*

24 “(A) *the name, address, and social security*
 25 *number of the account beneficiary,*

1 “(B) the name and address of such trustee,
 2 “(C) the account number,
 3 “(D) the routing number of the trustee, and
 4 “(E) such other information as the Sec-
 5 retary may require.

6 “(3) *PERIOD OF REPORTING.*—This subsection
 7 shall not apply to any period after the calendar year
 8 in which the beneficiary attains age 17.”.

9 (2) *QUALIFIED ABLE ROLLOVER CONTRIBUTIONS*
 10 *EXEMPT FROM ABLE CONTRIBUTION LIMITATION.*—

11 (A) *IN GENERAL.*—Section 529A(b)(2)(B) is
 12 amended by inserting “or received in a qualified
 13 ABLE rollover contribution described in section
 14 530A(d)(4)(B)” after “except as provided in the
 15 case of contributions under subsection (c)(1)(C)”.

16 (B) *PROHIBITION ON EXCESS CONTRIBU-*
 17 *TIONS.*—The second sentence of section
 18 529A(b)(6) is amended by inserting “but do not
 19 include any contributions received in a qualified
 20 ABLE rollover contribution described in section
 21 530A(d)(4)(B)” before the period at the end.

22 (C) *CONFORMING AMENDMENT.*—Section
 23 4973(h)(1) is amended by inserting “or contribu-
 24 tions received in a qualified ABLE rollover con-
 25 tribution described in section 530A(d)(4)(B)”

1 *after “other than contributions under section*
 2 *529A(c)(1)(C)”.*

3 (3) *FAILURE TO PROVIDE REPORTS ON TRUMP*
 4 *ACCOUNTS.—Section 6693(a)(2) is amended by strik-*
 5 *ing “and” at the end of subparagraph (E), by strik-*
 6 *ing the period at the end of subparagraph (F) and in-*
 7 *serting “, and”, and by inserting after subparagraph*
 8 *(F) the following new subparagraph:*

9 *“(G) section 530A(i) (relating to Trump ac-*
 10 *counts).”.*

11 (4) *CLERICAL AMENDMENT.—*

12 *(A) The table of parts for subchapter F of*
 13 *chapter 1 is amended by adding at the end the*
 14 *following new item:*

“PART IX—TRUMP ACCOUNTS”.

15 (b) *EMPLOYER CONTRIBUTIONS.—*

16 (1) *IN GENERAL.—Part III of subchapter B of*
 17 *chapter 1 is amended by inserting after section 127*
 18 *the following new section:*

19 **“SEC. 128. EMPLOYER CONTRIBUTIONS TO TRUMP AC-**
 20 **COUNTS.**

21 “(a) *IN GENERAL.—Gross income of an employee does*
 22 *not include amounts paid by the employer as a contribution*
 23 *to the Trump account of such employee or of any dependent*
 24 *of such employee if the amounts are paid or incurred pursu-*
 25 *ant to a program which is described in subsection (c).*

1 “(b) *LIMITATION.*—

2 “(1) *IN GENERAL.*—*The amount which may be*
 3 *excluded under subsection (a) with respect to any em-*
 4 *ployee shall not exceed \$2,500.*

5 “(2) *INFLATION ADJUSTMENT.*—

6 “(A) *IN GENERAL.*—*In the case of any tax-*
 7 *able year beginning after 2027, the \$2,500*
 8 *amount in paragraph (1) shall be increased by*
 9 *an amount equal to—*

10 “(i) *such dollar amount, multiplied by*

11 “(ii) *the cost-of-living adjustment de-*
 12 *termined under section 1(f)(3) for the cal-*
 13 *endar year in which the taxable year begins*
 14 *by substituting ‘calendar year 2026’ for*
 15 *‘calendar year 2016’ in subparagraph*
 16 *(A)(ii) thereof.*

17 “(B) *ROUNDING.*—*If any increase deter-*
 18 *mined under subparagraph (A) is not a multiple*
 19 *of \$100, such increase shall be rounded to the*
 20 *next lowest multiple of \$100.*

21 “(c) *TRUMP ACCOUNT CONTRIBUTION PROGRAM.*—*For*
 22 *purposes of this section, a Trump account contribution pro-*
 23 *gram is a separate written plan of an employer for the ex-*
 24 *clusive benefit of his employees to provide contributions to*
 25 *the Trump accounts of such employees or dependents of such*

1 *employees which meets requirements similar to the require-*
 2 *ments of paragraphs (2), (3), (6), (7), and (8) of section*
 3 *129(d).”.*

4 (2) *CLERICAL AMENDMENT.—The table of sec-*
 5 *tions for part III of subchapter B of chapter 1 is*
 6 *amended by inserting after the item relating to sec-*
 7 *tion 127 the following new item:*

“Sec. 128. Employer contributions to Trump accounts.”.

8 (c) *CERTAIN CONTRIBUTIONS EXCLUDED FROM GROSS*
 9 *INCOME.—*

10 (1) *IN GENERAL.—Part III of subchapter B of*
 11 *chapter 1 is amended by inserting before section 140*
 12 *the following new section:*

13 **“SEC. 139J. CERTAIN CONTRIBUTIONS TO TRUMP AC-**
 14 **COUNTS.**

15 *“(a) IN GENERAL.—Gross income of an account bene-*
 16 *ficiary shall not include any qualified general contribution*
 17 *to a Trump account of the account beneficiary.*

18 *“(b) DEFINITIONS.—Any term used in this section*
 19 *which is used in section 530A shall have the meaning given*
 20 *such term under section 530A.”.*

21 (2) *CLERICAL AMENDMENT.—The table of sec-*
 22 *tions for part III of subchapter B is amended by in-*
 23 *serting before the item relating to section 140 the fol-*
 24 *lowing new item:*

“Sec. 139J. Certain contributions to Trump accounts.”.

1 (d) *TRUMP ACCOUNTS CONTRIBUTION PILOT PRO-*
 2 *GRAM.*—

3 (1) *IN GENERAL.*—*Subchapter B of chapter 65 is*
 4 *amended by adding at the end the following new sec-*
 5 *tion:*

6 **“SEC. 6434. TRUMP ACCOUNTS CONTRIBUTION PILOT PRO-**
 7 **GRAM.**

8 “(a) *IN GENERAL.*—*In the case of an individual who*
 9 *makes an election under this section with respect to an eli-*
 10 *gible child of the individual, such eligible child shall be*
 11 *treated as making a payment against the tax imposed by*
 12 *subtitle A (for the taxable year for which the election was*
 13 *made) in an amount equal to \$1,000.*

14 “(b) *REFUND OF PAYMENT.*—*The amount treated as*
 15 *a payment under subsection (a) shall be paid by the Sec-*
 16 *retary to the Trump account with respect to which such*
 17 *eligible child is the account beneficiary.*

18 “(c) *ELIGIBLE CHILD.*—*For purposes of this section,*
 19 *the term ‘eligible child’ means a qualifying child (as defined*
 20 *in section 152(c))—*

21 “(1) *who is born after December 31, 2024, and*
 22 *before January 1, 2029,*

23 “(2) *with respect to whom no prior election has*
 24 *been made under this section by such individual or*
 25 *any other individual, and*

1 “(3) *who is a United States citizen.*

2 “(d) *ELECTION.—An election under this section shall*
3 *be made at such time and in such manner as the Secretary*
4 *shall provide.*

5 “(e) *SOCIAL SECURITY NUMBER REQUIRED.—*

6 “(1) *IN GENERAL.—This section shall not apply*
7 *to any taxpayer unless such individual includes with*
8 *the election made under this section the social security*
9 *number of the eligible child with respect to whom the*
10 *election is made.*

11 “(2) *SOCIAL SECURITY NUMBER DEFINED.—For*
12 *purposes of paragraph (1), the term ‘social security*
13 *number’ shall have the meaning given such term in*
14 *section 24(h)(7), determined by substituting ‘before*
15 *the date of the election made under section 6434’ for*
16 *‘before the due date of such return’ in subparagraph*
17 *(B) thereof.*

18 “(f) *EXCEPTION FROM REDUCTION OR OFFSET.—Any*
19 *payment made to any individual under this section shall*
20 *not be—*

21 “(1) *subject to reduction or offset pursuant to*
22 *subsection (c), (d), (e), or (f) of section 6402 or any*
23 *similar authority permitting offset, or*

1 “(2) *reduced or offset by other assessed Federal*
 2 *taxes that would otherwise be subject to levy or collec-*
 3 *tion.*

4 “(g) *SPECIAL RULE REGARDING INTEREST.—The pe-*
 5 *riod determined under section 6611(a) with respect to any*
 6 *payment under this section shall not begin before January*
 7 *1, 2028.*

8 “(h) *MIRROR CODE POSSESSIONS.—In the case of any*
 9 *possession of the United States with a mirror code tax sys-*
 10 *tem (as defined in section 24(k)), this section shall not be*
 11 *treated as part of the income tax laws of the United States*
 12 *for purposes of determining the income tax law of such pos-*
 13 *session unless such possession elects to have this section be*
 14 *so treated.*

15 “(i) *DEFINITIONS.—For purposes of this section, the*
 16 *terms ‘Trump account’ and ‘account beneficiary’ have the*
 17 *meaning given such terms in section 530A(b).’.*

18 “(2) *PENALTY FOR NEGLIGENT CLAIM OR FRAUD-*
 19 *ULENT CLAIM.—Part I of subchapter A of chapter 68*
 20 *is amended by adding at the end the following new*
 21 *section:*

