AMENDMENT TO

RULES COMMITTEE PRINT 119-3

OFFERED BY MS. MOORE OF WISCONSIN

Section 110005 is amended by striking subsections (b), (c), and (e).

Section 110005(d)(1) is amended by striking ''Subsections (b)(1)(B) and'' and inserting ''Subsection''.

Section 110005(d) is amended by striking paragraph (2).

Section 110005 is amended by inserting after subsection (e) the following new subsections:

(f) DEDUCTION ALLOWED FOR FIRST $25,000 OF QUALIFIED BUSINESS INCOME.—

(1) IN GENERAL.—Section 199A(b)(1) is amended to read as follows:

''(1) IN GENERAL.—The term 'combined qualified business income amount' means, with respect to any taxable year, an amount equal to the lesser of—

''(A) the sum of the taxpayer's qualified business income for each qualified trade or business carried on by the taxpayer, or

''(B) $25,000.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 199A(a)(2) is amended by striking ''20 percent of''.

(B) Section 199A(b) is amended by striking paragraph (2).

(g) CONSOLIDATED TAXPAYER LEVEL ADJUSTED GROSS INCOME LIMITATION.—Section 199A(b) of such Code is amended—

(1) by striking paragraph (3), and

(2) by inserting after paragraph (1) the following new paragraph:

''(2) ADJUSTED GROSS INCOME LIMITATION.—The combined qualified business income of the taxpayer for the taxable year shall be reduced (but not below zero) by so much of the amount by which the adjusted gross income of the taxpayer exceeds $200,000 ($400,000 in the case of a joint return).''.

(h) SIMPLIFICATION WITH RESPECT TO LOSS CARRYOVER.—Section 199(c) is amended by striking paragraph (2).

(i) OTHER CONFORMING AMENDMENTS.—

(1)(A) Section 199A(b) is amended by striking paragraph (4).

(B) Section 199A(g)(1)(B)(ii) is amended to read as follows:

''(ii) W–2 WAGES.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'W–2 wages' means, with respect to any person for any taxable year of such person, the amounts described in paragraphs (3) and (8) of section 6051(a) paid by such person with respect to employment of employees by such person during the calendar year ending during such taxable year.

''(II) MUST BE PROPERLY ALLOCABLE TO DOMESTIC PRODUCTION GROSS RECEIPTS.—The W–2 wages of the taxpayer shall not include any amount which is not properly allocable to domestic production gross receipts for purposes of paragraph (3)(A).

''(III) RETURN REQUIREMENT.—Such term shall not include any amount which is not properly included in a return filed with the Social Security Administration on or before the 60th day after the due date (including extensions) for such return.''.

(C) Section 199A(f)(1) is amended—

(i) by inserting ''and'' at the end of subparagraph (A)(i),

(ii) by striking '', and'' at the end of subparagraph (A)(ii),

(iii) by striking clause (iii),

(iv) by striking ''For purposes of clause (iii)'' and all that follows through ''For purposes of this subparagraph'' and inserting ''For purposes of this subparagraph'', and

(v) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).

(2)(A) Section 199A(b) is amended by striking paragraph (5).

(B) Section 199A(g)(5) is amended by adding at the end the following new subparagraph:

''(F) ACQUISITIONS, DISPOSITIONS, AND SHORT TAXABLE YEARS.—The Secretary shall provide for the application of this subsection in cases of a short taxable year or where the taxpayer acquires, or disposes of, the major portion of a trade or business or the major portion of a separate unit of a trade or business during the taxable year.''.

(3) Section 199A(b) is amended by striking paragraph (6).

(4)(A) Section 199A(b) is amended by redesignating paragraph (7) as paragraph (3).

(B) Section 199A(b)(3) (as so redesignated) is amended by striking ''under paragraph (2)'' and inserting ''under paragraph (1)(A)''.

(5) Section 199A(d) is amended to read as follows:

''(d) QUALIFIED TRADE OR BUSINESS.—For purposes of this section, the term 'qualified trade or business' means any trade or business other than the trade or business of performing services as an employee.''.

(6) Section 199A(e) is amended to read as follows:

''(e) TAXABLE INCOME DEFINED.—For purposes of this section, except as otherwise provided in subsection (g)(2)(B), taxable income shall be computed without regard to any deduction allowable under this section.''.

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