

117TH CONGRESS  
2D SESSION

# H. R. 7795

To amend the Internal Revenue Code of 1986 to expand the deduction for qualified business income, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2022

Mr. BIGGS introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the deduction for qualified business income, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Small Business Pros-  
5       perity Act of 2022”.

6       **SEC. 2. INCREASE AND EXPANSION OF DEDUCTION FOR**  
7               **QUALIFIED BUSINESS INCOME.**

8       (a) DEDUCTION MADE PERMANENT.—Section 199A  
9       of the Internal Revenue Code of 1986 is amended by strik-  
10      ing subsection (i).

1 (b) DEDUCTION TO ACHIEVE A TOP RATE ON  
2 QUALIFIED BUSINESS INCOME OF 21 PERCENT.—Sub-  
3 sections (a)(2) and (b)(1)(B) of section 199A of such Code  
4 are each amended by striking “20 percent” and inserting  
5 “43 percent (47 percent in the case of any taxable year  
6 beginning after December 31, 2025)”.

7 (c) REPEAL OF LIMITATION BASED ON W-2 WAGES  
8 PAID WITH RESPECT TO THE TRADE OR BUSINESS, TOP  
9 RATE ON QUALIFIED BUSINESS INCOME.—Section  
10 199A(b)(2) of such Code is amended to read as follows:

11 “(2) DETERMINATION OF DEDUCTIBLE  
12 AMOUNT FOR EACH TRADE OR BUSINESS.—The  
13 amount determined under this paragraph with re-  
14 spect to any qualified trade or business is 43 percent  
15 (47 percent in the case of any taxable year begin-  
16 ning after December 31, 2025) of the taxpayer’s  
17 qualified business income with respect to the quali-  
18 fied trade or business.”.

19 (d) REPEAL OF EXCLUSION OF SPECIFIED SERVICE  
20 TRADES OR BUSINESSES.—Section 199A(d) of such Code  
21 is amended to read as follows:

22 “(d) QUALIFIED TRADE OR BUSINESS.—For pur-  
23 poses of this section, the term ‘qualified trade or business’  
24 means any trade or business other than the trade or busi-  
25 ness of performing services as an employee.”.

1 (e) CONFORMING AMENDMENTS.—

2 (1) Section 199A(b) of such Code is amended—

3 (A) by striking paragraphs (3), (4), and  
4 (6), and redesignating paragraphs (5) and (7)  
5 as paragraphs (3) and (4), respectively, and

6 (B) by striking “the lesser of—” and all  
7 that follows in paragraph (4) (as so redesign-  
8 dated) and inserting “9 percent of so much of  
9 the qualified business income with respect to  
10 such trade or business as is properly allocable  
11 to qualified payments received from such coop-  
12 erative”.

13 (2) Section 199A(e) of such Code is amended  
14 by striking paragraph (2).

15 (3) Section 199A(f)(1) of such Code is amended  
16 to read as follows:

17 “(1) APPLICATION TO PARTNERSHIPS AND S  
18 CORPORATIONS.—

19 “(A) IN GENERAL.—In the case of a part-  
20 nership or S corporation—

21 “(i) this section shall be applied at the  
22 partner or shareholder level, and

23 “(ii) each partner or shareholder shall  
24 take into account such person’s allocable

1 share of each qualified item of income,  
2 gain, deduction, and loss.

3 For purposes of this subparagraph, in the case  
4 of an S corporation, an allocable share shall be  
5 the shareholder's pro rata share of an item.

6 “(B) TREATMENT OF TRADES OR BUSI-  
7 NESS IN PUERTO RICO.—In the case of any tax-  
8 payer with qualified business income from  
9 sources within the commonwealth of Puerto  
10 Rico, if all such income is taxable under section  
11 1 for such taxable year, then for purposes of  
12 determining the qualified business income of  
13 such taxpayer for such taxable year, the term  
14 ‘United States’ shall include the Commonwealth  
15 of Puerto Rico.”.

16 (4) Section 199A(f)(4)(A) of such Code is  
17 amended by striking “and wages”.

18 (5) Section 199A(g)(1) of such Code is amend-  
19 ed by striking subparagraph (B) and redesignating  
20 subparagraph (C) as subparagraph (B).

21 (6) Section 199A of such Code is amended by  
22 striking subsection (h).

23 (f) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to taxable years beginning after  
25 December 31, 2022.

1 **SEC. 3. NO TAXABLE EVENT FOR CHANGE OF CORPORATE**  
2 **FORM.**

3       Notwithstanding any provision of the Internal Rev-  
4 enue Code of 1986, a change in the organizational struc-  
5 ture of a corporation, however organized, into another or-  
6 ganizational structure is not a taxable event for the pur-  
7 poses of such Code if there is no change among the own-  
8 ers, their ownership interests, or the assets of the organi-  
9 zation (other than a de minimis change in such assets).  
10 The preceding sentence shall apply to changes in organiza-  
11 tional structure occurring after December 31, 2022.

12 **SEC. 4. REPEAL OF ESTATE TAX AND RETENTION OF BASIS**  
13 **STEP-UP.**

14       Effective for estates of decedents dying after Decem-  
15 ber 31, 2022, chapter 11 of the Internal Revenue Code  
16 of 1986 is repealed.

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