1 **“SEC. 6659. IMPROPER CLAIM FOR TRUMP ACCOUNT CON-**
 2 **TRIBUTION PILOT PROGRAM CREDIT.**

3 “(a) *IN GENERAL.*—*In the case of any individual who*
 4 *makes an election under section 6434 with respect to an*
 5 *individual who is not an eligible child of the taxpayer—*

6 “(1) *if such election was made due to negligence*
 7 *or disregard of the rules or regulations, there shall be*
 8 *imposed a penalty of \$500, or*

9 “(2) *if such election was made due to fraud,*
 10 *there shall be imposed a penalty of \$1,000.*

11 “(b) *DEFINITIONS.*—

12 “(1) *ELIGIBLE CHILD.*—*The term ‘eligible child’*
 13 *has the meaning given such term under section 6434.*

14 “(2) *NEGLIGENCE; DISREGARD.*—*The terms ‘neg-*
 15 *ligence’ and ‘disregard’ have the same meaning as*
 16 *when such terms are used in section 6662.”.*

17 (3) *OMISSION OF CORRECT SOCIAL SECURITY*
 18 *NUMBER TREATED AS MATHEMATICAL OR CLERICAL*
 19 *ERROR.*—*Section 6213(g)(2), as amended by the pre-*
 20 *ceding provisions of this Act, is amended by striking*
 21 *“and” at the end of subparagraph (Y), by striking the*
 22 *period at the end of subparagraph (Z) and inserting*
 23 *“, and”, and by inserting after subparagraph (Z) the*
 24 *following new subparagraph:*

25 “(AA) *an omission of a correct social secu-*
 26 *rity number required under section 6434(e)(1)*

1 *(relating to the Trump accounts contribution*
 2 *pilot program).”.*

3 (4) *CONFORMING AMENDMENTS.*—

4 (A) *The table of sections for subchapter B of*
 5 *chapter 65 is amended by adding at the end the*
 6 *following new item:*

“Sec. 6434. *Trump accounts contribution pilot program.*”.

7 (B) *The table of sections for part I of sub-*
 8 *chapter A of chapter 68 is amended by inserting*
 9 *after the item relating to section 6658 the fol-*
 10 *lowing new item:*

“Sec. 6659. *Improper claim for Trump account contribution pilot program cred-*
it.”.

11 (e) *EFFECTIVE DATE.*—*The amendments made by this*
 12 *section shall apply to taxable years beginning after Decem-*
 13 *ber 31, 2025.*

14 (f) *FUNDING.*—*In addition to amounts otherwise*
 15 *available, there is appropriated to the Department of the*
 16 *Treasury, out of any money in the Treasury not otherwise*
 17 *appropriated, \$410,000,000, to remain available until Sep-*
 18 *tember 30, 2034, to carry out the amendments made by this*
 19 *section.*

1 **CHAPTER 3—ESTABLISHING CERTAINTY**
 2 **AND COMPETITIVENESS FOR AMER-**
 3 **ICAN JOB CREATORS**

4 **Subchapter A—Permanent U.S. Business Tax**
 5 **Reform and Boosting Domestic Investment**

6 **SEC. 70301. FULL EXPENSING FOR CERTAIN BUSINESS**
 7 **PROPERTY.**

8 (a) *MADE PERMANENT.*—

9 (1) *IN GENERAL.*—Section 168(k)(2)(A) is
 10 amended by adding “and” at the end of clause (i), by
 11 striking “, and” at the end of clause (ii) and insert-
 12 ing a period, and by striking clause (iii).

13 (2) *PROPERTY WITH LONGER PRODUCTION PERI-*
 14 *ODS.*—Section 168(k)(2)(B) is amended—

15 (A) in clause (i), by striking subclauses (II)
 16 and (III) and redesignating subclauses (IV), (V),
 17 and (VI), as subclauses (II), (III), and (IV), re-
 18 spectively, and

19 (B) by striking clause (ii) and redesign-
 20 ating clauses (iii) and (iv) as clauses (ii) and
 21 (iii), respectively.

22 (3) *SELF-CONSTRUCTED PROPERTY.*—Section
 23 168(k)(2)(E) is amended by striking clause (i) and
 24 redesignating clauses (ii) and (iii) as clauses (i) and
 25 (ii), respectively.

1 (4) *CERTAIN PLANTS*.—Section 168(k)(5)(A) is
 2 amended by striking “planted before January 1,
 3 2027, or is grafted before such date to a plant that
 4 has already been planted,” in the matter preceding
 5 clause (i) and inserting “planted or grafted”.

6 (5) *CONFORMING AMENDMENTS*.—

7 (A) Section 168(k)(2)(A)(ii) is amended by
 8 striking “clause (ii) of subparagraph (E)” and
 9 inserting “clause (i) of subparagraph (E)”.

10 (B) Section 168(k)(2)(C)(i) is amended by
 11 striking “and subclauses (II) and (III) of sub-
 12 paragraph (B)(i)”.

13 (C) Section 168(k)(2)(C)(ii) is amended by
 14 striking “subparagraph (B)(iii)” and inserting
 15 “subparagraph (B)(ii)”.

16 (D) Section 460(c)(6)(B) is amended by
 17 striking “which” and all that follows through the
 18 period and inserting “which has a recovery pe-
 19 riod of 7 years or less.”.

20 (b) *100 PERCENT EXPENSING*.—

21 (1) *IN GENERAL*.—Section 168(k) is amended—

22 (A) in paragraph (1)(A), by striking “the
 23 applicable percentage” and inserting “100 per-
 24 cent”, and

25 (B) by striking paragraphs (6) and (8).

1 (2) *CERTAIN PLANTS.*—Section 168(k)(5)(A)(i) is
 2 amended by striking “the applicable percentage” and
 3 inserting “100 percent”.

4 (3) *TRANSITIONAL ELECTION OF REDUCED PER-*
 5 *CENTAGE.*—Section 168(k)(10) is amended by striking
 6 subparagraph (A), by redesignating subparagraph
 7 (B) as subparagraph (C), and by inserting before sub-
 8 paragraph (C) (as so redesignated) the following new
 9 subparagraphs:

10 “(A) *IN GENERAL.*—In the case of qualified
 11 property placed in service by the taxpayer dur-
 12 ing the first taxable year ending after January
 13 19, 2025, if the taxpayer elects to have this para-
 14 graph apply for such taxable year, paragraph
 15 (1)(A) shall be applied—

16 “(i) in the case of property which is
 17 not described in clause (ii), by substituting
 18 ‘40 percent’ for ‘100 percent’, or

19 “(ii) in the case of property which is
 20 described in subparagraph (B) or (C) of
 21 paragraph (2), by substituting ‘60 percent’
 22 for ‘100 percent’.

23 “(B) *SPECIFIED PLANTS.*—In the case of
 24 any specified plant planted or grafted by the
 25 taxpayer during the first taxable year ending

1 *after January 19, 2025, if the taxpayer elects to*
 2 *have this paragraph apply for such taxable year,*
 3 *paragraph (5)(A)(i) shall be applied by sub-*
 4 *stituting ‘40 percent’ for ‘100 percent’.”.*

5 *(c) EFFECTIVE DATE.—*

6 *(1) IN GENERAL.—Except as otherwise provided*
 7 *in this subsection, the amendments made by this sec-*
 8 *tion shall apply to property acquired after January*
 9 *19, 2025.*

10 *(2) SPECIFIED PLANTS.—Except as provided in*
 11 *paragraph (3), in the case of any specified plant (as*
 12 *defined in section 168(k)(5)(B) of the Internal Rev-*
 13 *enue Code of 1986, as amended by this section), the*
 14 *amendments made by this section shall apply to such*
 15 *plants which are planted or grafted after January 19,*
 16 *2025.*

17 *(3) TRANSITIONAL ELECTION OF REDUCED PER-*
 18 *CENTAGE.—The amendment made by subsection*
 19 *(b)(3) shall apply to taxable years ending after Janu-*
 20 *ary 19, 2025.*

21 *(4) ACQUISITION DATE DETERMINATION.—For*
 22 *purposes of paragraph (1), property shall not be*
 23 *treated as acquired after the date on which a written*
 24 *binding contract is entered into for such acquisition.*

1 **SEC. 70302. FULL EXPENSING OF DOMESTIC RESEARCH AND**
 2 **EXPERIMENTAL EXPENDITURES.**

3 (a) *IN GENERAL.*—Part VI of subchapter B of chapter
 4 1 is amended by inserting after section 174 the following
 5 new section:

6 **“SEC. 174A. DOMESTIC RESEARCH OR EXPERIMENTAL EX-**
 7 **PENDITURES.**

8 “(a) *TREATMENT AS EXPENSES.*—Notwithstanding
 9 section 263, there shall be allowed as a deduction any do-
 10 mestic research or experimental expenditures which are
 11 paid or incurred by the taxpayer during the taxable year.

12 “(b) *DOMESTIC RESEARCH OR EXPERIMENTAL EX-*
 13 *PENDITURES.*—For purposes of this section, the term ‘do-
 14 mestic research or experimental expenditures’ means re-
 15 search or experimental expenditures paid or incurred by the
 16 taxpayer in connection with the taxpayer’s trade or busi-
 17 ness other than such expenditures which are attributable to
 18 foreign research (within the meaning of section
 19 41(d)(4)(F)).

