

## **Schumer-Roberts Amendment #1 to the Expiring Provisions Improvement Reform and Efficiency (EXPIRE) Act of 2014-- MODIFIED**

**Cosponsors: Enzi, Warner, Stabenow, Cantwell**

**Short Title:** Modification of IRC Section 41—Innovators Job Creation Act

### **Description of Amendment:**

This amendment would expand the R&E tax credit to qualifying startup businesses, allowing such company to claim the credit against taxes it pays on employee wages. The benefit is capped at \$250,000 per year and available only to companies less than five years old with less than \$5 million in gross receipts. The payroll portion of the credit is applied only for subsequent years, and only after the taxpayer files for their R&D credit, and at the time of paying payroll taxes. Any adjustments made to previous year returns are treated solely as income tax. The amendment maintains present law treatment of 280(C). It takes effect for 2014 tax year and partial income tax and payroll tax combinations for the \$250,000 max are allowed, provided that income tax liabilities come first in terms of ordering. The payroll tax credit is only prospective, and cannot be carried back. This proposal is based on the Startup Innovation Credit Act (S. 193).

This amendment would also allow an offset of the R&E tax credit against liability for the Alternative Minimum Tax.

### **Offset:**

This proposal requires the Secretary of the Treasury to enter into qualified tax collection contracts for the collection of inactive tax receivables. An account is considered inactive if: (1) anytime after assessment, the IRS moved the receivable from the active inventory for inability to locate the taxpayer or lack of resources to collect; (2) more than one-third of the applicable limitations period has lapsed and no IRS employee has been assigned to collect the receivable; or (3) a receivable has been assigned for collection but more than 365 days have passed without interaction with the taxpayer or a third party for purposes of furthering the collection.

Certain tax receivables are designated not eligible for collection, specifically receivables that: (1) are subject to a pending or active offer-in-compromise or installment agreement; (2) are classified as an innocent spouse case; (3) involve a taxpayer identified as being deceased, under the age of 18, in a designated combat zone, or a victim of tax-related identity theft; (4) are currently under examination, litigation, criminal investigation, or levy; or (5) are currently subject to a proper exercise of a right of appeal.

Consistent with current-law Section 6306 of the Code, a portion of the collected revenues is to be retained and used by the IRS for collection enforcement activities. This amendment requires that those revenues be used for compliance personnel funding. This proposal raises \$2.4B over ten years.

[NOTE – Amendment sponsors reserve the right to modify the amendment for technical, revenue-neutrality, or other purposes.]