AMENDMENT TO THE SENATE AMENDMENT TO
H.R. 5376
OFFERED BY MR. ARRINGTON OF TEXAS

At the end of part 1 of subtitle A of title I, add the following:

SEC. 1010. ALLOWANCE OF CERTAIN DEDUCTIONS IN DETERMINING APPLICABLE FINANCIAL STATEMENT INCOME.

(a) In General. — Section 56A(c), as added by section 10101, is amended by redesignating paragraph (15) as paragraph (16) and by inserting after paragraph (14) the following new paragraph:

“(15) ADJUSTMENT FOR THE PRODUCTION OF OIL, COAL, AND NATURAL GAS AND FOR MINING.—

“(A) In General.—Adjusted financial statement income shall be—

“(i) appropriately adjusted to disregard any amount of qualified expense that is taken into account on the taxpayer’s applicable financial statement, and

“(ii) reduced by the amount of qualified expenses which are deductible under this chapter to the extent allowed as a de-
duction in computing taxable income for the taxable year.

“(B) QUALIFIED EXPENSES.—For purposes of this paragraph, the term ‘qualified expenses’ means—

“(i) any intangible drilling and development costs (within the meaning of section 263(c)),

“(ii) geological and geophysical expenditures (within the meaning of section 167(h)),

“(iii) qualified tertiary injectant expenses (as defined in section 193(b)),

“(iv) expenses to which section 616 and 617 apply, and

“(v) amounts allowable as a depletion deduction under section 611.”.