20 “(c) *AMORTIZATION OF CERTAIN DOMESTIC RE-*
 21 *SEARCH OR EXPERIMENTAL EXPENDITURES.*—

22 “(1) *IN GENERAL.*—At the election of the tax-
 23 payer, made in accordance with regulations or other
 24 guidance provided by the Secretary, in the case of do-
 25 mestic research or experimental expenditures which
 26 would (but for subsection (a)) be chargeable to capital

1 *account but not chargeable to property of a character*
 2 *which is subject to the allowance under section 167*
 3 *(relating to allowance for depreciation, etc.) or section*
 4 *611 (relating to allowance for depletion), subsection*
 5 *(a) shall not apply and the taxpayer shall—*

6 *“(A) charge such expenditures to capital ac-*
 7 *count, and*

8 *“(B) be allowed an amortization deduction*
 9 *of such expenditures ratably over such period of*
 10 *not less than 60 months as may be selected by*
 11 *the taxpayer (beginning with the month in*
 12 *which the taxpayer first realizes benefits from*
 13 *such expenditures).*

14 *“(2) TIME FOR AND SCOPE OF ELECTION.—The*
 15 *election provided by paragraph (1) may be made for*
 16 *any taxable year, but only if made not later than the*
 17 *time prescribed by law for filing the return for such*
 18 *taxable year (including extensions thereof). The meth-*
 19 *od so elected, and the period selected by the taxpayer,*
 20 *shall be adhered to in computing taxable income for*
 21 *the taxable year for which the election is made and*
 22 *for all subsequent taxable years unless, with the ap-*
 23 *proval of the Secretary, a change to a different meth-*
 24 *od (or to a different period) is authorized with respect*
 25 *to part or all of such expenditures. The election shall*

1 *not apply to any expenditure paid or incurred during*
 2 *any taxable year before the taxable year for which the*
 3 *taxpayer makes the election.*

4 “(d) *SPECIAL RULES.*—

5 “(1) *LAND AND OTHER PROPERTY.*—*This section*
 6 *shall not apply to any expenditure for the acquisition*
 7 *or improvement of land, or for the acquisition or im-*
 8 *provement of property to be used in connection with*
 9 *the research or experimentation and of a character*
 10 *which is subject to the allowance under section 167*
 11 *(relating to allowance for depreciation, etc.) or section*
 12 *611 (relating to allowance for depletion); but for pur-*
 13 *poses of this section allowances under section 167,*
 14 *and allowances under section 611, shall be considered*
 15 *as expenditures.*

16 “(2) *EXPLORATION EXPENDITURES.*—*This sec-*
 17 *tion shall not apply to any expenditure paid or in-*
 18 *curring for the purpose of ascertaining the existence,*
 19 *location, extent, or quality of any deposit of ore or*
 20 *other mineral (including oil and gas).*

21 “(3) *SOFTWARE DEVELOPMENT.*—*For purposes*
 22 *of this section, any amount paid or incurred in con-*
 23 *nection with the development of any software shall be*
 24 *treated as a research or experimental expenditure.”.*

1 (b) *COORDINATION WITH CERTAIN OTHER PROVI-*
 2 *SIONS.*—

3 (1) *FOREIGN RESEARCH EXPENSES.*—*Section*
 4 *174 is amended—*

5 (A) *in subsection (a)—*

6 (i) *by striking “a taxpayer’s specified*
 7 *research or experimental expenditures” and*
 8 *inserting “a taxpayer’s foreign research or*
 9 *experimental expenditures”, and*

10 (ii) *by striking “over the 5-year period*
 11 *(15-year period in the case of any specified*
 12 *research or experimental expenditures which*
 13 *are attributable to foreign research (within*
 14 *the meaning of section 41(d)(4)(F))” in*
 15 *paragraph (2)(B) and inserting “over the*
 16 *15-year period”,*

17 (B) *in subsection (b)—*

18 (i) *by striking “specified research” and*
 19 *inserting “foreign research”,*

20 (ii) *by inserting “and which are at-*
 21 *tributable to foreign research (within the*
 22 *meaning of section 41(d)(4)(F))” before the*
 23 *period at the end, and*

1 (iii) by striking “SPECIFIED” in the
 2 heading thereof and inserting “FOREIGN”,
 3 and
 4 (C) in subsection (d)—

5 (i) by striking “specified research or
 6 experimental expenditures” and inserting
 7 “foreign research or experimental expendi-
 8 tures”, and

9 (ii) by inserting “or reduction to
 10 amount realized” after “no deduction”.

11 (2) RESEARCH CREDIT.—

12 (A) Section 41(d)(1)(A) is amended to read
 13 as follows:

14 “(A) with respect to which expenditures are
 15 treated as domestic research or experimental ex-
 16 penditures under section 174A,”.

17 (B) Section 280C(c)(1) is amended to read
 18 as follows:

19 “(1) IN GENERAL.—The domestic research or ex-
 20 perimental expenditures (as defined in section
 21 174A(b)) otherwise taken into account as a deduction
 22 or charged to capital account under this chapter shall
 23 be reduced by the amount of the credit allowed under
 24 section 41(a).”.

1 (3) *AMT ADJUSTMENT.*—Section 56(b)(2) is
2 *amended—*

3 *(A) in subparagraph (A)—*

4 *(i) by striking “or 174(a)” in the mat-*
5 *ter preceding clause (i) and inserting “,*
6 *174(a), or 174A(a)”*, and

7 *(ii) by striking “research and experi-*
8 *mental expenditures described in section*
9 *174(a)” in clause (ii) thereof and inserting*
10 *“foreign research or experimental expendi-*
11 *tures described in section 174(a) and domes-*
12 *tic research or experimental expenditures in*
13 *section 174A(a)”*, and

14 *(B) in subparagraph (C), by inserting “or*
15 *174A(a)” after “174(a)”*.

16 (4) *OPTIONAL 10-YEAR WRITEOFF.*—Section
17 59(e)(2)(B) is amended by striking “section 174(a)
18 (relating to research and experimental expenditures)”
19 and inserting “section 174A(a) (relating to domestic
20 research or experimental expenditures)”.

21 (5) *QUALIFIED SMALL ISSUE BONDS.*—Section
22 144(a)(4)(C)(iv) is amended by striking “174(a)” and
23 inserting “174A(a)”.

1 (6) *START-UP EXPENDITURES.*—Section
 2 195(c)(1) is amended by striking “or 174” in the last
 3 sentence and inserting “174, or 174A”.

4 (7) *CAPITAL EXPENDITURES.*—

5 (A) Section 263(a)(1)(B) is amended by in-
 6 serting “or 174A” after “174”.

7 (B) Section 263A(c)(2) is amended by in-
 8 serting “or 174A” after “174”.

9 (8) *ACTIVE BUSINESS COMPUTER SOFTWARE*
 10 *ROYALTIES.*—Section 543(d)(4)(A)(i) is amended by
 11 inserting “174A,” after “174,”.

12 (9) *SOURCE RULES.*—Section 864(g)(2) is
 13 amended—

14 (A) by striking “research and experimental
 15 expenditures within the meaning of section 174”
 16 in the first sentence and inserting “foreign re-
 17 search or experimental expenditures within the
 18 meaning of section 174 or domestic research or
 19 experimental expenditures within the meaning of
 20 section 174A”, and

21 (B) in the last sentence—

22 (i) by striking “treated as deferred ex-
 23 penses under subsection (b) of section 174”
 24 and inserting “allowed as an amortization

1 deduction under section 174(a) or section
2 174A(c),” and

3 (ii) by striking “such subsection” and
4 inserting “such section (as the case may
5 be)”.

6 (10) *BASIS ADJUSTMENT.*—Section 1016(a)(14)
7 is amended by striking “deductions as deferred ex-
8 penses under section 174(b)(1) (relating to research
9 and experimental expenditures)” and inserting “de-
10 ductions under section 174 or 174A(c)”.

11 (11) *SMALL BUSINESS STOCK.*—Section
12 1202(e)(2)(B) is amended by striking “which may be
13 treated as research and experimental expenditures
14 under section 174” and inserting “which are treated
15 as foreign research or experimental expenditures
16 under section 174 or domestic research or experi-
17 mental expenditures under section 174A”.

18 (c) *CHANGE IN METHOD OF ACCOUNTING.*—

19 (1) *IN GENERAL.*—The amendments made by
20 subsection (a) shall be treated as a change in method
21 of accounting for purposes of section 481 of the Inter-
22 nal Revenue Code of 1986 and—

23 (A) such change shall be treated as initiated
24 by the taxpayer,

1 (B) such change shall be treated as made
2 with the consent of the Secretary, and

3 (C) such change shall be applied only on a
4 cut-off basis for any domestic research or experi-
5 mental expenditures (as defined in section
6 174A(b) of such Code (as added by this section)
7 and determined by applying the rules of section
8 174A(d) of such Code) paid or incurred in tax-
9 able years beginning after December 31, 2024,
10 and no adjustments under section 481(a) shall be
11 made.

12 (2) *SPECIAL RULES.*—In the case of a taxable
13 year which begins after December 31, 2024, and ends
14 before the date of the enactment of this Act—

15 (A) paragraph (1)(C) shall not apply, and

16 (B) the change in method of accounting
17 under paragraph (1) shall be applied on a modi-
18 fied cut-off basis, taking into account for pur-
19 poses of section 481(a) of such Code only the do-
20 mestic research or experimental expenditures (as
21 defined in section 174A(b) of such Code (as
22 added by this section) and determined by apply-
23 ing the rules of section 174A(d) of such Code)
24 paid or incurred in such taxable year but not al-
25 lowed as a deduction in such taxable year.

1 (d) *CLERICAL AMENDMENT.*—*The table of sections for*
 2 *part VI of subchapter B of chapter 1 is amended by insert-*
 3 *ing after the item relating to section 174 the following new*
 4 *item:*

“Sec. 174A. Domestic research or experimental expenditures.”.

