

**AMENDMENT TO RULES COMMITTEE PRINT 119-3**

**OFFERED BY MR. HORSFORD OF NEVADA**

Amend part 2 of subtitle B by adding at the end the following new section:

**SEC. 111113. NEW BUSINESS EXPENDITURES.**

(a) CONSOLIDATION OF DEDUCTION FOR START-UP AND ORGANIZATIONAL EXPENDITURES.—

(1) IN GENERAL.—Section 195(a) is amended by inserting “or organizational” after “start-up”.

(2) ORGANIZATIONAL EXPENDITURES.—Subsection (c) of section 195 is amended by adding at the end the following new paragraph:

“(3) ORGANIZATIONAL EXPENDITURES.—The term ‘organizational expenditures’ means any expenditure which—

“(A) is incident to the creation of a corporation or a partnership,

“(B) is chargeable to capital account, and

“(C) is of a character which, if expended incident to the creation of a corporation or a partnership having a limited life, would be amortizable over such life.”.

(3) CONFORMING AMENDMENTS.—

(A) Section 195(b)(1) is amended—

(i) by striking “with respect to any start-up expenses” and inserting “with respect to any active trade or business”,

(ii) by striking “the amount of start-up expenditures with respect to” in subparagraph (A)(i) thereof and

inserting “the aggregate amount of start-up and organizational expenditures paid in connection with” , and

(iii) by adding at the end the following flush sentence:

“In the case of a partnership or S corporation, the election under the preceding sentence shall be made at the entity level.”.

(B) Section 195(b)(2) of such Code is amended—

(i) by striking “AMORTIZATION PERIOD.—In any case” and inserting the following: “AMORTIZATION PERIOD.—

“(A) IN GENERAL.—In any case”, and

(ii) by adding at the end the following new subparagraph:

“(B) SPECIAL PARTNERSHIP RULE.—In the case of a partnership or S corporation, subparagraph (A) shall be applied at the entity level.”.

(C) Section 195(b) is amended by striking paragraph (3).

(D) (i) Part VIII of subchapter B of chapter 1 is amended by striking section 248 (and by striking the item relating to such section in the table of sections for such part).

(ii) Section 170(b)(2)(C)(ii) is amended by striking “(except section 248)”.

(iii) Section 312(n)(3) is amended by striking “Sections 173 and 248” and inserting “Section 173”.

(iv) Section 535(b)(3) is amended by striking “(except section 248)”.

(v) Paragraphs (3) and (4) of section 545(b) are each amended by striking “(except section 248)”.

(vi) Section 834(c)(7) is amended by striking “(except section 248)”.

(vii) Section 852(b)(2)(C) is amended by striking “(except section 248)”.

(viii) Section 857(b)(2)(A) is amended by striking “(except section 248)”.

(ix) Section 1363(b) is amended by inserting “and” at the end of paragraph (2), by striking paragraph (3), and by redesignating paragraph (4) as paragraph (3).

(x) Section 1375(b)(1)(B)(i) is amended by striking “(other than the deduction allowed by section 248, relating to organization expenditures)”.

(E) (i) Section 709 is amended to read as follows:

**“SEC. 709. TREATMENT OF SYNDICATION FEES.**

“No deduction shall be allowed under this chapter to a partnership or to any partner of the partnership for any amounts paid or incurred to promote the sale of (or to sell) an interest in the partnership.”.

(ii) The item relating to section 709 in the table of sections for part I of subchapter K of chapter 1 is amended to read as follows:

“Sec. 709. Treatment of syndication fees.”.

(F) The heading of section 195 (and the item relating to such section in the table of sections for part VI of subchapter B of chapter 1 of such Code) are each amended by inserting “and organizational” after “Start-up”.

(b) INCREASE IN LIMITATION.—Clause (ii) of section 195(b)(1)(A) is amended—

(1) by striking “\$5,000” and inserting “\$50,000”, and

(2) by striking “\$50,000” and inserting “\$150,000”.

(c) APPLICATION OF NET OPERATING LOSS RULES.—Section 172 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) SPECIAL RULES FOR START-UP AND ORGANIZATIONAL EXPENDITURES.—

“(1) IN GENERAL.—In the case of a taxpayer making an election under this subsection—

“(A) this section shall be applied separately to start-up and organizational net operating losses and other net operating losses,

“(B) in applying this section to start-up and organizational net operating losses—

“(i) subsection (a)(2)(B) shall be applied by substituting ‘100 percent’ for ‘80 percent ’ in clause (i) thereof, and

“(ii) subsection (b)(2)(C) shall not apply, and

“(C) in applying this section to other net operating losses, for purposes of subsections (a)(2)(B)(ii)(I) and (b)(2), taxable income shall be reduced by the amount of the deduction allowed under this section with respect to start-up and organizational net operating losses.

“(2) START-UP AND ORGANIZATIONAL NET OPERATING LOSS.—For purposes of this section, the term ‘start-up and organizational net operating loss’ means the amount which would be a net operating loss if the only

deduction taken into account were the deduction allowed under section 195.

“(3) OTHER NET OPERATING LOSSES.—For purposes of this section, the term ‘other net operating loss’ means the net operating loss determined without regard to the deduction allowed under section 195.

“(4) ELECTION.—An election under this section shall be made at such time and in such form and manner as the Secretary shall prescribe. Such an election, once made, shall be irrevocable.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 2024.