5 (e) *EFFECTIVE DATE.*—

6 (1) *IN GENERAL.*—*Except as otherwise provided*
 7 *in this subsection or subsection (f)(1), the amend-*
 8 *ments made by this section shall apply to amounts*
 9 *paid or incurred in taxable years beginning after De-*
 10 *cember 31, 2024.*

11 (2) *TREATMENT OF FOREIGN RESEARCH OR EX-*
 12 *PERIMENTAL EXPENDITURES UPON DISPOSITION.*—

13 (A) *IN GENERAL.*—*The amendment by sub-*
 14 *section (b)(1)(C)(ii) shall apply to property dis-*
 15 *posed, retired, or abandoned after May 12, 2025.*

16 (B) *NO INFERENCE.*—*The amendment made*
 17 *by subsection (b)(1)(C)(ii) shall not be construed*
 18 *to create any inference with respect to the proper*
 19 *application of section 174(d) of the Internal Rev-*
 20 *enue Code of 1986 with respect to taxable years*
 21 *beginning before May 13, 2025.*

22 (3) *COORDINATION WITH RESEARCH CREDIT.*—
 23 *The amendment made by subsection (b)(2)(B) shall*
 24 *apply to taxable years beginning after December 31,*
 25 *2024.*

1 (4) *NO INFERENCE WITH RESPECT TO COORDINA-*
 2 *TION WITH RESEARCH CREDIT FOR PRIOR PERIODS.—*
 3 *The amendment made by subsection (b)(2)(B) shall*
 4 *not be construed to create any inference with respect*
 5 *to the proper application of section 280C(c) of the In-*
 6 *ternal Revenue Code of 1986 with respect to taxable*
 7 *years beginning before January 1, 2025.*

8 (f) *TRANSITION RULES.—*

9 (1) *ELECTION FOR RETROACTIVE APPLICATION*
 10 *BY CERTAIN SMALL BUSINESSES.—*

11 (A) *IN GENERAL.—At the election of an eli-*
 12 *gible taxpayer, paragraphs (1) and (3) of sub-*
 13 *section (e) shall each be applied by substituting*
 14 *“December 31, 2021” for “December 31, 2024”.*
 15 *An election made under this subparagraph shall*
 16 *be made in such manner as the Secretary may*
 17 *provide and not later than the date that is 1*
 18 *year after the date of the enactment of this Act.*
 19 *The taxpayer shall file an amended return for*
 20 *each taxable year affected by such election.*

21 (B) *ELIGIBLE TAXPAYER.—For purposes of*
 22 *this paragraph, the term “eligible taxpayer”*
 23 *means any taxpayer (other than a tax shelter*
 24 *prohibited from using the cash receipts and dis-*
 25 *bursements method of accounting under section*

1 448(a)(3)) *which meets the gross receipts test of*
 2 *section 448(c) for the first taxable year begin-*
 3 *ning after December 31, 2024.*

4 (C) *ELECTION TREATED AS CHANGE IN*
 5 *METHOD OF ACCOUNTING.—In the case of any*
 6 *taxpayer which elects the application of subpara-*
 7 *graph (A)—*

8 (i) *such election may be treated as a*
 9 *change in method of accounting for pur-*
 10 *poses of section 481 of such Code for the*
 11 *taxpayer's first taxable year affected by*
 12 *such election,*

13 (ii) *such change shall be treated as ini-*
 14 *tiated by the taxpayer for such taxable year,*

15 (iii) *such change shall be treated as*
 16 *made with the consent of the Secretary, and*

17 (iv) *subsection (c) shall not apply to*
 18 *such taxpayer.*

19 (D) *ELECTION REGARDING COORDINATION*
 20 *WITH RESEARCH CREDIT.—An election under*
 21 *section 280C(c)(2) of the Internal Revenue Code*
 22 *of 1986 (or revocation of such election) for any*
 23 *taxable year beginning after December 31, 2021,*
 24 *by an eligible taxpayer making an election under*
 25 *subparagraph (A) shall not fail to be treated as*

1 *timely made (or as made on the return) if made*
 2 *during the 1-year period beginning on the date*
 3 *of the enactment of this Act on an amended re-*
 4 *turn for such taxable year.*

5 (2) *ELECTION TO DEDUCT CERTAIN*
 6 *UNAMORTIZED AMOUNTS PAID OR INCURRED IN TAX-*
 7 *ABLE YEARS BEGINNING BEFORE JANUARY 1, 2025.—*

8 (A) *IN GENERAL.—In the case of any do-*
 9 *mestic research or experimental expenditures (as*
 10 *defined in section 174A, as added by subsection*
 11 *(a)) which are paid or incurred in taxable years*
 12 *beginning after December 31, 2021, and before*
 13 *January 1, 2025, and which was charged to cap-*
 14 *ital account, a taxpayer may elect—*

15 (i) *to deduct any remaining*
 16 *unamortized amount with respect to such*
 17 *expenditures in the first taxable year begin-*
 18 *ning after December 31, 2024, or*

19 (ii) *to deduct such remaining*
 20 *unamortized amount with respect to such*
 21 *expenditures ratably over the 2-taxable year*
 22 *period beginning with the first taxable year*
 23 *beginning after December 31, 2024.*

1 (B) *CHANGE IN METHOD OF ACCOUNTING.*—

2 *In the case of a taxpayer who makes an election*
3 *under this paragraph—*

4 (i) *such taxpayer shall be treated as*
5 *initiating a change in method of accounting*
6 *for purposes of section 481 of the Internal*
7 *Revenue Code of 1986 with respect to the ex-*
8 *penditures to which the election applies,*

9 (ii) *such change shall be treated as*
10 *made with the consent of the Secretary, and*

11 (iii) *such change shall be applied only*
12 *on a cut-off basis for such expenditures and*
13 *no adjustments under section 481(a) shall*
14 *be made.*

15 (C) *REGULATIONS.*—*The Secretary of the*
16 *Treasury (or the Secretary’s delegate) shall pub-*
17 *lish such guidance or regulations as may be nec-*
18 *essary to carry out the purposes of this para-*
19 *graph, including regulations or guidance allow-*
20 *ing for the deduction allowed under subpara-*
21 *graph (A) in the case of taxpayers with taxable*
22 *years beginning after December 31, 2024, and*
23 *ending before the date of the enactment of this*
24 *Act.*

1 **SEC. 70303. MODIFICATION OF LIMITATION ON BUSINESS**
2 **INTEREST.**

3 (a) *IN GENERAL.*—Section 163(j)(8)(A)(v) is amended
4 by striking “in the case of taxable years beginning before
5 January 1, 2022,”.

6 (b) *FLOOR PLAN FINANCING APPLICABLE TO CERTAIN*
7 *TRAILERS AND CAMPERS.*—Section 163(j)(9)(C) is amend-
8 ed by adding at the end the following new flush sentence:

9 “Such term shall also include any trailer or
10 camper which is designed to provide temporary
11 living quarters for recreational, camping, or sea-
12 sonal use and is designed to be towed by, or af-
13 fixed to, a motor vehicle.”.

14 (c) *EFFECTIVE DATE AND SPECIAL RULE.*—

15 (1) *IN GENERAL.*—The amendments made by
16 this section shall apply to taxable years beginning
17 after December 31, 2024.

18 (2) *SPECIAL RULE FOR SHORT TAXABLE*
19 *YEARS.*—The Secretary of the Treasury (or the Sec-
20 retary’s delegate) may prescribe such rules as are nec-
21 essary or appropriate to provide for the application
22 of the amendments made by this section in the case
23 of any taxable year of less than 12 months that begins
24 after December 31, 2024, and ends before the date of
25 the enactment of this Act.

1 **SEC. 70304. EXTENSION AND ENHANCEMENT OF PAID FAM-**
 2 **ILY AND MEDICAL LEAVE CREDIT.**

3 (a) *IN GENERAL.*—Section 45S is amended—

4 (1) *in subsection (a)*—

5 (A) *by striking paragraph (1) and inserting*
 6 *the following:*

7 “(1) *IN GENERAL.*—For purposes of section 38,
 8 *in the case of an eligible employer, the paid family*
 9 *and medical leave credit is an amount equal to either*
 10 *of the following (as elected by such employer):*

11 “(A) *The applicable percentage of the*
 12 *amount of wages paid to qualifying employees*
 13 *with respect to any period in which such em-*
 14 *ployees are on family and medical leave.*

15 “(B) *If such employer has an insurance pol-*
 16 *icy with regards to the provision of paid family*
 17 *and medical leave which is in force during the*
 18 *taxable year, the applicable percentage of the*
 19 *total amount of premiums paid or incurred by*
 20 *such employer during such taxable year with re-*
 21 *spect to such insurance policy.”, and*

22 (B) *by adding at the end the following:*

23 “(3) *RATE OF PAYMENT DETERMINED WITHOUT*
 24 *REGARD TO WHETHER LEAVE IS TAKEN.*—For pur-
 25 *poses of determining the applicable percentage with*
 26 *respect to paragraph (1)(B), the rate of payment*

1 *under the insurance policy shall be determined with-*
 2 *out regard to whether any qualifying employees were*
 3 *on family and medical leave during the taxable*
 4 *year.”,*

5 *(2) in subsection (b)(1), by striking “credit al-*
 6 *lowed” and inserting “wages taken into account”,*

7 *(3) in subsection (c), by striking paragraphs (3)*
 8 *and (4) and inserting the following:*

9 *“(3) AGGREGATION RULE.—*

10 *“(A) IN GENERAL.—Except as provided in*
 11 *subparagraph (B), all persons which are treated*
 12 *as a single employer under subsections (b) and*
 13 *(c) of section 414 shall be treated as a single em-*
 14 *ployer.*

15 *“(B) EXCEPTION.—*

16 *“(i) IN GENERAL.—Subparagraph (A)*
 17 *shall not apply to any person who estab-*
 18 *lishes to the satisfaction of the Secretary*
 19 *that such person has a substantial and le-*
 20 *gitimate business reason for failing to pro-*
 21 *vide a written policy described in para-*
 22 *graph (1) or (2).*

23 *“(ii) SUBSTANTIAL AND LEGITIMATE*
 24 *BUSINESS REASON.—For purposes of clause*
 25 *(i), the term ‘substantial and legitimate*

1 *business reason’ shall not include the oper-*
 2 *ation of a separate line of business, the rate*
 3 *of wages or category of jobs for employees*
 4 *(or any similar basis), or the application of*
 5 *State or local laws relating to family and*
 6 *medical leave, but may include the grouping*
 7 *of employees of a common law employer.*

8 “(4) *TREATMENT OF BENEFITS MANDATED OR*
 9 *PAID FOR BY STATE OR LOCAL GOVERNMENTS.—For*
 10 *purposes of this section, any leave which is paid by*
 11 *a State or local government or required by State or*
 12 *local law—*

13 “(A) *except as provided in subparagraph*
 14 *(B), shall be taken into account in determining*
 15 *the amount of paid family and medical leave*
 16 *provided by the employer, and*

17 “(B) *shall not be taken into account in de-*
 18 *termining the amount of the paid family and*
 19 *medical leave credit under subsection (a).”,*
 20 *(4) in subsection (d)—*

21 (A) *in paragraph (1), by inserting “(or, at*
 22 *the election of the employer, for not less than 6*
 23 *months)” after “1 year or more”,*

24 (B) *in paragraph (2)—*

1 (i) by inserting “, as determined on an
 2 annualized basis (pro-rata for part-time
 3 employees),” after “compensation”, and

4 (ii) by striking the period at the end
 5 and inserting “, and”, and

6 (C) by adding at the end the following:

7 “(3) is customarily employed for not less than 20
 8 hours per week.”, and

9 (5) by striking subsection (i).

10 (b) *NO DOUBLE BENEFIT*.—Section 280C(a) is
 11 amended—

12 (1) by striking “45S(a)” and inserting
 13 “45S(a)(1)(A)”, and

14 (2) by inserting after the first sentence the fol-
 15 lowing: “No deduction shall be allowed for that por-
 16 tion of the premiums paid or incurred for the taxable
 17 year which is equal to that portion of the paid family
 18 and medical leave credit which is determined for the
 19 taxable year under section 45S(a)(1)(B).”.

20 (c) *EFFECTIVE DATE*.—The amendments made by this
 21 section shall apply to taxable years beginning after Decem-
 22 ber 31, 2025.

1 **SEC. 70305. EXCEPTIONS FROM LIMITATIONS ON DEDUC-**
 2 **TION FOR BUSINESS MEALS.**

3 (a) *EXCEPTION TO DENIAL OF DEDUCTION FOR BUSI-*
 4 *NESS MEALS.*—Section 274(o), as added by section 13304
 5 of Public Law 115-97, is amended by striking “No deduc-
 6 tion” and inserting “Except in the case of an expense de-
 7 scribed in subsection (e)(8) or (n)(2)(C), no deduction”.

8 (b) *MEALS PROVIDED ON CERTAIN FISHING BOATS*
 9 *AND AT CERTAIN FISH PROCESSING FACILITIES NOT SUB-*
 10 *JECT TO 50 PERCENT LIMITATION.*—Section 274(n)(2)(C)
 11 of the Internal Revenue Code of 1986 is amended by strik-
 12 ing “or” at the end of clause (iii) and by adding at the
 13 end the following new clause:

14 “(v) provided—

15 “(I) on a fishing vessel, fish proc-
 16 essing vessel, or fish tender vessel (as
 17 such terms are defined in section 2101
 18 of title 46, United States Code), or

19 “(II) at a facility for the proc-
 20 essing of fish for commercial use or
 21 consumption which—

22 “(aa) is located in the
 23 United States north of 50 degrees
 24 north latitude, and

25 “(bb) is not located in a met-
 26 ropolitan statistical area (within

1 the meaning of section
2 143(k)(2)(B)), or”.

3 (c) *EFFECTIVE DATE.*—*The amendments made by this*
4 *section shall apply to amounts paid or incurred after De-*
5 *cember 31, 2025.*

6 **SEC. 70306. INCREASED DOLLAR LIMITATIONS FOR EXPENS-**
7 **ING OF CERTAIN DEPRECIABLE BUSINESS AS-**
8 **SETS.**

9 (a) *IN GENERAL.*—*Section 179(b) is amended—*
10 (1) *in paragraph (1), by striking “\$1,000,000”*
11 *and inserting “\$2,500,000”, and*
12 (2) *in paragraph (2), by striking “\$2,500,000”*
13 *and inserting “\$4,000,000”.*

14 (b) *CONFORMING AMENDMENTS.*—*Section*
15 *179(b)(6)(A) is amended—*
16 (1) *by inserting “(2025 in the case of the dollar*
17 *amounts in paragraphs (1) and (2))” after “In the*
18 *case of any taxable year beginning after 2018”, and*
19 (2) *in clause (ii), by striking “determined by*
20 *substituting ‘calendar year 2017’ for ‘calendar year*
21 *2016’ in subparagraph (A)(ii) thereof.” and inserting*
22 *”determined by substituting in subparagraph (A)(ii)*
23 *thereof— “*

1 “(I) in the case of amounts in
 2 paragraphs (1) and (2), ‘calendar year
 3 2024’ for ‘calendar year 2016’, and

4 “(II) in the case of the amount in
 5 paragraph (5)(A), ‘calendar year 2017’
 6 for ‘calendar year 2016’.”.

7 (c) *EFFECTIVE DATE.*—The amendments made by this
 8 section shall apply to property placed in service in taxable
 9 years beginning after December 31, 2024.

10 **SEC. 70307. SPECIAL DEPRECIATION ALLOWANCE FOR**
 11 **QUALIFIED PRODUCTION PROPERTY.**

12 (a) *IN GENERAL.*—Section 168 is amended by adding
 13 at the end the following new subsection:

14 “(n) *SPECIAL ALLOWANCE FOR QUALIFIED PRODUC-*
 15 *TION PROPERTY.*—

16 “(1) *IN GENERAL.*—In the case of any qualified
 17 production property of a taxpayer making an election
 18 under this subsection—

19 “(A) the depreciation deduction provided by
 20 section 167(a) for the taxable year in which such
 21 property is placed in service shall include an al-
 22 lowance equal to 100 percent of the adjusted
 23 basis of the qualified production property, and

24 “(B) the adjusted basis of the qualified pro-
 25 duction property shall be reduced by the amount

1 *of such deduction before computing the amount*
 2 *otherwise allowable as a depreciation deduction*
 3 *under this chapter for such taxable year and any*
 4 *subsequent taxable year.*

5 “(2) *QUALIFIED PRODUCTION PROPERTY.—For*
 6 *purposes of this subsection—*

7 “(A) *IN GENERAL.—The term ‘qualified*
 8 *production property’ means that portion of any*
 9 *nonresidential real property—*

10 “(i) *to which this section applies,*

11 “(ii) *which is used by the taxpayer as*
 12 *an integral part of a qualified production*
 13 *activity,*

14 “(iii) *which is placed in service in the*
 15 *United States or any possession of the*
 16 *United States,*

17 “(iv) *the original use of which com-*
 18 *mences with the taxpayer,*

19 “(v) *the construction of which begins*
 20 *after January 19, 2025, and before January*
 21 *1, 2029,*

22 “(vi) *which is designated by the tax-*
 23 *payer in the election made under this sub-*
 24 *section, and*

1 “(vii) *which is placed in service before*
 2 *January 1, 2031.*

3 *For purposes of clause (ii), in the case of prop-*
 4 *erty with respect to which the taxpayer is a les-*
 5 *sor, property used by a lessee shall not be consid-*
 6 *ered to be used by the taxpayer as part of a*
 7 *qualified production activity.*

8 “(B) *SPECIAL RULE FOR CERTAIN PROP-*
 9 *ERTY NOT PREVIOUSLY USED IN QUALIFIED PRO-*
 10 *DUCTION ACTIVITIES.—*

11 “(i) *IN GENERAL.—In the case of prop-*
 12 *erty acquired by the taxpayer during the*
 13 *period described in subparagraph (A)(v),*
 14 *the requirements of clauses (iv) and (v) of*
 15 *subparagraph (A) shall be treated as satis-*
 16 *fied if—*

17 “(I) *such property was not used*
 18 *in a qualified production activity (de-*
 19 *termined without regard to the second*
 20 *sentence of subparagraph (D)) by any*
 21 *person at any time during the period*
 22 *beginning on January 1, 2021, and*
 23 *ending on May 12, 2025,*

1 “(II) *such property was not used*
 2 *by the taxpayer at any time prior to*
 3 *such acquisition, and*

4 “(III) *the acquisition of such*
 5 *property meets the requirements of*
 6 *paragraphs (2)(A), (2)(B), (2)(C), and*
 7 *(3) of section 179(d).*

8 “(ii) *WRITTEN BINDING CONTRACTS.—*
 9 *For purposes of determining under clause*
 10 *(i)—*

11 “(I) *whether such property is ac-*
 12 *quired before the period described in*
 13 *subparagraph (A)(v), such property*
 14 *shall be treated as acquired not later*
 15 *than the date on which the taxpayer*
 16 *enters into a written binding contract*
 17 *for such acquisition, and*

18 “(II) *whether such property is ac-*
 19 *quired after such period, such property*
 20 *shall be treated as acquired not earlier*
 21 *than such date.*

22 “(C) *EXCLUSION OF OFFICE SPACE, ETC.—*
 23 *The term ‘qualified production property’ shall*
 24 *not include that portion of any nonresidential*
 25 *real property which is used for offices, adminis-*

trative services, lodging, parking, sales activities, research activities, software development or engineering activities, or other functions unrelated to the manufacturing, production, or refining of tangible personal property.

“(D) *QUALIFIED PRODUCTION ACTIVITY.*—The term ‘qualified production activity’ means the manufacturing, production, or refining of a qualified product. The activities of any taxpayer do not constitute manufacturing, production, or refining of a qualified product unless the activities of such taxpayer result in a substantial transformation of the property comprising the product.

“(E) *PRODUCTION.*—The term ‘production’ shall not include activities other than agricultural production and chemical production.

“(F) *QUALIFIED PRODUCT.*—The term ‘qualified product’ means any tangible personal property if such property is not a food or beverage prepared in the same building as a retail establishment in which such property is sold.

“(G) *SYNDICATION.*—For purposes of subparagraph (A)(iv), rules similar to the rules of subsection (k)(2)(E)(iii) shall apply.

1 “(H) *EXTENSION OF PLACED IN SERVICE*
2 *DATE UNDER CERTAIN CIRCUMSTANCES.*—*The*
3 *Secretary may extend the date under subpara-*
4 *graph (A)(vii) with respect to any property that*
5 *meets the requirements of clauses (i) through (vi)*
6 *of subparagraph (A) if the Secretary determines*
7 *that an act of God (as defined in section 101(1)*
8 *of the Comprehensive Environmental Response,*
9 *Compensation, and Liability Act of 1980) pre-*
10 *vents the taxpayer from placing such property in*
11 *service before such date.*

12 “(3) *DEDUCTION ALLOWED IN COMPUTING MIN-*
13 *IMUM TAX.*—*For purposes of determining alternative*
14 *minimum taxable income under section 55, the deduc-*
15 *tion under section 167 for qualified production prop-*
16 *erty shall be determined under this section without re-*
17 *gard to any adjustment under section 56.*

18 “(4) *COORDINATION WITH CERTAIN OTHER PRO-*
19 *VISIONS.*—

20 “(A) *OTHER SPECIAL DEPRECIATION AL-*
21 *LOWANCES.*—*For purposes of subsections (k)(7),*
22 *(l)(3)(D), and (m)(2)(B)(iii)—*

23 “(i) *qualified production property*
24 *shall be treated as a separate class of prop-*
25 *erty, and*

1 “(ii) the taxpayer shall be treated as
2 having made an election under such sub-
3 sections with respect to such class.

4 “(B) *ALTERNATIVE DEPRECIATION PROP-*
5 *ERTY.*—The term ‘qualified production property’
6 shall not include any property to which the al-
7 ternative depreciation system under subsection
8 (g) applies. For purposes of subsection (g)(7)(A),
9 qualified production property to which this sub-
10 section applies shall be treated as separate non-
11 residential real property.

12 “(5) *RECAPTURE.*—If, at any time during the
13 10-year period beginning on the date that any quali-
14 fied production property is placed in service by the
15 taxpayer, such property ceases to be used as described
16 in paragraph (2)(A)(ii) and is used by the taxpayer
17 in a productive use not described in paragraph
18 (2)(A)(ii)—

19 “(A) section 1245 shall be applied—

20 “(i) by treating such property as hav-
21 ing been disposed of by the taxpayer as of
22 the first time such property is so used in a
23 productive use not described in paragraph
24 (2)(A)(ii), and

1 “(ii) by treating the amount described
 2 in subparagraph (B) of section 1245(a)(1)
 3 with respect to such disposition as being not
 4 less than the amount described in subpara-
 5 graph (A) of such section, and

6 “(B) the basis of the taxpayer in such prop-
 7 erty, and the taxpayer’s allowance for deprecia-
 8 tion with respect to such property, shall be ap-
 9 propriately adjusted to take into account
 10 amounts recognized by reason of subparagraph
 11 (A).

12 “(6) *ELECTION*.—

13 “(A) *IN GENERAL*.—An election under this
 14 subsection for any taxable year shall—

15 “(i) specify the nonresidential real
 16 property subject to the election and the por-
 17 tion of such property designated under
 18 paragraph (2)(A)(vi), and

19 “(ii) except as otherwise provided by
 20 the Secretary, be made on the taxpayer’s re-
 21 turn of the tax imposed by this chapter for
 22 the taxable year.

23 Such election shall be made in such manner as
 24 the Secretary may prescribe by regulations or
 25 other guidance.

1 “(B) *ELECTION.*—Any election made under
 2 this subsection, and any specification contained
 3 in any such election, may not be revoked except
 4 with the consent of the Secretary (and the Sec-
 5 retary shall provide such consent only in ex-
 6 traordinary circumstances).

7 “(7) *REGULATIONS.*—The Secretary shall issue
 8 such regulations or other guidance as may be nec-
 9 essary or appropriate to carry out the purposes of
 10 this subsection, including regulations or other guid-
 11 ance—

12 “(A) providing rules for regarding what
 13 constitutes substantial transformation of prop-
 14 erty which are consistent with guidance provided
 15 under section 954(d), and

16 “(B) providing for the application of para-
 17 graph (5) with respect to a change in use de-
 18 scribed in such paragraph by a transferee fol-
 19 lowing a fully or partially tax free transfer of
 20 qualified production property.”.

21 (b) *TREATMENT OF QUALIFIED PRODUCTION PROP-*
 22 *ERTY AS SECTION 1245 PROPERTY.*—Section 1245(a)(3) is
 23 amended by striking “or” at the end of subparagraph (E),
 24 by striking the period at the end of subparagraph (F) and

1 inserting “, or”, and by adding at the end the following
 2 new subparagraph:

3 “(G) any qualified production property (as
 4 defined in section 168(n)(2)).”.

5 (c) *EFFECTIVE DATE.*—The amendments made by this
 6 section shall apply to property placed in service after the
 7 date of the enactment of this Act.

8 **SEC. 70308. ENHANCEMENT OF ADVANCED MANUFAC-**
 9 **TURING INVESTMENT CREDIT.**

10 (a) *IN GENERAL.*—Section 48D(a) is amended by
 11 striking “25 percent” and inserting “35 percent”.

12 (b) *EFFECTIVE DATE.*—The amendments made by this
 13 section shall apply to property placed in service after De-
 14 cember 31, 2025.

15 **SEC. 70309. SPACEPORTS ARE TREATED LIKE AIRPORTS**
 16 **UNDER EXEMPT FACILITY BOND RULES.**

17 (a) *IN GENERAL.*—Section 142(a)(1) is amended to
 18 read as follows:

19 “(1) airports and spaceports,”.

20 (b) *TREATMENT OF GROUND LEASES.*—Section
 21 142(b)(1) is amended by adding at the end the following
 22 new subparagraph:

23 “(C) *SPECIAL RULE FOR SPACEPORT*
 24 *GROUND LEASES.*—For purposes of subpara-
 25 graph (A), spaceport property located on land

1 *leased by a governmental unit from the United*
 2 *States shall not fail to be treated as owned by a*
 3 *governmental unit if the requirements of this*
 4 *paragraph are met by the lease and any sub-*
 5 *leases of the property.”.*

6 (c) *DEFINITION OF SPACEPORT.*—Section 142 is
 7 *amended by adding at the end the following new subsection:*

8 “(p) *SPACEPORT.*—

9 “(1) *IN GENERAL.*—For purposes of subsection
 10 (a)(1), the term ‘spaceport’ means any facility located
 11 at or in close proximity to a launch site or reentry
 12 site used for—

13 “(A) *manufacturing, assembling, or repair-*
 14 *ing spacecraft, space cargo, other facilities de-*
 15 *scribed in this paragraph, or any component of*
 16 *the foregoing,*

17 “(B) *flight control operations,*

18 “(C) *providing launch services and reentry*
 19 *services, or*

20 “(D) *transferring crew, spaceflight partici-*
 21 *pants, or space cargo to or from spacecraft.*

22 “(2) *ADDITIONAL TERMS.*—For purposes of
 23 paragraph (1)—

24 “(A) *SPACE CARGO.*—The term ‘space cargo’
 25 includes satellites, scientific experiments, other

1 *property transported into space, and any other*
 2 *type of payload, whether or not such property re-*
 3 *turns from space.*

4 “(B) *SPACECRAFT.*—*The term ‘spacecraft’*
 5 *means a launch vehicle or a reentry vehicle.*

6 “(C) *OTHER TERMS.*—*The terms ‘launch*
 7 *site’, ‘crew’, ‘space flight participant’, ‘launch*
 8 *services’, ‘launch vehicle’, ‘payload’, ‘reentry*
 9 *services’, ‘reentry site’, a ‘reentry vehicle’ shall*
 10 *have the respective meanings given to such terms*
 11 *by section 50902 of title 51, United States Code*
 12 *(as in effect on the date of enactment of this sub-*
 13 *section).*

14 “(3) *PUBLIC USE REQUIREMENT.*—*A facility*
 15 *shall not be required to be available for use by the*
 16 *general public to be treated as a spaceport for pur-*
 17 *poses of this section.*

18 “(4) *MANUFACTURING FACILITIES AND INDUS-*
 19 *TRIAL PARKS ALLOWED.*—*With respect to spaceports,*
 20 *subsection (c)(2)(E) shall not apply to spaceport*
 21 *property described in paragraph (1)(A).”.*

22 “(d) *EXCEPTION FROM FEDERALLY GUARANTEED*
 23 *BOND PROHIBITION.*—*Section 149(b)(3) is amended by*
 24 *adding at the end the following new subparagraph:*

1 “(F) *EXCEPTION FOR SPACEPORTS.*—A
 2 *bond shall not be treated as federally guaranteed*
 3 *merely because of the payment of rent, user fees,*
 4 *or other charges by the United States (or any*
 5 *agency or instrumentality thereof) in exchange*
 6 *for the use of the spaceport by the United States*
 7 *(or any agency or instrumentality thereof).”.*

8 (e) *CONFORMING AMENDMENT.*—*The heading for sec-*
 9 *tion 142(c) is amended by inserting “SPACEPORTS,” after*
 10 *“AIRPORTS,”.*

11 (f) *EFFECTIVE DATE.*—*The amendments made by this*
 12 *section shall apply to obligations issued after the date of*
 13 *the enactment of this Act.*

14 ***Subchapter B—Permanent America-first***

15 ***International Tax Reforms***

16 ***PART I—FOREIGN TAX CREDIT***

17 ***SEC. 70311. MODIFICATIONS RELATED TO FOREIGN TAX***

18 ***CREDIT LIMITATION.***

19 (a) *RULES FOR ALLOCATION OF CERTAIN DEDUC-*
 20 *TIONS TO FOREIGN SOURCE NET CFC TESTED INCOME FOR*
 21 *PURPOSES OF FOREIGN TAX CREDIT LIMITATION.*—*Section*
 22 *904(b) is amended by adding at the end the following new*
 23 *paragraph:*

24 “(5) *DEDUCTIONS TREATED AS ALLOCABLE TO*
 25 *FOREIGN SOURCE NET CFC TESTED INCOME.*—*Solely*

1 *for purposes of the application of subsection (a) with*
 2 *respect to amounts described in subsection (d)(1)(A),*
 3 *the taxpayer’s taxable income from sources without*
 4 *the United States shall be determined by allocating*
 5 *and apportioning—*

6 “(A) any deduction allowed under section
 7 250(a)(1)(B) (and any deduction allowed under
 8 section 164(a)(3) for taxes imposed on amounts
 9 described in section 250(a)(1)(B)) to such in-
 10 come,

11 “(B) no amount of interest expense or re-
 12 search and experimental expenditures to such in-
 13 come, and

14 “(C) any other deduction to such income
 15 only if such deduction is directly allocable to
 16 such income.

17 *Any amount or deduction which would (but for sub-*
 18 *paragraphs (B) and (C)) have been allocated or ap-*
 19 *portioned to such income shall only be allocated or*
 20 *apportioned to income which is from sources within*
 21 *the United States.”.*

22 ***(b) OTHER MODIFICATIONS.—***

23 *(1) Section 904(d)(2)(H)(i) is amended by strik-*
 24 *ing “paragraph (1)(B)” and inserting “paragraph*
 25 *(1)(D)”.*

1 (2) *Section 904(d)(4)(C)(ii) is amended by strik-*
 2 *ing “paragraph (1)(A)” and inserting “paragraph*
 3 *(1)(C)”.*

4 (3) *Section 951A(f)(1)(A) is amended by striking*
 5 *“904(h)(1)” and inserting “904(h)”.*

6 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 7 *section shall apply to taxable years beginning after Decem-*
 8 *ber 31, 2025.*

9 **SEC. 70312. MODIFICATIONS TO DETERMINATION OF**
 10 **DEEMED PAID CREDIT FOR TAXES PROPERLY**
 11 **ATTRIBUTABLE TO TESTED INCOME.**

12 (a) *INCREASE IN DEEMED PAID CREDIT.*—

13 (1) *IN GENERAL.*—*Section 960(d)(1) is amended*
 14 *by striking “80 percent” and inserting “90 percent”.*

15 (2) *GROSS UP FOR DEEMED PAID FOREIGN TAX*
 16 *CREDIT.*—*Section 78 is amended—*

17 (A) *by striking “subsections (a), (b), and*
 18 *(d)” and inserting “subsections (a) and (d)”,*
 19 *and*

20 (B) *by striking “80 percent” and inserting*
 21 *“90 percent”.*

22 (b) *DISALLOWANCE OF FOREIGN TAX CREDIT WITH*
 23 *RESPECT TO DISTRIBUTIONS OF PREVIOUSLY TAXED NET*
 24 *CFC TESTED INCOME.*—*Section 960(d) is amended by add-*
 25 *ing at the end the following new paragraph:*

1 “(4) *DISALLOWANCE OF FOREIGN TAX CREDIT*
 2 *WITH RESPECT TO DISTRIBUTIONS OF PREVIOUSLY*
 3 *TAXED NET CFC TESTED INCOME.*—No credit shall be
 4 *allowed under section 901 for 10 percent of any for-*
 5 *foreign income taxes paid or accrued (or deemed paid*
 6 *under subsection (b)(1)) with respect to any amount*
 7 *excluded from gross income under section 959(a) by*
 8 *reason of an inclusion in gross income under section*
 9 *951A(a).”.*

10 *(c) EFFECTIVE DATES.*—

11 *(1) IN GENERAL.*—The amendments made by
 12 *subsection (a) shall apply to taxable years beginning*
 13 *after December 31, 2025.*

14 *(2) DISALLOWANCE.*—The amendment made by
 15 *subsection (b) shall apply to foreign income taxes*
 16 *paid or accrued (or deemed paid under section*
 17 *960(b)(1) of the Internal Revenue Code of 1986) with*
 18 *respect to any amount excluded from gross income*
 19 *under section 959(a) of such Code by reason of an in-*
 20 *clusion in gross income under section 951A(a) of such*
 21 *Code after June 28, 2025.*

1 **SEC. 70313. SOURCING CERTAIN INCOME FROM THE SALE**
 2 **OF INVENTORY PRODUCED IN THE UNITED**
 3 **STATES.**

4 (a) *IN GENERAL.*—Section 904(b), as amended by sec-
 5 tion 70311, is amended by adding at the end the following
 6 new paragraph:

7 “(6) *SOURCE RULES FOR CERTAIN INVENTORY*
 8 *PRODUCED IN THE UNITED STATES AND SOLD*
 9 *THROUGH FOREIGN BRANCHES.*—For purposes of this
 10 section, if a United States person maintains an office
 11 or other fixed place of business in a foreign country
 12 (determined under rules similar to the rules of section
 13 864(c)(5)), the portion of income which—

14 “(A) is from the sale or exchange outside the
 15 United States of inventory property (within the
 16 meaning of section 865(i)(1))—

17 “(i) which is produced in the United
 18 States,

19 “(ii) which is for use outside the
 20 United States, and

21 “(iii) to which the third sentence of
 22 section 863(b) applies, and

23 “(B) is attributable (determined under rules
 24 similar to the rules of section 864(c)(5)) to such
 25 office or other fixed place of business,

1 *shall be treated as from sources without the United*
 2 *States, except that the amount so treated shall not ex-*
 3 *ceed 50 percent of the income from the sale or ex-*
 4 *change of such inventory property.”.*

5 *(b) EFFECTIVE DATE.—The amendment made by this*
 6 *section shall apply to taxable years beginning after Decem-*
 7 *ber 31, 2025.*

8 **PART II—FOREIGN-DERIVED DEDUCTION**
 9 **ELIGIBLE INCOME AND NET CFC TESTED INCOME**
 10 **SEC. 70321. MODIFICATION OF DEDUCTION FOR FOREIGN-**
 11 **DERIVED DEDUCTION ELIGIBLE INCOME AND**
 12 **NET CFC TESTED INCOME.**

13 *(a) IN GENERAL.—Section 250(a) is amended—*
 14 *(1) by striking “37.5 percent” in paragraph*
 15 *(1)(A) and inserting “33.34 percent”,*
 16 *(2) by striking “50 percent” in paragraph*
 17 *(1)(B) and inserting “40 percent”, and*
 18 *(3) by striking paragraph (3).*

19 *(b) EFFECTIVE DATE.—The amendments made by this*
 20 *section shall apply to taxable years beginning after Decem-*
 21 *ber 31, 2025.*

22 **SEC. 70322. DETERMINATION OF DEDUCTION ELIGIBLE IN-**
 23 **COME.**

24 *(a) SALES OR OTHER DISPOSITIONS OF CERTAIN*
 25 *PROPERTY.—*

1 (1) *IN GENERAL.*—Section 250(b)(3)(A)(i) is
2 *amended—*

3 (A) *by striking “and” at the end of sub-*
4 *clause (V),*

5 (B) *by striking “over” at the end of sub-*
6 *clause (VI) and inserting “and”, and*

7 (C) *by adding at the end the following new*
8 *subclause:*

9 “(VII) *except as otherwise pro-*
10 *vided by the Secretary, any income*
11 *and gain from the sale or other dis-*
12 *position (including pursuant to the*
13 *deemed sale or other deemed disposi-*
14 *tion or a transaction subject to section*
15 *367(d)) of—*

16 “(aa) *intangible property (as*
17 *defined in section 367(d)(4)), and*

18 “(bb) *any other property of a*
19 *type that is subject to deprecia-*
20 *tion, amortization, or depletion by*
21 *the seller, over”.*

22 (2) *CONFORMING AMENDMENT.*—Section
23 250(b)(5)(E) *is amended by inserting “(other than*
24 *paragraph (3)(A)(i)(VII))” after “For purposes of*
25 *this subsection”.*

1 (3) *EFFECTIVE DATE.*—*The amendments made*
 2 *by this subsection shall apply to sales or other dis-*
 3 *positions (including pursuant to deemed sales or other*
 4 *deemed dispositions or a transaction subject to section*
 5 *367(d) of the Internal Revenue Code of 1986) occur-*
 6 *ring after June 16, 2025.*

7 (b) *EXPENSE APPORTIONMENT LIMITED TO PROPERLY*
 8 *ALLOCABLE EXPENSES.*—

9 (1) *IN GENERAL.*—*Section 250(b)(3)(A)(ii) is*
 10 *amended to read as follows:*

11 “(ii) *expenses and deductions (includ-*
 12 *ing taxes), other than interest expense and*
 13 *research or experimental expenditures,*
 14 *properly allocable to such gross income.”.*

15 (2) *EFFECTIVE DATE.*—*The amendment made by*
 16 *this subsection shall apply to taxable years beginning*
 17 *after December 31, 2025.*

18 **SEC. 70323. RULES RELATED TO DEEMED INTANGIBLE IN-**
 19 **COME.**

20 (a) *TAXATION OF NET CFC TESTED INCOME.*—

21 (1) *IN GENERAL.*—*Section 951A(a) is amended*
 22 *by striking “global intangible low-taxed income” and*
 23 *inserting “net CFC tested income”.*

24 (2) *REPEAL OF TAX-FREE DEEMED RETURN ON*
 25 *FOREIGN INVESTMENTS.*—*Section 951A, as amended*

by the preceding provisions of this Act, is amended by striking subsections (b) and (d) and by redesignating subsections (c), (e), and (f) as subsections (b), (c), and (d), respectively.

(3) CONFORMING AMENDMENTS.—

(A)(i) Section 250 is amended by striking “global intangible low-taxed income” each place it appears in subsections (a)(1)(B)(i), (a)(2), and (b)(3)(A)(i)(II) and inserting “net CFC tested income”.

(ii) The heading for section 250 of such Code is amended by striking “**GLOBAL INTANGIBLE LOW-TAXED INCOME**” and inserting “**NET CFC TESTED INCOME**”.

(iii) The item relating to section 250 in the table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking “global intangible low-taxed income” and inserting “net CFC tested income”.

(B) Section 951A(c)(1), as redesignated by paragraph (2), is amended by striking “subsections (b), (c)(1)(A), and (c)(1)(B)” and inserting “subsections (b)(1)(A) and (b)(1)(B)”.

(C) Section 951A(d), as redesignated by paragraph (2), is amended—

1 (i) by striking “global intangible low-
 2 taxed income” each place it appears and in-
 3 serting “net CFC tested income”, and

4 (ii) by striking “subsection (c)(1)(A)”
 5 in paragraph (2)(B)(ii) and inserting “sub-
 6 section (b)(1)(A)”.

7 (D) Section 960(d)(2) is amended—

8 (i) by striking “global intangible low-
 9 taxed income” in subparagraph (A) and in-
 10 serting “net CFC tested income”, and

11 (ii) by striking “section
 12 951A(c)(1)(A)” in subparagraph (B) and
 13 inserting “section 951A(b)(1)(A)”.

14 (E)(i) The heading for section 951A is
 15 amended by striking “**GLOBAL INTANGIBLE**
 16 **LOW-TAXED INCOME**” and inserting “**NET**
 17 **CFC TESTED INCOME**”.

18 (ii) The item relating to section 951A in the
 19 table of sections for subpart F of part III of sub-
 20 chapter N of chapter 1 is amended by striking
 21 “Global intangible low-taxed income” and insert-
 22 ing “Net CFC tested income”.

23 (b) DEDUCTION FOR FOREIGN-DERIVED DEDUCTION
 24 ELIGIBLE INCOME.—

1 (1) *IN GENERAL.*—Section 250(a)(1)(A) is
 2 amended by striking “foreign-derived intangible in-
 3 come” and inserting “foreign-derived deduction eligi-
 4 ble income”.

5 (2) *CONFORMING AMENDMENTS.*—

6 (A) Section 250(a)(2) is amended by strik-
 7 ing “foreign-derived intangible income” each
 8 place it appears and inserting “foreign-derived
 9 deduction eligible income”.

10 (B) Section 250(b), as amended by sub-
 11 section (a), is amended—

12 (i) by striking paragraphs (1) and (2),

13 (ii) by redesignating paragraphs (4)
 14 and (5) as paragraphs (1) and (2), respec-
 15 tively, and by moving such paragraphs be-
 16 fore paragraph (3),

17 (iii) in paragraph (2)(B)(ii), as so re-
 18 designated, by striking “paragraph (4)(B)”
 19 and inserting “paragraph (1)(B)”, and

20 (iv) by striking “**INTANGIBLE**” in the
 21 heading thereof and inserting “**DEDUCTION**
 22 **ELIGIBLE**”.

23 (C)(i) The heading for section 250 is
 24 amended by striking “**INTANGIBLE**” in the

1 heading thereof and inserting “**DEDUCTION EL-**
2 **IGIBLE**”.

3 (ii) The heading for section 172(d)(9) is
4 amended by striking “INTANGIBLE” and insert-
5 ing “DEDUCTION ELIGIBLE”.

6 (iii) The item relating to section 250 in the
7 table of sections for part VIII of subchapter B of
8 chapter 1 is amended by striking “intangible”
9 and inserting “deduction eligible”.

10 (c) *EFFECTIVE DATE.*—The amendments made by this
11 section shall apply to taxable years beginning after Decem-
12 ber 31, 2025.

13 **PART III—BASE EROSION MINIMUM TAX**

14 **SEC. 70331. EXTENSION AND MODIFICATION OF BASE ERO-** 15 **SION MINIMUM TAX AMOUNT.**

16 (a) *IN GENERAL.*—Section 59A(b) is amended—

17 (1) by striking “10 percent” in paragraph (1)
18 and inserting “10.5 percent”, and

19 (2) by striking paragraph (2) and by redesign-
20 ating paragraphs (3) and (4) as paragraphs (2) and
21 (3), respectively.

22 (b) *CONFORMING AMENDMENTS.*—

23 (1) Section 59A(b)(1) is amended by striking
24 “Except as provided in paragraphs (2) and (3)” and
25 inserting “Except as provided in paragraph (2)”.

1 (2) Section 59A(b)(2), as redesignated by sub-
 2 section (a)(2), is amended by striking “the percentage
 3 otherwise in effect under paragraphs (1)(A) and
 4 (2)(A) shall each be increased” and inserting “the
 5 percentages otherwise in effect under paragraph
 6 (1)(A) shall be increased”.

7 (3) Section 59A(e)(1)(C) is amended by striking
 8 “in the case of a taxpayer described in subsection
 9 (b)(3)(B)” and inserting “in the case of a taxpayer
 10 described in subsection (b)(2)(B)”.

11 (c) *OTHER MODIFICATIONS.*—

12 (1) Section 59A(b)(2)(B)(ii), as redesignated by
 13 subsection (a)(2), is amended by striking “registered
 14 securities dealer” and inserting “securities dealer reg-
 15 istered”.

16 (2) Section 59A(h)(2)(B) is amended by striking
 17 “section 6038B(b)(2)” and inserting “section
 18 6038A(b)(2)”.

19 (3) Section 59A(i)(2) is amended—

20 (A) by striking “subsection (g)” and insert-
 21 ing “subsection (h)”, and

22 (B) by striking “subsection (g)(3)” and in-
 23 serting “subsection (h)(3)”.

1 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to taxable years beginning after Decem-*
 3 *ber 31, 2025.*

4 ***PART IV—BUSINESS INTEREST LIMITATION***

5 ***SEC. 70341. COORDINATION OF BUSINESS INTEREST LIM-***
 6 ***TATION WITH INTEREST CAPITALIZATION***
 7 ***PROVISIONS.***

8 (a) *IN GENERAL.*—*Section 163(j) is amended by redes-*
 9 *ignating paragraphs (10) and (11) as paragraphs (11) and*
 10 *(12) and by inserting after paragraph (9) the following:*

11 “(10) *COORDINATION WITH INTEREST CAPITAL-*
 12 *IZATION PROVISIONS.*—

13 “(A) *IN GENERAL.*—*In applying this sub-*
 14 *section—*

15 “(i) *the limitation under paragraph*
 16 *(1) shall apply to business interest without*
 17 *regard to whether the taxpayer would other-*
 18 *wise deduct such business interest or cap-*
 19 *italize such business interest under an in-*
 20 *terest capitalization provision, and*

21 “(ii) *any reference in this subsection to*
 22 *a deduction for business interest shall be*
 23 *treated as including a reference to the cap-*
 24 *italization of business interest.*

1 “(B) *AMOUNT ALLOWED APPLIED FIRST TO*
 2 *CAPITALIZED INTEREST.*—*The amount allowed*
 3 *after taking into account the limitation described*
 4 *in paragraph (1)—*

5 “(i) *shall be applied first to the aggre-*
 6 *gate amount of business interest which*
 7 *would otherwise be capitalized, and*

8 “(ii) *the remainder (if any) shall be*
 9 *applied to the aggregate amount of business*
 10 *interest which would be deducted.*

11 “(C) *TREATMENT OF DISALLOWED INTER-*
 12 *EST CARRIED FORWARD.*—*No portion of any*
 13 *business interest carried forward under para-*
 14 *graph (2) from any taxable year to any suc-*
 15 *ceeding taxable year shall, for purposes of this*
 16 *title (including any interest capitalization provi-*
 17 *sion which previously applied to such portion) be*
 18 *treated as interest to which an interest capital-*
 19 *ization provision applies.*

20 “(D) *INTEREST CAPITALIZATION PROVI-*
 21 *SION.*—*For purposes of this section, the term ‘in-*
 22 *terest capitalization provision’ means any provi-*
 23 *sion of this subtitle under which interest—*

24 “(i) *is required to be charged to capital*
 25 *account, or*